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

Regulator of Social Housing No L4465

Great Places Housing Group Limited

Report and Financial Statements

For the Year ended 31 March 2018

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ASSOCIATION INFORMATION

Board	
Chairman	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Cashman
	J. Fitzgerald
	J. Green
	M. Harrison
	B. Nevin
	D. Robinson
	R. Sear (to 24.4.17)
	S. Young (from 12.10.17)
Executive Directors	
Chief Executive	M. Harrison
Executive Director of Finance and Company secretary	P. Elvy
Executive Director of Growth and Assets	P. Bojar
Executive Director of Customer Services	G. Cresswell
Registered office	2a Derwent Avenue Manchester M21 7QP
Web site	www.greatplaces.org.uk
Registered Numbers	Regulator of Social Housing No: L4465 Co-operative and Community Benefit Society No: 30045R
External Auditors	BDO LLP 3 Hardman Street Spinningfields Manchester M3 3AT
Internal Auditors	PWC No. 1 1 Hardman Street Manchester M3 3EB
Bankers	The Royal Bank of Scotland plc P.O. Box 356 38 Mosley Street Manchester M60 2BE

CHAIRMAN'S REPORT

Great Places now owns or manages well over 19,000 properties, providing homes to over 50,000 people with a range of tenures across the North West and Yorkshire. In 2017/18 the Group generated turnover of £100m and a surplus of over £11.8m. We achieved 8 of our 11 Critical Success Factors (beating stretch targets on 4 of them), with excellent performance in many measures including arrears at 2.8%, repairs satisfaction at almost 94% and re-let times reduced to 21 days.

Towards the end of the year Great Places Housing Group tapped its existing £200m bond for a further £145m, of which £75m was drawn. The tap was priced at a spread of 140bps and an all-in cost of 3.341%, demonstrating that the Group is an attractive proposition to investors. The money raised will fund our development programme over the next few years.

"Building Greatness" is our values-led journey of change that will touch all parts of the business and deliver cultural changes as well as the achievement of key financial targets. Building Greatness has started to deliver the savings required to offset the rent cut, with over £4.5m of sustainable efficiencies generated in 2017/18 through improvements to procurement, investment in systems and people, transformation of business processes, and value for money. We have just entered into a pioneering new partnership to provide repairs materials to another Housing Association.

In September 2017 we moved colleagues from the existing Salford and Manchester offices into our new Head Office, located in South Manchester. This office move has generated significant cost reductions, as well as providing the backdrop for the Building Greatness ambition to galvanise cultural change and promote effective, modern working methods.

This year has been one of many awards; our new Plumlife website won two awards, and we were one of only two housing associations in the country to be accredited as a Gold Carbon Literate Organisation. In July, the Regulator of Social Housing re-affirmed our G1/V1 rating after their In Depth Assessment. I'd also like to welcome our new board members, Sam Young and Babar Ahmad, appointed to the Group and Cube boards respectively.

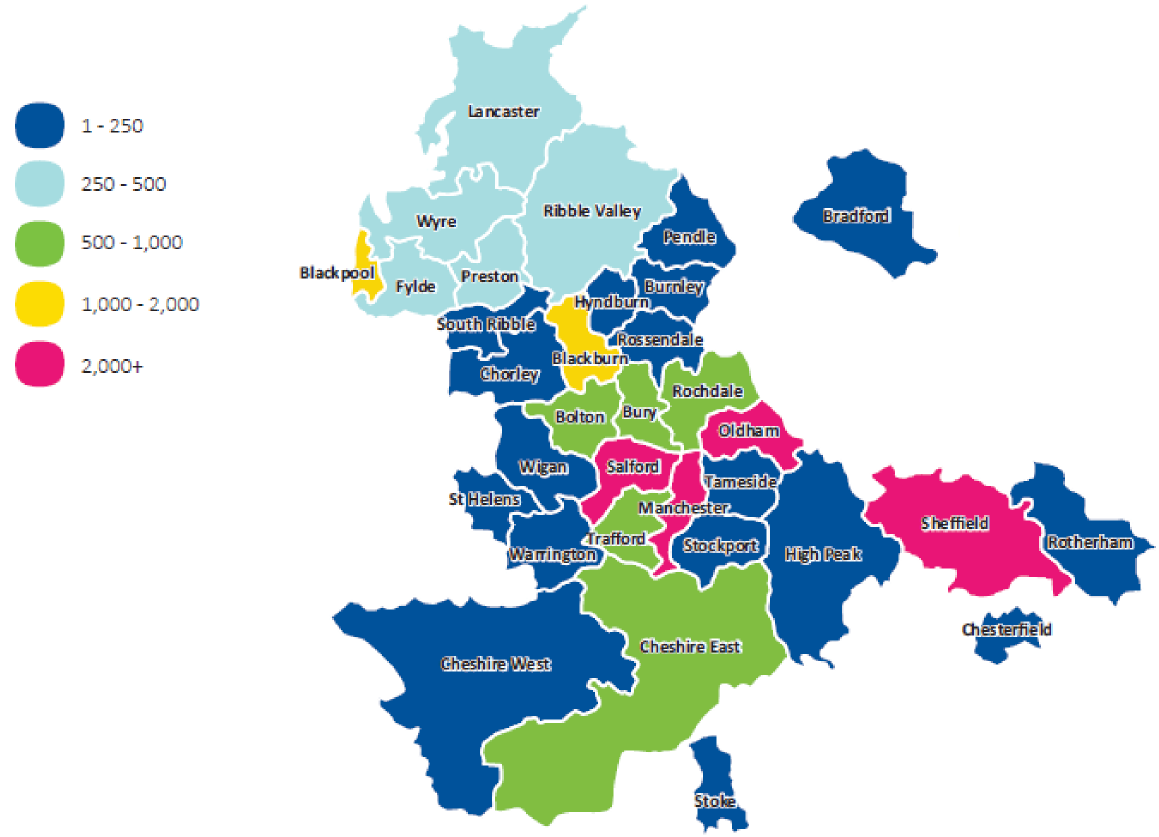
We've just approved our new Corporate Plan which sets out our 10 year ambitions as well as clear three-year targets. This in turn has informed our new Critical Success Factors for 2018/19 and provides that golden thread back to our ambitions.

One year on from the devastating Grenfell Tower fire and the Hackitt recommendations have just been released. We own six tall buildings, none of which have the non-compliant ACM cladding, and we have full oversight of our management responsibilities for the other eight tall buildings that we manage. We have made provisions in our budgets to ensure we can implement any relevant health and safety recommendations. We take Health and Safety seriously and I'm pleased that we have now achieved 100% gas compliance for over three years.

The near future is likely to continue be dominated by political uncertainty as Brexit negotiations come to their conclusions. Whatever the outcomes, Great Places will continue to do its bit to address the housing need in the areas in which it operates.

Tony Davison
Chairman

Great Places Housing Group Limited ("GPHG" or the "Group") is a not-for-profit organisation which seeks to provide outstanding customer service and which manages over 19,000 homes in 33 local authority areas across the North West and Yorkshire, as shown on the map below. The Group has particular concentrations in Manchester, Salford, Sheffield, Oldham, Blackpool and Blackburn – these six local authority areas include almost two-thirds of the Group's properties. We aim to build thriving neighbourhoods and to transform the lives of our residents.



The Group comprises the non asset owning, non charitable parent ("The Association"), which is a Co-operative and Community Benefit Society (CCBS), together with two subsidiaries:

- Great Places Housing Association ("GPHA"), a CCBS with charitable status; and
- Plumlife Homes Limited ("Plumlife"), a CCBS 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 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 housing properties. Plumlife is responsible for low-cost home ownership and leasehold management, Cube exists to provide the Group with a vehicle to undertake outright sale and market rent activity and Terra Nova undertakes design and build construction contracts.

Primary Activities

The Group's primary activities include:

- Management and development of general needs social and affordable housing for rent, supported housing, extra care, 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 investment activities; and
- Regeneration of neighbourhoods and communities.

As well as owning or managing more than 19,000 properties, the Group is a major developer of new affordable homes for a diverse range of people. We are committed to doing our part to help address the national housing shortage.

HOUSING PROPERTIES OWNED/MANAGED	31 Mar 2018	31 Mar 2017	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013
Social rent	9,409	9,766	9,923	10,309	10,473	10,885
Affordable rent	3,767	3,377	2,853	2,353	1,576	847
Total General Needs Housing	***13,176***	***13,143***	***12,776***	***12,662***	***12,049***	***11,732***
Shared ownership	1,388	1,321	1,232	1,097	1,090	1,086
Homes managed for 3rd parties	1,214	951	1,117	676	726	710
Leasehold	1,156	1,053	822	584	558	519
Supported housing	1,070	1,087	1,105	1,140	1,259	1,284
PFI properties	632	632	632	633	425	381
Sheltered Housing	300	300	300	300	299	299
Extra care Housing	180	180	180	180	134	134
Homes owned (not managed)	56	56	56	56	76	76
Keyworker	55	241	245	243	245	353
TOTAL	**19,227**	**18,964**	**18,465**	**17,571**	**16,861**	**16,574**
Properties under development	516	341	743	1,029	701	513

Net growth of 263 homes in 2017/18 represents an increase in properties owned or managed of 1.4%. c300 properties were disposed, handed back to landlords or staircased. There were also 117 first tranche and outright sales. The Group built 280 new homes in the year and took on the estate management for c250 homes built by Sheffield Housing Company.

The 2015-2018 Affordable Homes Programme for 350 homes has just 85 homes left to complete. The 2016-2021 Shared Ownership Affordable Homes Programme (SOAHP) has an allocation of 866 homes with scheme costs totalling £121.5m and grant totalling £20.3m. The allocation of the 866 homes are split into 578 shared ownership, 120 affordable rent, 108 rent to buy (an agreement is in place with Homes England for tenure flex to affordable rent) and 60 supported homes. The Group also has board approval to bid through Continuous Market Engagement for Homes England Allocation for a further 300 affordable homes of which 44 have been allocated.

The Group moved head office in the year acquiring larger premises, closing its leased Salford office; disposing its old head office and transferring staff from these two offices to the new head office. The Group head office is located in South Manchester and the Group has regional offices in Blackpool, Oldham, Blackburn, Knutsford and Sheffield. The Group plans on closing its offices in Blackburn and Knutsford in the next six months replacing them with agile "Landing pad" facilities to ensure the Group maintains its commitment to customer service whilst delivering cost efficiencies.

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 2018.

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

A new three year Corporate Plan was approved by the Group Board in March 2018. The new plan sets out the Group's 10 year ambitions as well as its plans for the next three years. Our 10 year ambition is:

To grow and improve as an organisation

To meet the housing needs of today's society and generations to come, we need to get bigger and better. Our focus will be on providing more high-quality homes and using our increased size to support our continued investment in our property assets and initiatives that enhance the social, economic and environmental well-being of our customers and their communities.

To remain a vision-driven and values-led organisation

There is a positive Great Places way of doing things based around profit-for-purpose that we will continue to celebrate. It's our values that convince people to choose our homes, to join our team, to go into partnership with us and to give us their support.

Managing performance

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	2016-17 YEAR END	2017-18 MINIMUM TARGET	2017-18 STRETCH TARGET	2017-18 ACTUAL RESULT	
Overall satisfaction	-	7.4 / 10	7.8 / 10	7.8 / 10	Achieved Target
Repairs satisfaction	92.3%	93.0%	95.0%	93.8%	Achieved Target
Stock condition surveys	91.1%	100.0%	100.0%	100.0%	Achieved Stretch
Number of properties below band D	369	246	184	216	Achieved Target
Group surplus before tax	£12.1M	£12.2M	£12.2M	£11.8M	Missed Target
Current arrears including HB	2.6%	2.9%	2.6%	2.8%	Achieved Target
Average re-let time (days)	22.1	24.0	22.0	21.0	Achieved Stretch
Development program completions	539	252	252	254	Achieved Stretch
Building Greatness savings	£2.1M	£2.7M	£2.9M	£4.5M	Achieved Stretch
Average days sickness per employee	8.3	7.4	6.8	11.7	Missed Target
Households into work (% tenants)	197 (58%)	197 (50%)	217 (50%)	261 (43%)	Missed Target

As the tables above and overleaf show, 2017/18 has seen the majority of targets exceeded and an improvement on the 2016/17 results for most indicators. For 2017/18 we adopted a different text message methodology to collect customer satisfaction feedback. As part of this we started using a different approach to allow us to benchmark through the Institute of Customer Service (ICS). As a result of this the figures aren't directly comparable to those reported for previous years but are significantly above the ICS Housing Association median of 7.1/10.

On reviewing our previous corporate plan 2015/2018 the table below highlights some of the key ambitions within each of the priority areas and details the progress made:

		2017/18 Actual	2017/18 Target	2016/17 Actual	2015/16 Actual	2014/15 Actual
CUSTOMERS AND COMMUNITITES						
Customers	Overall Satisfaction	7.75 / 10	7.4 / 10	86.1%	88.3%	86.4%
	Satisfaction - complaints handling	4.0 / 10	5.2 / 10	68.9%	76.2%	59.4%
Communities	Tenancy turnover	7.6%	7.3%	7.3%	8.4%	9.6%
	No of households into work	261	197	197	129	44
ASSETS						
Repairs Delivery	Satisfaction with repairs service	93.8%	93.0%	92.3%	91.2%	89.2%
	Average days to complete a repair	8.6	9.5	10.0	12.9	24.3
	Repairs completed at first visit	86.1%	86.5%	85.6%	83.4%	-
Asset Management	Decent Homes standard	100%	100%	100%	100%	100%
	Gas servicing compliance	100%	100%	100%	100%	100%
FINANCIAL VIABILITY						
Overall budget	Achievement of budget surplus	£11.8M	£12.2M	£12.7M	£12.4M	£11.2M
Turnover	Achievement of budget turnover (excluding grant amortisation)	£95.2M	£96.1M	£104.1M	£98.7M	£90.6M
	Average re-let time	21.0 days	24.0 days	22.1 days	23.9 days	27.0 days
	Current arrears	2.82%	2.90%	2.60%	3.30%	3.80%
Operating costs	Achievement of budget (per the management accounts)	£60.1M	£58.6M	£50.7M	£48.1M	£48.9M
GROWTH						
Building new affordable homes	Satisfaction with new home	85.4%	95.0%	97.3%	98.1%	97.2%
	Homes started/completed (Homes England framework)	371/254	391/252	123/539	94/368	909/730
PEOPLE						
Engaged staff	% of staff who are satisfied with Great Places as an employer	63%	-	66%	79%	76%
	Staff turnover	29.3%	-	20.0%	16.9%	21.4%
	Sickness absence	11.7 days	7.4 days	8.3 days	7.1 days	9.1 days
GOOD GOVERNANCE						
Continuous improvement	Implementation of internal audit recommendations	80.00%	85.00%	87.00%	82.00%	95.00%

During the year we have been working through some business transformation projects. Inevitably and as may be expected through a period of significant change we did see an increase in absence levels. We have provided support for colleagues affected by change to help keep them engaged during the change processes. We have also changed our approach to gathering feedback from colleagues by introducing pulse and temperature check surveys on a more regular basis outside of the formal survey process and this information has helped to shape our engagement timetable.

Results for Financial Year end 31 March 2018

The Group has achieved a surplus after tax of £11.8m for the year ended 31 March 2018, a decrease of £0.9m, (6.9%) compared to 2017. Turnover was £100.7m (2016/17: £109.4m) – the decrease due primarily to the levels of outright sales and first tranche sales included within this total compared to the prior year.

Operating surplus was £33.0m compared to £34.0m in 2016/17. Adjusted operating surplus (i.e. excluding surplus on property sales) was £30.7m (2016/17: £31.2m). The element relating to social housing activities was £29.5m (2016/17: £28.2m), which represents 96% (2016/17: 90%) of the total operating surplus.

Housing properties at cost reached £1,201m, (2016/17: £1,175m) up £26m (2.2%) in the year and was funded by £3.9m of grant, £8.7m of sales receipts and the remainder from additional debt/internal resources.

For the year ended 31 March	**2018 £M**	**2017 £M**	**2016 £M**	**2015 restated £M**	**2015 £M ***	**2014 £M ***
Income Statement						
Total turnover	100.7	109.4	103.9	89.5	84.3	85.0
Operating surplus	33.0	34.0	33.8	30.6	28.7	25.5
Surplus for the year after tax	**11.8**	**12.7**	**12.4**	**11.3**	**10.9**	**9.2**
Statement of Financial Position						
Housing properties at cost	1,201.1	1,174.7	1,139.4	1,092.6	1,104.0	1,033.2
Social housing grant	-	-	-	-	(535.4)	(517.8)
Depreciation	(164.1)	(147.3)	(134.6)	(124.4)	(74.6)	(73.0)
Investment properties	18.2	15.5	13.9	12.7	12.7	-
Other fixed assets	8.2	10.0	6.4	6.5	6.5	7.2
Fixed assets	**1,063.4**	**1,052.9**	**1,025.1**	**987.4**	**513.2**	**449.6**
Investments	8.6	9.2	9.9	10.2	0.6	0.2
Net current assets	64.0	45.8	28.4	25.0	34.9	27.9
Total assets less current liabilities	**1,136.0**	**1,107.9**	**1,063.4**	**1,022.6**	**548.7**	**477.7**
Creditors due after one year	600.9	591.7	550.2	517.7	469.3	411.7
Social Housing Grant	467.8	467.6	473.7	475.1	-	-
Reserves	67.3	48.6	39.5	29.8	79.4	66.0
	1,136.0	**1,107.9**	**1,063.4**	**1,022.6**	**548.7**	**477.7**

During 2017/18 Great Places continued its very significant commitment to new and existing homes. Over £33m was invested in building new homes, with 280 new homes delivered in the year. A further £16m of expenditure facilitated nearly 3,000 programmed improvements to over 1,900 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 £60m of funding to expand or improve the homes it provides.

Cube entered into a joint venture arrangement with Galliford Try to develop "Grace Gardens", an outright sale scheme in Gorton, Manchester. This is a financial arrangement where Cube is funding 50% of the total development costs and in return will receive 50% of the sales proceeds. The total scheme costs are estimated to be £9.2m, with 62 homes being developed for outright sale.

At the end of March 2018 there had been 24 completions generating total sales income of £4.2m. This joint venture is being accounted for as an investment, and Cube has recognised its return on that investment as at the year end in these financial statements totalling £286k. The remaining sales on this scheme are due to complete in the 2018/19 financial year.

Statistics and key ratios

For the year ended 31 March	2018	2017	2016	2015 restated	2015 *	2014 *
Surplus % Surplus for the year as % of turnover	11.8%	11.6%	11.9%	12.7%	12.9%	10.7%
Interest Cover (operating surplus, excluding property sales; excluding grant amortisation; adding back depreciation, impairment and gift aid) / (net interest payable) GOLDEN RULE >140%	191%	197%	173%	185%	183%	183%
Interest Cover (covenant) (as above, but with major repair capitalisation limited to 40% of total major repair expenditure)	169%	176%	163%	168%	166%	166%
Gearing (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction) GOLDEN RULE <55%	40.9%	43.1%	44.0%	44.5%	44.0%	40.5%
Operating Margin before interest % (Operating surplus / turnover excluding grant amortisation) GOLDEN RULE >28%	32.2%	30.0%	28.9%	36.2%	34.1%	30.0%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid (in cash flow statement))	1.3x	1.2x	1.3x	1.4x	1.3x	1.1x
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.3x	2.1x	2.0x	2.1x	1.8x	1.7X
Debt to revenue (Loans less fees plus finance leases / turnover)	5.5x	4.9x	4.8x	5.2x	5.5x	4.8x

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

Social Return

The Group has a social investment team which aim to provide employment, training, volunteering and apprenticeship opportunities both to our own direct customers and also people living in the communities within which we operate. As part of our procurement process we ask our potential suppliers about their social return activities and how they can support the work undertaken by our social investment team.

The table below provides information on how the team has performed against targets it was set in terms of social investment in our communities:

Social Investment KPI	Actual	Target
Number of people helped into employment	215	170
Number of people helped into apprenticeships	46	30
Number of people helped into training (accredited & non accredited)	902	200

In relation to our organisational critical success factor, at year end, we achieved 261 households into work, including apprenticeships, which exceeded our target of 200 and our 'stretch target' of 217.

In relation to people helped into training, this figure was massively increased in March 2018 by a successful partnership scheme we have been running with Bolton at Home, and which hadn't been factored into the target figure. During the year, under this initiative, there was a Pop Up Business School, a new Into Work training programme, an increase in people attending the work clubs via the UCAN centres and barrier busting sessions.

Business Challenges

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
Internal – Health & Safety	All housing providers have been impacted by the dreadful events at Grenfell Tower in Kensington in June 2017. The Group owns 6 tall buildings (over 6 storeys in height), and also manages 8 tall buildings on behalf of other landlords. We have reviewed all of these buildings and none of those that we own or manage are clad with any of the combustible ACM material. We have been working closely with local Fire and Rescue Services to ensure that we are taking all necessary action to keep our customers safe. We have made changes to the fire evacuation policy at one of our buildings. We have assessed customer vulnerabilities and individual personal emergency evacuation plans have been developed for our vulnerable customers. In the financial year we installed sprinklers at 3 sites with deck access fire safety risk, this work was already planned and not as a result of the Grenfell fire. A provision has been made of £1.2m in our 2018/19 budget for sprinkler costs or

Challenges	Commentary and context
	other remedial work within our tall buildings. We have always taken compliance and health & safety very seriously – demonstrated by achieving 100% gas inspection results continuously for over 3 years.
External – Political Environment	The budget in November 2017 contained a number of housing-related announcements, including changes to Universal Credit (UC), an update on Voluntary Right to Buy (VRTB) and the Government's expanded housing programme. The changes announced to UC included the removal of the seven day wait from the start of a UC claim, which effectively gives claimants an extra week's money and reduces the amount of time they will wait. Secondly, UC claimants will also now receive Housing Benefit for two weeks, which will help prevent them falling into arrears. We welcome these changes and they are likely to relieve some of the difficulties our customers have faced since the start of the UC roll-out. The Budget confirmed that a large-scale regional pilot of the VRTB scheme will take place in the Midlands. It is hoped that the pilot will provide valuable learning ahead of a roll-out of a national scheme. Finally the Government announced details of their new housing programme which includes £15.3bn of new investment and support. This included an extra £2bn investment in affordable housing, including for social rented homes. Ahead of the November budget the Government had already announced the rent settlement from 2020 to 2025 of CPI +1% and the scrapping of the LHA cap.
External – Regulatory Environment	From 6 April 2017, the de-regulatory measures of the Housing and Planning Act 2016 came into force. This meant that there was no longer the requirement to obtain the Regulator's consent to undertake disposals, restructures and certain constitutional changes. For disposals there is still a requirement to gain consent to write off any grant under the grant recovery rules. We have also seen the creation of a fully independent Regulator of Social Housing (RSH) to coincide with the Homes and Communities Agency being rebranded as Homes England. Although full legal separation has not yet taken place, the two "arms" are now working completely independently. The Regulator has issued a new Value for Money Standard (VfM) and a supporting Code of Practice that applies to all registered providers and which came into effect on 1 April 2018. In July, the RSH re-affirmed our G1/V1 rating after their In Depth Assessment.

Challenges	Commentary and context
External – General Data Protection Regulation	General Data Protection Regulation (GDPR) replaced the current Data Protection Act 1998 on the 25 May 2018. Many of the GDPR's main concepts are the same as those in the previous legislation, however, there are new elements and significant enhancements in some areas. The Group has been preparing for GDPR over the last year and has put actions in place to ensure compliance based on the "12 Steps to Take Now" guidance issued by the Information Commissioners Office.
External – Housing market	The Group has exposure to the housing sales market through Cube for outright sales and through GPHA in terms of its development programme of new shared ownership properties. The UK House Price Index, showed average house prices in the UK have increased by 4.2% in the year to March 2018. The East of England showed the highest annual growth, with prices increasing by 5.8% in the year to March 2018. The North West showed an increase of 5.2%. The lowest annual growth was in Yorkshire, the Humber and the North East regions of England, where prices increased by 2.1% over the year (source UK House Price Index issued May 2018). The number of approvals for house purchases fell by 1.4% in March to 62,914 (source Bank of England). 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-timer buyers, while some mainstream mortgage deals are also still available to people with just 5% deposit 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 106 first tranche shared ownership sales in the year. Staircasing activity has fallen slightly in the year and remains at modest levels.
External – Funding market	The Group went to the capital markets in March 2018 and raised bond finance of £75m with a further £70m retained. The premium received on the bond issued was over £17.5m. The tap was priced at a spread of 140bps and an all-in cost of 3.341%. This transaction brings the total size of the existing bond up to £345m (including the £70m retained). In December 2017 we repaid our Nationwide loans totalling over £17m, including breakage fees for early repayment. In January 2018 we cancelled an

Challenges	Commentary and context
	undrawn loan facility with the Royal Bank of Scotland of £12m. We have a revolving credit facility with the Royal Bank of Canada of £60m which expires in November 2018. At the year end none of this facility was utilised. The 2018/19 business plan indicates that the Group will not need to draw down any funding in 2018/19 and that the existing facilities (including the retained bond) could last until 2025.
External – costs and inflation	CPI reached a five year high in November 2017 of 3.1%, though has since fallen and the Office for Budget Responsibility (OBR) expects it to fall to 2.4% in 2018 and 1.9% in 2019. UK employment has continued to fall over the last year. Average weekly earnings of employees in nominal terms has increased but in real terms (when adjusted for price inflation) has fallen slightly compared to last year. Post the Brexit vote imported material prices have continued to rise. 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 Group is a living wage employer and the requirement to attract high quality staff makes the challenge tougher.
Internal – Business Transformation	The Group has continued with its Business Transformation journey during 2017/18. The Supported Housing function was rebranded as Independence and Wellbeing and the redesigned service was rolled out in the latter part of the year. Proposals for the redesigned service in our General Needs housing services were announced in February 2018, and following consultation it is expected that the newly designed service will be rolled out in the summer of 2018/19. The transformational change process has now started looking at some of our central service teams with further change anticipated later in the 2018/19 financial year and beyond. Transformational change is being supported by investment in new business systems and upgrades to existing systems and infrastructure.
Internal – Delivery of Homes England targets	The Group has again achieved all of its Homes England Framework Delivery Agreement targets and remains on target to hit all remaining milestones through to March 2019.
Internal – Financial	The Group's surplus for the year is £11.8m, this is 7% down on 2016/17. The reason for this fall is an impairment charge of £3.2m which relates to two

Challenges	Commentary and context
strength	schemes we have decided to dispose of Rodney Street a supported housing scheme (£2.2m), and Spinners Hall, a general needs scheme in Bolton (£1.0m). The impairment has arisen due to historic large grant receipts on the schemes that under new guidance from Homes England have to be fully recycled rather than offsetting any accounting loss. Without this impairment the Group's surplus would have been £15.0m an increase of 18% on 2016/17. Despite this impairment the Group has delivered excellent results with an operating margin of 32.2%, a surplus of 11.7% of turnover and interest cover of 191%. During the year Moody's downgraded ratings of the housing sector as a whole leading to the Group moving to an A3 rating. Both Moody's and Fitch have since reaffirmed their ratings of the Group following their annual reviews (Moody's A3, Fitch A+). The Group also maintained its top financial viability rating (V1) from the Regulator of Social Housing in November 2017. Welfare reform presents continuing challenge on the Group's ability to maintain its financial strength.

Future Outlook

We define Building Greatness as "Our values-led journey of change, to ensure that we are always efficient and effective in delivering our vision" and this was a programme that we embarked upon many years ago to put the customer at the heart of what we do. This journey of change allowed us to continue re-designing services and generating efficiencies to counteract the 4 year rent reduction announced in the July 2015 Budget. The future outlook for Great Places is therefore positive, and the latest business plan demonstrates the financial strength and the long term viability of the Group. The budget we have set for 2018/19 also demonstrates that we will continue to meet our "Building Greatness" targets.

Business Transformation is one of the seven work streams of Building Greatness. It is a root and branch review of all activities aiming to eliminate waste and duplication, whilst ensuring we maximise the benefits of technology to continue to deliver excellent services.

The pace of rollout of Universal Credit remains slow; we currently have 800 residents on Universal Credit around 300 fewer than anticipated. We have reviewed our expectations, based on the new roll out timetable, and are expecting to reach 1,500 by March 2019. The Group 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.

The Group must successfully deliver its existing Homes England development commitments and position itself to maximise any future opportunities that arise. This will be supported by continuing our outright sales activity undertaken by Cube, with the aim of generating surpluses of c£2m per annum, to subsidise wider Group activity. Cube gift aids c50% of its annual profits to GPHA the Group's charitable subsidiary, which helps to fund future affordable housing development and other social investment activity that it undertakes.

Shared ownership and outright sales activity creates inherent risk. 2017/18 saw 117 shared ownership properties sold by the Plumlife sales team. In 2018/19 that figure will be c181 sales.

The housing market remains relatively strong in many (but far from all) areas of our operation 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 is also expanding its market rental activity. We currently have 114 homes across seven different schemes operated through Cube under the Plumlife brand and 192 homes in management on behalf of a third party landlord. We plan to deliver around 60 new market rent properties on two sites across South Manchester over the next two years.

The Group continues to fund the investment needs of its housing stock in full, with investment works of over £14m planned for 2018/19. The Group has created a new Asset Use and Divestment post to lead our strategic disposal programme and this will include the divestment of properties which are simply uneconomic to bring up to the required energy efficient SAP target rating as set by our Board.

Following the recent Bond tap the Group has agreed funding facilities in place that will meet all known and expected commitments through to 2025. The Group has the ability to go back to the capital markets on this existing Bond for the retained amount of £70m, at any time, subject to market conditions.

Value for Money: 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 ambitions rather than an add-on or standalone activity. The Board monitors organisational progress against key priority areas 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 our services, undertake activities designed to maximise social impact and fund other key corporate priorities. With a clear focus on what matters most, 2017/18 was another successful year for Great Places.

VFM – comparisons and benchmarking

The table below is the sector scorecard, but also includes the 2016/17 Regulator of Social Housing (RSH) VfM metrics. The Sector Scorecard categorises the measures over 5 broad categories and the results of how we compare against each of the 15 Sector Scorecard measures against ourselves last year, and our last year's results compared to a group of similar organisations is detailed below:

Metric	VfM	Great Places		Family Group [1]	Sector Median
		2017/18	2016/17	2016/17	2016/17
***Business Health*: (1)**					
Operating Margin	(RSH)	32.7%	28.6%	28.17%	30.31%
Operating Margin SHL		35.8%	35.2%	31.56%	31.64%
EBITDA MRI	(RSH)	128.8%*	141.9%	185%	228%
***Development:* (2)**					
Development (No)		280	625	223	40
New Supply (% of stock)	(RSH)	1.6%	3.4%	1.8%	1.1%
- Social Housing		1.6%	3.4%	-	-
- Non-Social Housing		0.1%	0.2%	-	-
Gearing	(RSH)	46.2%*	52.4%	42.16%	41.6%
***Operating Efficiencies:* (3)**					
Social Housing Cost per Unit	(RSH)	£3,133	£3,066	£3,200	£3,315
Rent collected		99.7%	100.7%	99.71%	99.71%
Overheads as % of Turnover		10.6%	7.5%	13.3%	12.3%
***Outcome delivery:* (4)**					
Customer Satisfaction		7.75/10	86.1%	84.9%	86.6%
Investment: Communities		£0.02	£0.06	£0.02	£0.01
Investment: Housing			£1.06	£0.77	£0.69
Reinvestment	(RSH)	3.6%	4.8%		
***Asset Management:* (5)**					
Return on Capital Employed	(RSH)	2.9%	3.1%	3.8%	4.0%
Repairs Ratio (responsive:planned)		0.39	0.42	0.72	0.68
Occupancy rate		99.54%	99.57%	99.25%	99.5%

[1] Our Family Group for benchmarking purposes – Accent, Accord, Chevin, Cobalt, EMH, Equity, ISOS, Johnnie Johnson, Irwell Valley, Leeds Federated, Longhurst, Mosscare, Muir, Nottingham Community, Orbit, Regenda, Riverside, South Yorkshire, Stonewater, Symphony and Yorkshire.

**The definition has changed for the March 2018 year end, to include cash balances we have not restated the 2017 internal metrics so that comparison to our Family Group is still valid.*

The new VfM Standard outlines seven key metrics which are included in the above table. These metrics are:

Reinvestment % – this considers the investment in properties (existing stock as well as new supply) as a percentage of the net book value of total properties held.

New supply delivered % - this sets out the number of new social housing and non-social housing homes that have been acquired or developed in the year as a proportion of total social housing and non-social housing homes owned at the period end.

Gearing % - this assesses how much of the assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a Registered Provider's appetite for growth.

Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover % - this is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a Registered Provider generates compared to interest payable.

Headline Social Housing Cost per Unit – this is as defined by the regulator.

Operating Margin % – this demonstrates profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. There are two ratios; one for Social Housing Lettings (SHL) only and one for the overall business.

Return on Capital Employed (ROCE) % - this metric compares the operating surplus to total assets less current liabilities and is used to assess the efficient investment in capital resources.

Key messages over the five scorecard categories:

1. **Business health**: Our operating margin, the amount of surplus generated from turnover on a provider's day-to-day activities, was better in 2016/17 than both our 'family' group and the Greater Manchester figure and is contextualised by the commentary that "higher operating margins tend to be recorded by associations with a development programme, who manage more than 5,000 homes across a variety of tenures and have leveraged assets". Our operating margin for 2017/18 has seen an improvement over 2016/17.
2. **Development:** Due to the cyclical nature of our development programme, our 2017/18 outcomes are lower than 2016/17, but still in line with the family group and sector median from 2016/17. This also needs to be seen in the context of a North West region median of 0.6% for 2016/17. Over the past 10 years, Great Places has developed around 5,500 new homes and the Sector Scorecard evidences that 'development as a % of stock' is an area where we are particularly strong. The Scorecard also shows that this is not at the expense of other Profit for Purpose priorities and that we still invest comparatively heavily in our communities.

3. **Operating efficiencies**: our headline cost per unit is £3,133 and we continue to compare favourably with 2016/17 comparators. Our higher percentage of Supported Housing, and having stock located in areas of deprivation are both drivers for increased costs and consequently show our overall low figure in an even better light.
4. **Outcomes delivered**: This year we've changed the way we measure customer satisfaction in line with the Institute of Customer Services (ICS) and at the same time, taken the opportunity of refreshing the questions we ask. The ICS median for housing associations is 7.1/10 so our result shows that our customers are more satisfied with the service they receive from us, compared to other housing associations. As it is a new methodology, a comparison to previous years is meaningless.
5. **Effective asset management**: Our Return on Capital Employed is below the median, reflecting our high proportion of new and hence relatively expensive properties. Our occupancy rate at 99.54% is broadly in line with performance last year, which was above the median for all groupings and our ratio of expenditure on routine maintenance to spend on planned maintenance is low which is perceived to be positive.

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, our strategic approach has been focused on Building Greatness, which is the title of the new Corporate Plan 2018-21, and the Group has had successes, including:

- We have continued to see growth across the organisation with an increase in the number of homes and services, a new contract to supply materials to Trafford Housing Trust, completion of development programmes and the start of our involvement in the Social Impact Bond.

- We recognise the challenges of ensuring we attract and retain a high quality workforce with the right skills and with high levels of engagement. Our People Strategy is designed to meet those challenges and key deliverables include continuing the substantial investment in our Leading Greatness programme, supporting our new ways of working models, and the introduction of graduate and apprenticeship programmes;

- The investment in systems work stream aims to ensure we fully embrace modern technology and goes hand in hand with the Business Transformation work. We continue the roll out of a fully agile mobile working solution for both Independence and Wellbeing and General Needs. Together with our new website and customer portal, this will assist us to move to a more digital service provision, whilst retaining alternatives for customers for whom digital is not yet an option. We will also look at how best to provide solutions for some of our back office functions, including a new purchase to pay system and a new intranet.

- Through enhanced procurement and contract management we have delivered efficiency savings of £1.2 million over the 2017/18 period and increased the scrutiny of our supply chain performance. This included working across the organisation to develop innovative procurement solutions such as the materials Dynamic Purchasing System to support our Distribution Centre, new agency and recruitment services and selecting new delivery partners across a range of compliance contracts with our Assets team. Procurement processes such as these, and the 40 other projects delivered over the year, not only deliver great value and manage risk within our supply chain, but act as a vehicle to ensure that Great Places promotes the creation of social value and positive local economic impact within the communities we serve.

- The Business Transformation work stream continues to analyse all aspects of the Group's front line and back office services, seeking to drive out waste, inefficiency, duplication and non value-adding activities, hence increasing efficiency, effectiveness and value for money. During 2018/19 we expect to realise all of the benefits from the newly structured Independence and Wellbeing service (formerly known as Supported Housing), to fully implement new ways of working within the General Needs Housing Service and launch our revamped Communications team. Work has begun in repairs and finance and is planned to commence in investment and other head office functions throughout 2019 and 2020. Business Transformation is critical to ensuring that services are redesigned and costs eliminated in a sustainable manner;

- The data work stream is seeking to improve many aspects of our data, including data quality, data quantity (customer data and property data, reflecting the importance of "big data"), data protection and data retention. This is in part to respond to the new General Data Protection Regulation (GDPR) requirements, but mainly to ensure our decisions are made with the full facts in hand. Linking closely with the investment in systems work stream, we will also focus on enhancing our data analysis and analytics, and implement a Geographical Information System.

- An eighth work stream was temporarily added to reflect the importance of the new head office relocation, which was successfully completed in September 2017. This involved the relocation of our existing head office staff and also the Manchester and Salford teams (over 300 staff in total) into our newly modernised, spacious accommodation, whilst also delivering significant cost savings due to the closure of our Salford office. We also implemented new ways of working removing traditional barriers to collaborative working, with investment in new technology, provision of agile and breakout areas and facilities that can be used for team activities and briefings.

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: Conclusion

2017/18 was another good year for Great Places and there are many figures to substantiate that. It is clear that the vision and values continue to permeate all that we do, and will continue to do so, and 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.

Treasury Management

The Group's borrowing increased by £16.6m during the year to part fund the Group's ongoing development activity. It has been a successful year for funding activity, with the repayment of an expensive, highly securitised Building Society loan, a £145m tap of our existing bond (with £70m retained) and the renegotiation of two loans, one to extend the availability period, and one to allow for repayment and redrawing at a later date. The Group is also in the process of replacing the existing £60m revolving facility with RBC that expires in November 2018, with a new £30m facility with NatWest.

Capital structure (loan and finance lease liabilities)						
As at 31 March	**2018**	**2017**	**2016**	**2015**	**2014**	**2013**
Maturity	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	8,999	4,817	3,208	1,610	1,760	1,796
Between one and two years	9,155	9,929	2,659	3,165	1,828	1,777
Between two and five years	28,349	30,357	34,537	5,337	14,160	8,151
After five years	514,780	499,617	462,616	464,062	399,297	372,537
TOTAL	**561,283**	**544,720**	**503,020**	**474,174**	**417,045**	**384,261**
Fixed including cancellable	559,663 (99.7%)	470,402 (86%)	473,020 (94%)	444,157 (94%)	380,371 (91%)	345,835 (90%)
Variable	1,620 (0.3%)	74,318 (14%)	30,000 (6%)	30,017 (6%)	36,674 (9%)	38,426 (10%)
Own name Bond issue	294,262	201,676	201,712	201,748	181,453	148,578
Post 2007 facilities	254,081	310,117	265,226	234,722	194,095	194,095
Other legacy debt	12,940	32,927	36,082	37,704	41,497	41,588

The Group's borrowings are principally from banks and the debt capital markets, at both fixed and floating rates of interest. The approved Treasury Strategy identifies a hedging 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 2017 specifies that a minimum of 75% fixed rate debt should be maintained. As at 31 March 2018 the Group had 99.7% fixed rate debt. The Treasury Strategy is updated annually.

The Group remains in a very strong funding position to meet our funding needs for up to seven years. This is demonstrated by:

- Current cash balances of £75m;
- Undrawn Santander facility of £53m (fully secured);
- Remaining undrawn RBS long term facilities of £38m (£32m still to be secured);
- The new revolving facility of £30m which will be fully secured when in place; and

- The ability to go back to the market for the £70m of retained bond.

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 manage 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. The Group has stand alone swaps transacted through International Swaps and Derivatives Association ('ISDA') agreements to hedge variable rate loans from banks. No new hedging was undertaken in the year.

A total of £18.4m of cash collateral (as shown on the following table) was provided to counterparties at 31 March 2018 and is included within investments on the balance sheet. The average maturity of the swaps is 12 years.

Standalone Swaps – Mark to Market (MtM) Exposure					
Counterparty	**Unsecured Threshold**	**MtM Exposure**	**Collateral requirement**	**Property**	**Cash**
Barclays	£7,500,000	£9,136,980	£1,636,980	£0	£1,300,000
Lloyds	£7,500,000	£12,215,455	£4,715,455	£0	£4,190,000
RBS	£3,000,000	£13,848,804	£10,848,804	£0	£9,946,232
Santander	£4,900,000	£7,979,972	£3,079,972	£0	£2,950,000
Credit Suisse	£3,000,000	£404,983	£0	£0	£0
As at 31 March 2018	**£25,900,000**	**£43,586,194**	**£20,281,211**	**£0**	**£18,386,232**
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

A further £1.75m of cash collateral was paid to counterparties on 3 and 4 April 2018, following the valuations made as at the 31 March 2018.

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

The fixed rates of interest on the whole portfolio ranges 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 11. 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.

These financial statements 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 pages 45 and 46. 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 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 £88m with nothing required in 2018/19. At 31 March 2018, undrawn long term bank facilities amount to £151m. The Group also can issue the retained element of its bond for a further £70m. 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 for the next seven years.

As at 31 March 2018 the Group had just agreed terms (awaiting legal completion) on a new £30m revolving cash facility which will be fully secured in the summer. The remaining long term facilities are either fully secured or with security identified and charging work underway. This comfortably meets the liquidity requirements set out in the Treasury Strategy which was last updated in July 2017.

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

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 to an acceptable level. Innovation will help the Group remain financially viable and commercially dynamic, but innovation can often create 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. Our "watch list" accompanies the risk register to maintain an awareness of emerging issues. We have also reviewed and revised the Risk and Assurance Strategy and the risk appetite statement in December 2017. Our assurance map (introduced last year) strengthens the links between the corporate risk register and the internal control framework across the three lines of defence – paying particular attention to the key controls which mitigate our higher scoring risks. 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 18 risks as shown in the following extract from the register:

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 I&W services	H/M	M/M
1.5	Customers & Communities	Ability to pay rent / welfare reform	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/L
2.3	Growth	Failure of the sales and disposals programme	H/H	M/M
3.1	Assets	Poor performing repairs delivery	H/H	L/M
3.2	Assets	Failure to manage assets/maximise their value	H/H	M/M
3.4	Assets	Loss of assets due to Right to Buy extension	M/M	VL/VL
4.2	People	Recruitment, retention and engagement	H/M	H/M
4.4	People	Impact of Business Transformation	M/H	M/H
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	H/M
6.1	Good Governance	Regulatory downgrade	H/M	L/M
6.2	Good Governance	Exposure to unacceptable H&S risks	H/H	M/H
6.3	Good Governance	Insufficient internal controls	H/M	M/M

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

We are currently updating our risk register against our new corporate plan. The current six top risks as identified in the top right quadrant of our risk heat map are explained in 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
1.5 Ability to pay rent / welfare reform Customers are unable to pay their rent as they receive reduced benefit due to Welfare	• Robust monitoring of increase in Universal

Risk description, impact and consequence	Controls and mitigations
Reform and prioritise other costs. Increased collection costs due to more individual transactions. Increased impact on low paid and part time workers. **Results in:** An adverse impact on cash collection and financial strength.	Credit claimants and impact on arrears • Embedded poverty and partnership work across all regions • Review of ways of working under Business Transformation to ensure effective support and resourcing around arrears management • Detailed customer profiling allowing for tailoring of services and proactive recognition of potential issues
2.3 Failure of the sales and disposals programme Collapse of the property market and an inability to sell stock property. Lack of an exit route for unsold properties. Lack of visibility of sales performance. Failure to meet disposal and divestment targets. **Results in:** An adverse impact on cashflow from unsold stock	• Routine and robust monitoring of sales performance through "flash" reports • Tenure flexibility to switch property for sale to rental products (with Regulator approval) • Rigorous scheme approval sign off • Stress testing of sales programme, volume, etc.
4.2 Recruitment, retention and engagement Failure to attract and recruit the right people into vacant posts Inability to retain key colleagues based on current terms and conditions Failure to keep colleagues engaged during a period of change **Results in:** A lack of resources to deliver on corporate priorities	• Succession planning and talent management matrix • Pay progression and pay benchmarking model • Programme of pulse and temperature check surveys to monitor colleague engagement and enable proactive mitigations
4.4 Impact of Business Transformation Organisation does not have the capacity or skill set the deliver the programme Inability to mitigate the destabilising effect of a large scale change programme Organisation does not buy in to change **Results in:** Failure to deliver the efficiencies	• Properly resourced team including existing operational staff (with substantive roles backfilled), external consultancy support and also specialist functions such as HR • Close working between the Business Transformation team and Business Systems to make the best use of technology

Risk description, impact and consequence	Controls and mitigations
that are targeted in a sustainable way	• Project steering group attended by Executive team to provide scrutiny, challenge and oversight • Strong communications plan to ensure everyone in the organisation is engaged with the process
5.4 Ineffective Business systems Failure to provide our colleagues with the systems they need to do their jobs effectively Failure to implement appropriate IT security controls to manage the risk of cyber threats, data loss, GDPR etc. Failure to keep pace with technological development and stay ahead of the curve, including in customer self-service options **Results in:** Outdated service offer to colleagues and customers, and impact of data security breach	• New short term action plan to inform the development of a new Business Systems Strategy • Business Systems Strategy Board to ensure governance oversight of projects • Upgraded infrastructure to support business continuity planning, including programme of penetration testing • Cyber Essentials accreditation (and working towards Cyber Essentials Plus) • A more balanced approach which recognises the benefits of both in-house development and off the shelf system acquisitions
6.2 Exposure to unacceptable health & safety risks Failure to protect colleagues and customers with appropriate controls, including training and sub-contractor management **Results in:** Serious harm to colleagues or customers resulting in regulatory intervention or legal action	• Strengthened Corporate Health and Safety team • Restructured and renewed Compliance team within Growth and Assets Directorate • “Near miss” reporting introduced • Tenant H&S compliance policies and procedures • 3rd party audit arrangements • Lone working system introduced

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.

In 2017 the Group underwent an independent triennial Governance review. This confirmed that the Group is fully compliant with the Code of Governance. In November the Regulator of Social Housing (RSH) 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 Homes England development contracts, which is updated quarterly.

The Great Places Board currently has eight non-executive members, of whom there are four male and four female members. The Chief Executive is also a Board member. The average attendance at Board meetings between 1 April 2017 and 31 March 2018 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 a 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 2017/18 one Task and Finish group was established to set the Group's revised Critical Success Factors for 2018/19.

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 England development partner. Great Places received an "In-depth Assessment" (IDA) from the Regulator in May/June 2018, in July, the RSH re-affirmed our G1/V1 rating.

Statement of compliance with RSH Financial Viability and Governance standard

The Board of Great Places has carefully considered its responsibilities under the Regulator's Economic Standards covering Rents, VFM and Governance and Financial Viability. A detailed report has been considered by the Audit and Assurance Committee which 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 its G1/V1 status.

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 5 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 including benchmarking. 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 (Link Asset Services) 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 against the new business plan under the direction of the Board and reviewed with the Executive Directors. The stresses test the Group's resilience against a number of key risks. The stress testing model maps the effect of various scenarios against our 4 internal golden rule thresholds linked to interest cover, gearing, operating margin and major repair expenditure as well as the effect on our unencumbered asset position, and potential security exhaustion. It was clear from the stress testing scenarios that the proposed plans satisfied our internal golden rule thresholds.

Great Places operates 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.

Over the past 12 months, significant work has gone into developing an Asset and Liability register which would give an independent body swift access to key information about the organisation in the event of a potential or actual failure of the business. 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.

The Group has always completed statutory and regulatory 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.

Board members and executive directors

The Board members and the executive directors of the Group as at 31 March 2018 are set out on page 3. Details of all the members and directors that have served during the period from 1 April 2017 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 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 executive 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.

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 December 2017) 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;
- The prioritisation of Critical Success Factors (CSF's) linked to corporate plan targets 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 approval of key corporate strategies. The whistleblowing and anti-fraud policies, and a register of all actual or potential frauds, are reported to Audit and Assurance Committee, and to the regulator via an annual report;
- Financial forecasts and budgets which allow the Board and the management team to monitor key financial risks and spend in terms of achieving budgets in the short, medium and long term;
- Annual audit reports to Board from both internal and external auditors, and meetings with Audit and Assurance Committee members without officers present to allow them to raise any concerns;
- Compliance reports and regulatory judgements issued by the Regulator of Social Housing and other regulatory bodies;
- A full range of insurances in place to safeguard assets which are regularly reviewed to ensure they are fit for purpose;
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives, major commitments, development schemes and investment projects are subject to formal authorisation procedures by the Executive Team, the Board, or the Committees of the Board;
- External accreditations and assurance reviews e.g. credit rating reviews from Moody's and Fitch;
- Governance arrangements which provide for the Board to be able to create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specific issues or projects; and
- Health and safety infrastructure with architecture of meetings from local to strategic.

Progress during 2017/18

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

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

Audit work undertaken in 2017/18

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

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

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

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

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

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

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

Internal controls assurance conclusion

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

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

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

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

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 approve the statement annually and the full statement is published on the Great Places website.

Donations

During the year ended 31 March 2018 the Group has made no political contributions (2017: £nil) and any charitable donations were made during the course of its ordinary activities.

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

Annual general meeting

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

External auditors

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

Statement of compliance

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

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.

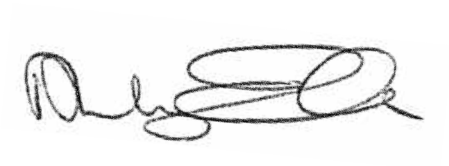
The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

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 26 July 2018 and signed on its behalf by:



Phil Elvy
Company Secretary

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

We have audited the financial statements of Great Places Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2018 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association statement of financial position, the consolidated and Association statement of changes in reserves, the consolidated cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the 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.

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on pages 34 and 35, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Manchester

2/08/2018.

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

GREAT PLACES HOUSING GROUP

Year ended 31 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £'000	2017 £'000
Turnover			
(excluding amortisation of government grants and asset sales)		85,463	84,851
Amortisation of government grants	23	5,428	5,346
First tranche and outright sales	4	9,792	19,221
Total turnover	4	**100,683**	**109,418**
Operating costs	4	(61,656)	(61,905)
Cost of sales	4	(8,337)	(16,269)
Surplus on sale of fixed assets	5	2,283	2,792
Operating surplus	6	**32,973**	**34,036**
Share of surplus of joint venture	16	45	4
Interest receivable	7	319	261
Interest payable and financing costs	8	(23,352)	(21,460)
SHPS pension discount rate remeasurements	28	116	(276)
Income from fixed asset investment	16	-	169
Interest from fixed asset investment	16	33	47
Interest from current asset investment	19	286	-
Movement in fair value of financial instruments	8	496	167
Movement in fair value of investment properties	13	905	24
Surplus on ordinary activities before taxation		**11,821**	**12,972**
Tax on surplus on ordinary activities	10	12	(308)
Surplus for the financial year		**11,833**	**12,664**
Actuarial gains/(losses) on defined benefit pension schemes	27c	387	(560)
Movement in fair value of hedged financial instruments	26	6,522	(2,938)
Total other comprehensive income		**6,909**	**(3,498)**
Total comprehensive income for the year		**18,742**	**9,166**

All amounts relate to continuing activities.

The accompanying notes on pages 47 to 99 form part of these financial statements. The financial statements were authorised for issue and approved by the Board of Directors on 26 July 2018.

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

GREAT PLACES HOUSING GROUP

Year ended 31 March 2018

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £'000	2017 £'000
Turnover	4	15,662	16,194
Operating costs	4	(15,660)	(15,687)
Operating surplus	6	**2**	**507**
Interest receivable and other income	7	18,363	18,139
Interest payable and financing costs	8	(18,393)	(18,196)
SHPS pension discount rate remeasurements	28	26	(65)
Income from fixed asset investment	16	-	82
Interest from fixed asset investment	16	33	47
Surplus on ordinary activities before taxation		**31**	**514**
Tax on surplus on ordinary activities	10	50	(169)
Surplus and comprehensive income for the financial year		**81**	**345**

All amounts relate to continuing activities.

The accompanying notes on pages 47 to 99 form part of these financial statements. The financial statements were authorised for issue and approved by the Board of Directors on 26 July 2018.

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

GREAT PLACES HOUSING GROUP

Year ended 31 March 2018

CONSOLIDATED BALANCE SHEET

	Note	2018 £'000	2017 £'000
Tangible fixed assets			
Housing properties	12	1,037,024	1,027,393
Investment properties	13	18,217	15,500
Other tangible fixed assets	14	8,188	10,020
		1,063,429	**1,052,913**
Fixed asset investments			
Homebuy loans	15	7,551	8,134
Fixed asset investment	16	999	999
Investment in associate	16	60	15
Investment in joint venture	16	10	10
Total fixed asset investments		**8,620**	**9,158**
Total fixed assets		**1,072,049**	**1,062,071**
Current assets			
Stock and work in progress	17	10,509	10,046
Debtors	18	13,816	8,883
Investments	19	24,504	30,416
Cash and cash equivalents		75,218	55,429
		124,047	104,774
Creditors: Amounts falling due within one year	20	(60,110)	(58,936)
Net current assets		**63,937**	**45,838**
Total assets less current liabilities		**1,135,986**	**1,107,909**
Creditors:			
Deferred capital grant due after more than one year	21	(467,764)	(467,550)
Other creditors falling due after more than one year	21	(599,956)	(590,558)
Pension liability	27c	(905)	(1,182)
Net assets		**67,361**	**48,619**
Capital and reserves			
Non-equity share capital	29	-	-
Cash flow hedge reserve		(43,181)	(49,703)
Designated reserve		162	161
Revaluation reserve		2,158	2,023
Income and expenditure reserve		108,222	96,138
Consolidated funds		**67,361**	**48,619**

The accompanying notes on pages 47 to 99 form part of these financial statements.

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

Board member – A. Davison | Board member – J.Raynor | Secretary - P. Elvy

ASSOCIATION BALANCE SHEET

	Note	2018 £'000	2017 £'000
Tangible fixed assets			
Other tangible fixed assets	14	1,298	1,133
Fixed asset investments			
Fixed asset investment	16	421	421
Investment in associate	16	63	63
Total fixed asset investments		**484**	**484**
Total fixed assets		**1,782**	**1,617**
Debtors: Amounts falling due after one year	18	510,151	484,368
Current assets			
Debtors	18	18,294	15,358
Investments	19	18,386	26,564
Cash and cash equivalents		113	108
		36,793	42,030
Creditors: Amounts falling due within one year	20	(38,059)	(42,768)
Net current liabilities		**(1,266)**	**(738)**
Total assets less current liabilities		**510,667**	**485,247**
Creditors:			
Amounts falling due after more than one year	21	(511,957)	(486,618)
Net liabilities		**(1,290)**	**(1,371)**
Capital and reserves			
Non-equity share capital	29	-	-
Income and expenditure reserve		(1,290)	(1,371)
Net deficit		**(1,290)**	**(1,371)**

The accompanying notes on pages 47 to 99 form part of these financial statements.

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

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

GREAT PLACES HOUSING GROUP

Year ended 31 March 2018

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve	Revaluation reserve	Designated reserve	Income and expenditure reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2017	(49,703)	2,023	161	96,138	48,619
Surplus for the year	-	-	-	11,833	11,833
Actuarial gains on pension scheme	-	-	-	387	387
Fair value adjustment on hedges	6,522	-	-	-	6,522
Other comprehensive income for the year	**6,522**	**-**	**-**	**387**	**6,909**
Transfers:					
Revaluation (note 13)	-	135	-	(135)	-
Other *	-	-	1	(1)	-
Balance at 31 March 2018	**(43,181)**	**2,158**	**162**	**108,222**	**67,361**

	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 pension scheme	-	-	-	(560)	(560)
Fair value adjustment on hedges	(2,938)	-	-	-	(2,938)
Other comprehensive income for the year	**(2,938)**	**-**	**-**	**(560)**	**(3,498)**
Transfers:					
Revaluation (note 13)	-	24	-	(24)	-
Other *	-	-	8	(8)	-
Balance at 31 March 2017	**(49,703)**	**2,023**	**161**	**96,138**	**48,619**

** Other Transfers are transfer to income and expenditure reserve from designated reserve of allowable expenditure against those designated reserves*

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve	Total
	£’000	**£’000**
Balance at 1 April 2017	(1,371)	(1,371)
Surplus for the year and total comprehensive income	81	81
Balance at 31 March 2018	**(1,290)**	**(1,290)**

	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)

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 £'000	2017 £'000
Cash flows from operating activities		
Surplus for the financial year	**11,833**	12,664
Non cash adjustments to surplus:		
Depreciation of fixed assets - housing properties	**15,603**	14,708
Impairment – housing properties	**3,206**	1,190
Impairment – work in progress	**126**	160
Depreciation of fixed assets - other	**653**	1,421
Amortised grant	**(5,428)**	(5,346)
Share of surplus in joint venture	**(45)**	(4)
Adjustment for investing or financing activities:		
Surplus on the sale of fixed assets	**(2,283)**	(2,792)
Proceeds from sale of fixed assets – housing properties	**10,761**	9,665
Interest payable and finance costs	**23,352**	21,460
Interest received	**(319)**	(261)
Taxation expense	**(12)**	308
Other adjustments to surplus:		
Net fair value (gains) recognised in profit or loss	**(1,401)**	(191)
Difference between net LGPS pension expense and cash contribution	**110**	45
Difference between net SHPS/PTGP pension expense and cash contribution	**(1,325)**	(799)
Adjustment for working capital:		
Decrease/(increase) in trade and other debtors	**1,466**	(229)
(Increase)/decrease in stocks	**(354)**	4,888
Increase in trade and other creditors	**3,978**	11,043
Cash from operations	**59,921**	67,930
Corporation tax paid	**(136)**	(278)
Net cash generated from operating activities	**59,785**	67,652

CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

	2018 £'000	2017 £'000
Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	**(43,690)**	(60,250)
Social housing grant received	**3,891**	4,454
Homebuy loans repaid	**621**	637
Fixed asset investments – net cash received	**33**	216
Sale of other fixed assets	**3,429**	124
Purchase of other fixed assets	**(1,874)**	(5,137)
Purchase and construction of investment properties	**(1,902)**	(915)
Purchase of current asset investments	**(2,080)**	(27,050)
Sale of current asset investments	**7,992**	26,058
Interest received	**319**	261
Net cash used in investing activities	**(33,261)**	(61,602)
Cash flows from financing activities		
Interest paid	**(22,195)**	(23,279)
Loan issue costs and other fees incurred	**(1,226)**	(162)
Bank loans received	**5,000**	55,905
Bond finance received	**92,625**	-
Bank loans repaid	**(80,939)**	(14,099)
Net cash from financing	**(6,735)**	18,365
Increase in cash	**19,789**	24,415
Cash at beginning of year	**55,429**	31,014
Cash at end of year	**75,218**	55,429

1. Legal status

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

2. Accounting policies

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

Basis of accounting

The financial statements 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 PBEs.

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)

GPHA, Plumlife and Cube are VAT registered as part of the GPHG registration. A large proportion of their income, (rents and service charges) are 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. The only reserve which constitutes free reserves is the Income and Expenditure reserve.

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

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

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

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

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

- Whether there are indicators of impairment of the 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.

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

- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 14)

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

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

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

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

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

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.

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);
- Sale of first tranche Low Cost Home Ownership and other housing properties developed for sale;
- Service charge receivable;
- Revenue grants; and
- Proceeds from the sale of land and property.

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

Grants

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

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

Leased assets

Where assets are financed by leasing agreements that give rights similar to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the 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 charged to the statement of comprehensive income 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 statement of comprehensive income of the Group.

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

Policies (continued)

Property managed by agents (continued)

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

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

GROUP	2018			
	Turnover	Cost of sales	Operating costs	Operating surplus / (deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	**85,214**	**-**	**(55,759)**	**29,455**
Other social housing activities				
Supporting people	1,692	-	(2,490)	(798)
Properties managed but owned by other organisations	1,411	-	(1,458)	(47)
First tranche shared ownership sales	7,584	(6,791)	-	793
Marketing income	745	-	(334)	411
Other	673	-	(778)	(105)
	12,105	**(6,791)**	**(5,060)**	**254**
Non-social housing activities				
Market and commercial rented	1,156	-	(711)	445
Development for sale	2,208	(1,546)	(126)	536
	3,364	**(1,546)**	**(837)**	**981**
	100,683	**(8,337)**	**(61,656)**	**30,690**
Surplus on sale of fixed assets (note 5)				2,283
				32,973

ASSOCIATION	2018			
	Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	£'000	£'000	£'000
Management and development services	15,662	-	(15,660)	2
	15,662	**-**	**(15,660)**	**2**

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

GROUP	**2017**			
	Turnover	**Cost of sales**	**Operating costs**	**Operating surplus / (deficit)**
	£'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 managed but owned 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
Development 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**
Surplus on sale of fixed assets (note 5)				2,792
				34,036

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**

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

	2018					2017
	General needs housing	Supported housing and housing for older people	Key worker housing	Low cost home ownership	Total	Total Restated
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	60,056	7,553	565	4,304	72,478	71,791
Service charge income	2,118	3,415	-	239	5,772	5,810
Charges for support services	-	418	-	-	418	341
Net rental income	**62,174**	**11,386**	**565**	**4,543**	**78,668**	**77,942**
Amortisation of government grants	4,269	759	-	371	5,399	5,317
Other income	419	658	70	-	1,147	1,069
Turnover from social housing lettings	**66,862**	**12,803**	**635**	**4,914**	**85,214**	**84,328**
Management	12,703	1,001	17	349	14,070	18,050
Service charge costs	2,462	3,042	196	260	5,960	6,140
Routine maintenance	6,202	1,389	(183)	151	7,559	7,118
Planned maintenance	2,731	277	9	28	3,045	2,832
Major repairs expenditure	4,531	238	1	(15)	4,755	4,758
Bad debts	456	53	(41)	(12)	456	341
Property lease charges	220	9	-	-	229	236
Depreciation of housing properties:						
-annual charge	12,820	1,757	42	907	15,526	14,631
-accelerated on replacement of components	823	84	-	5	912	843
Impairment of housing properties	995	2,211	-	-	3,206	1,190
Other costs	40	1	-	-	41	28
Operating expenditure on social housing lettings	43,983	10,062	41	1,673	55,759	56,167
Operating surplus on social housing lettings	**22,879**	**2,741**	**594**	**3,241**	**29,455**	**28,161**
Void losses	373	384	141	32	930	918

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

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

4a Accommodation in management and development

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

GROUP	2018	2017
	No	No
General housing		
- social housing	9,295	9,605
- affordable housing	3,767	3,418
- non-social housing	114	116
Supported housing	1,550	1,574
Key worker housing	55	241
Low cost home ownership	2,544	2,374
Total owned	**17,325**	**17,328**
Accommodation managed for others		
- social housing	811	841
- non-social housing	1,035	739
Total managed	**19,171**	**18,908**
Accommodation in development at the year end	516	341

ASSOCIATION

The Association has no homes in management or under development.

4b Accommodation managed by others

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

GROUP	2018	2017
	No	No
Housing accommodation	56	56

ASSOCIATION

The Association has no homes in management or under development.

5. Surplus on sale of fixed assets – housing properties

GROUP	Investment properties £'000	Offices £'000	Shared ownership £'000	Other housing properties £'000	Total 2018 £'000	Total 2017 £'000
Disposal proceeds	128	3,301	3,454	6,789	13,672	8,947
Carrying value of fixed assets	(94)	(3,054)	(1,667)	(3,237)	(8,052)	(3,642)
	34	247	1,787	3,552	5,620	5,305
Capital grant recycled (note 24)	-	-	(951)	(2,386)	(3,337)	(2,431)
Disposal proceeds fund (note 25)	-	-	-	-	-	(82)
	34	247	836	1,166	2,283	2,792

ASSOCIATION

The Association has no sales of fixed assets.

6. Operating surplus

This is arrived at after charging:

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Depreciation of housing properties	15,603	14,708	-	-
Accelerated depreciation on component disposal	912	843	-	-
Impairment of housing properties	3,206	1,190	-	-
Impairment of work in progress	126	160	-	-
Depreciation of other tangible fixed assets	653	1,421	529	546
Amounts paid under operating leases:				
-Land and buildings	229	231	-	-
-Vehicles	467	466	467	466
-Photocopiers and printers	24	20	24	20
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	56	53	14	12
-for other audit related services	2	6	2	6
-for other services relating to taxation	17	28	5	10
-for other services relating to treasury*	25	-	25	-

**These costs were capitalised as loan fees.*

7. Interest receivable and other income

Policy

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

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Interest receivable and similar income	319	261	3	-
Intercompany interest receivable	-	-	18,360	18,139
	319	261	18,363	18,139

8. Interest payable and financing costs

Policies

Interest payable

Interest is capitalised on borrowings to finance developments up to the date of practical completion or final sale of a shared ownership scheme 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.

Leased assets

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

8. Interest payable and financing costs (continued)

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Finance leases	188	185	-	-
Loans and bank overdrafts	22,452	22,000	18,360	18,139
Unwinding of pension discount cost (note 27)	121	206	33	57
Other finance costs including non-utilisation and commitment fees and arrangement fees amortised or written off	1,626	948	-	-
	24,387	23,339	18,393	18,196
Interest payable capitalised on housing properties under construction	(1,035)	(1,879)	-	-
	23,352	**21,460**	**18,393**	**18,196**
Other financing costs				
(Gain) on fair value of non-hedged derivative instruments	(496)	(167)	-	-
Other comprehensive income				
(Gain)/loss on fair value of hedged derivative instruments	(6,522)	2,938	-	-
	16,334	**24,231**	**18,393**	**18,196**

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

It is the Association which is the legal party to the swap agreements, but its 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.

9. Gift aid

A gift aid payment of £598k (2017: £280k) was made by Plumlife Homes Limited to Great Places Housing Association (GPHA) on 27 March 2018 in respect of the period ended 31 March 2018. A gift aid payment was made from Cube Great Places Limited (Cube) to GPHA of £300k (2017: £454k) on 26 March 2018. It is therefore deemed for the purposes of s338 of the Income & Corporation Taxes Act 1988 to be a charge on income in the respective accounting period. In the year to March 2018 Terra Nova Developments Limited (Terra Nova) made a gift aid payment of £15k to GPHA to reduce the corporation tax for the March 2017 year end. These transactions are eliminated on consolidation.

10. Tax on surplus on ordinary activities

Policy

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.

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charge for year	79	240	6	103
Adjustments in respect of prior years	(108)	55	(73)	53
	(29)	295	(67)	156
Deferred tax				
Net origination and reversal of timing differences	13	13	13	13
Adjustments in respect of prior years	-	-	-	-
Effect of tax rate change on opening balance	4	-	4	-
	17	13	17	13
	(12)	308	(50)	169

10. Tax on surplus on ordinary activities (continued)

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Tax reconciliations				
Surplus on ordinary activities before tax	11,776	12,972	31	514
Less: exempt due to charitable status of subsidiary association	(11,139)	(11,973)	-	-
	637	999	31	514
Whereon corporation tax at the standard rate of 19% (2017: 20%)	121	200	6	103
Effects of:				
Expenses not deductible for tax purposes	(42)	55	-	-
Income not taxable for tax purposes – fixed assets	-	(13)	-	-
Adjustments to current tax in respect of previous periods	(108)	55	(73)	53
Marginal relief	-	(2)	-	-
Deferred tax charge for the year	17	13	17	13
Total tax charge	(12)	308	(50)	169
Deferred Tax				
At the beginning of the year	83	96	83	96
Charge for year	(17)	(13)	(17)	(13)
At the end of the year– asset (note 18)	66	83	66	83
Comprising				
Accelerated capital allowance	66	83	66	83
	66	83	66	83

11. Directors and members

Executive Directors

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

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Emoluments of the Association's executive directors (including pension contributions)	559	633	559	633
of which: Amount paid to third parties	-	98	-	98

11. Directors and members(continued)

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	
	2018	2017	2018	2017
	No.	No.	No.	No.
£90,001 to £100,000	-	1	-	1
£110,001 to £120,000	1	2	1	2
£120,001 to £130,000	1	-	1	-
£130,001 to £140,000	-	1	-	1
£140,001 to £150,000	1	-	1	-
£160,001 to £170,000	-	1	-	1
£170,001 to £180,000	1	-	1	-

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:

	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	162	158	162	158
Total	162	158	162	158

The Chief Executive received emoluments totalling £162k (2017: £158k). The Chief Executive is an ordinary member of the Social Housing Pension Scheme. The scheme is a career average salary scheme funded by contributions from the employer and employee. A contribution of £8k (2017: £7k) 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.

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 in the following table.

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2018 £'000	2017 £'000
Babar Ahmad	from 12.10.17				✓			1	-
Celia Cashman		✓	✓	✓		✓		6	6
Tony Davison		✓	✓	✓			✓	14	14
Jan Fitzgerald		✓	✓	✓			✓	6	6
Jerry Green		✓	✓	✓		✓		7	7
Robert Lucas	12.10.17 to 21.12.17				✓			-	-
Brendan Nevin		✓	✓	✓				6	6
Jenny Rayner		✓	✓	✓			✓	8	8
David Robinson		✓	✓	✓	✓		✓	6	6
Richard Sear	to 22.4.17	✓	✓	✓		✓		-	6
Will Taylor					✓			7	7
Samantha	from 12.10.17	✓	✓	✓		✓		3	-
								64	66

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

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	
	2018 No.	2017 No.	2018 No.	2017 No.
£60,001 to £70,000	5	6	4	4
£70,001 to £80,000	5	3	3	2
£80,001 to £90,000	1	-	1	-

12. Tangible fixed assets – housing properties

Policies

Housing properties

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

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

Shared ownership properties and staircasing

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

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element, is classed as Property, Plant and Equipment (PPE) and included in completed housing properties at cost, less any provisions needed for depreciation 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 is added to cost at the fair value of the land at the time of the donation and an amount equivalent to the increase in value between market value and cost is added to other grants and recognised in the balance sheet as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties

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

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

12. Tangible fixed assets – housing properties (continued)

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

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated over the life of the lease or their estimated useful economic lives in the business, if shorter.

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 (CGUs) for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell by reference to EUV-SH. If this is lower than the net book value, the CGUs are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for each CGU.

The DRC will be based upon the lower of:

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

The Group defines CGU's as a group of properties collectively as a scheme, except where a scheme is not sufficiently large enough in size or where it is geographically sensible to group a number of schemes into larger generating unit. Where the recoverable amount of an asset or CGU is lower than its carrying value, an impairment is recorded through to the income statement.

Stock swaps

Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value. Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Association. The fair 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 Association is responsible for the recycling of the grant. Where there is government grant associated with housing properties disposed of as part of the stock swap, the obligation to repay or recycle transfers to the social landlord to whom they were transferred.

12. Tangible fixed assets – housing properties (continued)

	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2017	1,009,867	1,087	40,502	109,106	14,168	1,174,730
Additions	506	-	12,681	338	11,148	24,673
Components capitalised	11,626	3	-	47	-	11,676
Interest capitalised	-	-	245	-	555	800
Schemes completed	37,509	-	(37,509)	11,418	(11,418)	-
Disposals	(4,376)	-	-	(2,932)	(1,489)	(8,797)
Component disposals	(1,915)	-	-	(7)	-	(1,922)
Reclassification	(26)	-	137	(154)	-	(43)
At 31 March 2018	1,053,191	1,090	16,056	117,816	12,964	1,201,117
Depreciation and impairment						
At 1 April 2017	138,552	151	-	8,634	-	147,337
Charged in year	14,679	9	-	915	-	15,603
Component disposal	(981)	-	-	(1)	-	(982)
Impairment	3,206	-	-	-	-	3,206
Released on disposal	(823)	-	-	(248)	-	(1,071)
At 31 March 2018	154,633	160	-	9,300	-	164,093
Net book value at 31 March 2018	**898,558**	**930**	**16,056**	**108,516**	**12,964**	**1,037,024**
Net book Value at 31 March 2017	871,315	936	40,502	100,472	14,168	1,027,393

12. Tangible fixed assets – housing properties (continued)

GROUP

Expenditure to works on existing properties

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

Housing properties book value, net of depreciation

	2018	2017
	£'000	£'000
Freehold land and buildings	748,264	748,337
Long leasehold land and buildings	288,760	279,056
	1,037,024	**1,027,393**

Impairment

An impairment charge of £3,206k (2017: £1,190k) was made in the year. This relates to one supported scheme in Liverpool (£2,211k) and one general needs scheme in Bolton (£995k) both schemes that we are planning to dispose of during the year to March 2019.

Interest capitalised

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

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 statement of comprehensive income.

13. Tangible fixed assets – investment properties (continued)

GROUP	**Investment Properties Competed**	**Investment Properties Under Construction**	**Investment Properties Total 2018**	**Investment Properties Total 2017**
	£'000	**£'000**	**£'000**	**£'000**
Completed investment properties				
At the beginning on the year (completed at valuation)	14,820	680	15,500	13,905
Additions	5	1,897	1,902	1,661
Disposals	(90)	-	(90)	(90)
Revaluation	905	-	905	24
At the end of the year	**15,640**	**2,577**	**18,217**	**15,500**

The investment properties were valued at 31 March 2018 by Aspin and Company Chartered Surveyors, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors. The surplus on revaluation of investment properties is £905k. Of this £135k has been credited to the revaluation reserve as it represents an increase to the original property values rather than a reversal of a previous negative revaluation.

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

Historical cost of investment properties	**2018**	**2017 Restated***
	£'000	**£'000**
Gross cost	18,423	16,781
Accumulated depreciation based on historical cost	(5,236)	(5,144)
Historical cost net book value	**13,187**	**11,637**

Gross cost was restated to included investment properties under construction.

ASSOCIATION

The Association has no investment properties.

14. Tangible fixed assets - other

Policy

Other tangible fixed assets

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

Freehold and leasehold office property	50 to 60 years
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**	**Computers**	**Motor vehicles**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 April 2017	10,730	1,899	29	12,658
Additions	1,154	720	-	1,874
Disposals	(4,061)	(61)	(29)	(4,151)
At 31 March 2018	**7,823**	**2,558**	**-**	**10,381**
Depreciation and Impairment				
At 1 April 2017	1,843	771	24	2,638
Charged in year	124	529	-	653
Released on disposal	(1,034)	(40)	(24)	(1,098)
At 31 March 2018	**933**	**1,260**	**-**	**2,193**
Net book value at 31 March 2018	**6,890**	**1,298**	**-**	**8,188**
Net book value at 31 March 2017	8,887	1,128	5	10,020

14. Tangible fixed assets – other (continued)

ASSOCIATION	Computers	Motor vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2017	1,899	29	1,928
Additions	720	-	720
Disposals	(61)	(29)	(90)
At 31 March 2018	**2,558**	**-**	**2,558**
Depreciation			
At 1 April 2017	771	24	795
Charge for the year	529	-	529
Released on disposal	(40)	(24)	(64)
At 31 March 2018	**1,260**	**-**	**1,260**
Net book value at 31 March 2018	**1,298**	**-**	**1,298**
Net book value at 31 March 2017	1,128	5	1,133

15. Investments – Homebuy loans

Policy

Homebuy loans

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

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

16. Fixed asset investment

Policy

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.

GROUP	Joint venture Reviva Urban Renewal Limited £'000s	Associated undertaking Keepmoat Great Places Limited £'000s	Other investments £'000s
Cost			
At 1 April 2017	10	63	999
Additions	-	-	-
Disposal	-	-	-
At 31 March 2018	10	63	999
Share of retained profits			
At 1 April 2017	-	(48)	-
Adjustment	-	-	-
Profit for the year	-	45	-
At 31 March 2018	-	(3)	-
Net book value at 31 March 2018	**10**	**60**	**999**
Net book value at 31 March 2017	10	15	999

16. Fixed asset investment (continued)

The Group has the following interests in Joint ventures:

	2018	2017
	£'000s	£'000s
Share of current assets	10	10
Share of liabilities – due within one year	-	-
Share of net assets	**10**	**10**

Other investments comprise: Shared equity loans £548k (2017: £548k); Help to Buy Investment £30k (2017: £30k); Investment in Inspiral Oldham Holding Company Limited £421k (2017: £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 St Vincent's Housing Group and Irwell Valley Housing Association. The company did not trade in the current year.

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

**Inspiral Developments Oldham LLP was dissolved on 20 March 2018.*

16. Fixed asset investment (continued)

Income from investments	2018	2017
	£'000	£'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:		
Inspiral Oldham Holding Company Limited	33	47

ASSOCIATION	Associated undertaking Keepmoat Great Places	Other investments
	£'000	£'000
Cost		
At 1 April 2017	63	421
Additions	-	-
Repayments in the year	-	-
At 31 March 2018	**63**	**421**

Income from investments	2018	2017
	£'000	£'000
Dividend income from Inspiral Developments Oldham LLP	-	82
Interest received from Inspiral Oldham Holding Company Limited	33	47

17. Stock and work in progress

Policies

Properties for sale

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

Materials stock

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

GROUP	2018	2017
	£'000	£'000
Shared ownership		
-completed properties	2,133	1,381
-under construction	3,988	4,813
Work in progress – outright sale property	3,936	3,417
Materials stock	452	435
	10,509	**10,046**

The figures above include £214,878 (2017: £142,511) of capitalised interest.

ASSOCIATION

The association has no stock and work in progress.

18. Debtors

Policy

Social housing grant (SHG)

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

Debtors

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

Recoverable amount of rental and other trade receivables

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

Rent and service charge agreements

The Association has made arrangements with individuals and households for payment of arrears on 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**	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Due within one year				
Rent and service charges receivable	3,910	3,751	-	-
Less: provision for bad and doubtful debts	(2,183)	(2,032)	-	-
	1,727	1,719	-	-
Due from subsidiary undertakings	-	-	14,538	10,105
Trade debtors	802	616	36	64
Social housing grants receivable	6,229	858	-	-
Other debtors	4,125	4,724	158	94
Interest rate swap (note 22c)	-	-	3,301	4,826
Deferred tax (note 10)	66	83	66	83
Prepayments and accrued income	867	883	195	186
	13,816	**8,883**	**18,294**	**15,358**
Due after more than one year				
Due from subsidiary undertakings	-	-	469,866	438,589
Interest rate swap (note 22c)	-	-	40,285	45,779
	-	-	510,151	484,368
Total debtors	**13,816**	**8,883**	**528,445**	**499,726**

19. Current asset investments

Policy

Investments

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

Current asset investments – joint venture

The Group entered into a partnership arrangement with a commercial builder, to develop and sell new homes and this has been accounted for as a financing transaction. The return on investment is calculated based on an implied rate of return on cash outflows in the financing agreement. Current asset investments in partnership arrangements are held at cost subject to any impairment.

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Other investments				
Monies held by counterparties	22,425	30,416	18,386	26,564
Partnership arrangement	2,079	-	-	-
	24,504	30,416	18,386	26,564

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

The partnership arrangement is with Galliford Try to build new homes with Cube Great Places Limited. In 2017/18 the sale of 24 homes were completed. This specific partnership arrangement is expected to come to an end in November 2018, by which time the Group will have helped to deliver a further 38 new homes.

	Group	
	2018	2017
	£'000	£'000
Interest received		
Partnership arrangement	286	-
	286	-

ASSOCIATION

The association has partnership arrangements.

20. Creditors: amounts falling due within one year

Policies

Creditors

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

Social housing grant (SHG)

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

Holiday pay accrual

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

Leaseholder sinking funds

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

		Group		Association	
	Note	2018	2017	2018	2017
		£'000	£'000	£'000	£'000
Debt, net of arrangement fees	22a	8,923	4,743	8,363	3,087
Obligations under finance leases	22b	76	74	-	-
Interest rate swap	22c	3,301	4,826	3,301	4,826
SHPS pension deficit liability	28	1,382	1,331	451	433
Deferred capital grant	23	5,550	5,558	-	-
Recycled capital grant fund	24	1,977	2,863	-	-
Disposal proceeds fund	25	552	470	-	-
Trade creditors		1,685	2,340	174	409
Rent and service charges received in advance		1,916	2,300	-	-
Social housing grant received in advance		870	895	-	-
Corporation tax		61	227	-	126
Other taxation and social security		420	460	224	233
Amounts owed to group undertakings		-	-	18,386	26,564
Leaseholder sinking funds		9,652	9,120	-	-
Other creditors		14,989	12,478	6,142	6,025
Accruals and deferred income		8,756	11,251	1,018	1,065
		60,110	**58,936**	**38,059**	**42,768**

Included within cash balances is £9,652k (2017: £9,120k) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

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

	Note	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Debt, net of arrangement fees	22a	542,434	529,994	469,866	438,589
Obligations under finance leases	22b	3,049	3,125	-	-
Interest rate swap	22c	40,285	45,779	40,285	45,779
Deferred capital grant	23	467,764	467,550	-	-
Recycled capital grant fund	24	7,070	3,084	-	-
Disposals proceeds fund	25	-	82	-	-
SHPS pension deficit liability	28	7,089	8,465	1,806	2,250
Other creditors		29	29	-	-
		1,067,720	**1,058,108**	**511,957**	**486,618**
Creditors: amounts falling due after more than one year excluding deferred capital grant		**599,956**	**590,558**	**511,957**	**486,618**

22. Debt analysis

Policies

Derivative instruments and hedge accounting

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

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

Loan issue costs

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

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.

22. Debt analysis (continued)

a. Loans repayable

	Group		Association	
	2018	2017	2018	2017
Loans are repayable as follows:	£'000	£'000	£'000	£'000
In one year or less or on demand	8,923	4,743	8,363	3,087
In more that one year, but not more than two years	9,076	9,853	8,567	8,148
In more that two years, but not more than five years	28,097	30,091	26,375	24,572
In more than five years	512,062	496,834	434,924	405,869
	558,158	541,521	478,229	441,676
Less: loan arrangement fees	(6,801)	(6,784)	-	-
	551,357	**534,737**	**478,229**	**441,676**

The weighted average interest rate of the Group's loans at 31 March 2018 is 4.24% (2017: 3.98%). The weighted average interest rate of the Association's loans is 3.66% (2017: 4.06%)

	Group		Association	
Bond issue premium and discount	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
November 2012 bond issue proceeds	150,000	150,000	150,000	150,000
Discount on November 2012 issue	(1,301)	(1,327)	(1,301)	(1,327)
December 2013 bond issue proceeds	31,780	31,780	31,780	31,780
Premium on December 2013 issue	815	832	815	832
October 2014 bond issue proceeds	18,220	18,220	18,220	18,220
Premium on October 2014 issue	2,123	2,171	2,123	2,171
March 2018 bond issue proceeds	75,000	-	75,000	-
Premium on March 2018 issue	17,625	-	17,625	-
	294,262	**201,676**	**294,262**	**201,676**

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 26.

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

22. Debt analysis (continued)

On 22nd October 2012, Great Places Housing Group Limited issued a bond for £200m and £50m was retained. £150m was on lent to GPHA. 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 Housing Group Limited 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%. This was on lent to GPHA.

On 9th October 2014, Great Places Housing Group Limited 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%. This was on lent to GPHA.

On 19th March 2018, Great Places Housing Group Limited tapped its existing bond issue for £145m, including £70m retained for later sale. £75m was immediately on lent to Great Places Housing Association. The bond matures in October 2042, in line with the 2012 issue, and achieved a spread of 1.4% over the gilt yield to provide a fixed rate of funding at an all in cost of 3.34%.

b. Obligations under finance leases

The Group obligations under finance leases are as follows:

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

ASSOCIATION

The Association has no finance leases.

c. Interest rate swaps

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
In one year or less or on demand	3,301	4,826	3,301	4,826
In more that one year, but not more than two years	3,244	4,826	3,244	4,826
In more that two years, but not more than five years	9,210	13,455	9,210	13,455
In more than five years	27,831	27,498	27,831	27,498
	43,586	**50,605**	**43,586**	**50,605**

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 (note18) 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 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 2018 is £5 million at a rate of 4.27%.

22. Debt analysis (continued)

In October 2012, GPHG entered into the following swap:

- Credit Suisse International for a period of 7 years to October 2019, the loan principal subject to the swap at 31 March 2018 is £20m at a rate of 2.2975%.

d. Debenture stocks

Included in the loan balances above are the following balances:

GROUP	2018 £'000	2017 £'000
THFC (indexed 2) Ltd. – 5.5% Index-linked stock, 2024		
Balance as at 31 March	400	447
THFC Ltd - 8.625% Debenture stock, 2023		
Balance as at 31 March	750	750

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

ASSOCIATION

The association has no debenture stock.

23. Deferred capital grant

Policy

Government grants

Government grants include grants receivable from the Homes England, 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)

	Social housing grant 2018 £'000	Homebuy grant 2018 £'000	Total 2018 £'000	Total 2017 £'000
At the beginning of the year	464,974	8,134	473,108	479,011
Grants received in the year	9,287	-	9,287	7,512
Grants recycled in the year following disposal	(3,367)	(621)	(3,988)	(3,150)
Grants written off on disposal in the year	(122)	(5)	(127)	(4,758)
Grants reinstated	462	-	462	25
Disposal of component grant	-	-	-	(5)
Grants amortised in the year:				
- social housing lettings	(5,399)	-	(5,399)	(5,317)
- other housing lettings	(29)	-	(29)	(29)
Transferred to properties for sale	-	-	-	(181)
Reclassification	(43)	43	-	-
At the end of the year	**465,763**	**7,551**	**473,314**	**473,108**

Social housing grant

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

	2018 £'000	2017 £'000
Capital grant	527,346	527,076
Revenue grant	74,293	68,772
	601,639	**595,848**

24. Recycled capital grant fund

Policy

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

24. Recycled capital grant fund (continued)

GROUP	2018	2017
	£'000	£'000
At the beginning of the year	5,947	3,866
Grants recycled		
- housing properties	3,337	2,431
- homebuy	621	637
Interest accrued	28	17
Development of properties	(886)	(1,004)
At the end of the year	**9,047**	**5,947**
Of which:		
Due within one year	1,977	2,863
Due greater than one year	7,070	3,084
	9,047	**5,947**

ASSOCIATION

The association has no recycled capital grant funds.

25. Disposal proceeds fund

Policy

Receipts from Right to Acquire (RTA) sales prior to April 2017 are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund (DPF). Any sales receipts less eligible expenses held within the DPF, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

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

ASSOCIATION

The association has no disposals proceeds funds.

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. 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 historic cost. Loans that are payable within one year are not discounted. Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the income statement. At each year end, the instruments are revalued to fair value, with the movements posted to the statement of comprehensive income (unless hedge accounting is applied).

The financial instruments are analysed as follows:

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historic cost:				
- Homebuy loan investment	7,551	8,134	-	-
- Trade receivables	802	616	36	64
- Other receivables	13,014	8,267	484,829	449,057
- Current asset investments	24,504	30,416	18,386	26,564
- Cash and cash equivalents	75,218	55,429	113	108
Intergroup derivative financial instrument measured at fair value through income and expenditure:	-	-	43,586	50,605
Total financial assets	**121,089**	**102,862**	**546,950**	**526,398**

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Financial liabilities				
Financial liabilities measured at historic cost:				
- Loans payable	551,357	534,737	478,229	441,676
- Trade creditors	1,685	2,340	174	409
- Other creditors	54,763	53,055	28,027	36,696
- Finance leases	3,125	3,199	-	-
- Deferred capital grant	473,314	473,108	-	-
Derivative financial instruments designated as hedges of variable interest rate risk	43,181	49,704	-	-
Derivative financial instruments measured at fair value through income and expenditure	405	901	43,586	50,605
Total financial liabilities	**1,127,830**	**1,117,044**	**550,016**	**529,386**

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 £43,181k (2017: £49,704k) 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 an increase of £6,522k (2017: decrease of £2,938k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

One of our swaps with Credit Suisse is not effectively hedged and is therefore measured at fair value through the income statement in line with FRS 102, the change in fair value in the period for this swap was an increase of £496k (2017: £167k).

Financial liabilities – interest rate risk profile

The Group's policy on treasury management, capital structures, cash flow and liquidity is set out at pages 22 to 24 of the Strategic Report and Report of the Board.

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	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Floating rate	1,620	73,781	968	77,000
Fixed rate	559,663	470,939	477,261	364,676
Total (notes 22a and 22b)	**561,283**	**544,720**	**478,229**	**441,676**

The Group's fixed rate financial liabilities have a weighted average interest rate of 4.22% (2017: 4.42%) and the weighted average period for which it is fixed is 21.0 years (2017: 21.2 years).

The Association's fixed rate financial liabilities have a weighted average interest rate of 3.63% (2017: 4.51%) and the weighted average period for which it is fixed is 26.3 years (2017: 22.6 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 (and include the retained element of the recent bond tap of £70 million):

26. Financial instruments (continued)

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Expiring in one year or less	98,000	-	98,000	-
Expiring in more than one year but not more than two years	-	110,000	-	110,000
Expiring in more than two years	123,000	-	123,000	-
	221,000	**110,000**	**221,000**	**110,000**

27. Employees

Policy

Pensions

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) and the second administered by the Great Manchester Pension Fund (GMPF).

For the SHPS and PTGP schemes, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period. The net present value of the Group's future deficit contributions to SHPS are recognised as a liability.

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

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

27. Employees (continued)

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

	Group		Association	
	2018	2017	2018	2017
	No	No	No	No
Administration	117	120	113	110
Development	39	43	39	43
Housing, support and care	270	320	-	-
Maintenance	135	143	126	135
	561	**626**	**278**	**288**

Employee costs are as follows:

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	16,255	16,895	8,545	8,654
Social security costs	1,494	1,592	839	847
Other pension costs	995	994	489	494
	18,744	**19,481**	**9,873**	**9,995**

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 Association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the 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:

27. Employees (continued)

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	2
From 1 April 2016 to 30 September 2023:	8.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3	
From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4	
From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

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

Where the scheme is in deficit and where the 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 liability:

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Liability at start of period	9,708	10,502	2,683	2,976
Unwinding of the discount factor (interest expense)	120	204	33	57
Deficit contribution paid	(1,320)	(1,271)	(433)	(415)
Remeasurements - impact of any change in assumptions	(115)	273	(26)	65
Liability at end of period	**8,393**	**9,708**	**2,257**	**2,683**

Income and expenditure impact:

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Interest expense	120	204	33	57
Remeasurements – impact of any change in assumptions	(115)	273	(26)	65

27. Employees (continued)

Assumptions:

	Group and Association	
	2018	**2017**
	% per annum	**% per annum**
Rate of discount	1.72	1.33

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

Deficit contribution schedule

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

	Group		Association	
Year ending	**2018**	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Year 1	1,372	1,321	451	433
Year 2	1,426	1,372	471	451
Year 3	1,236	1,426	377	471
Year 4	1,031	1,236	276	377
Year 5	1,068	1,031	287	276
Year 6	908	1,068	207	287
Year 7	734	908	120	207
Year 8	757	734	124	120
Year 9	390	757	64	124
Year 10	-	390	-	64

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.

27. Employees (continued)

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.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12.9m per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2016 to 30 September 2028:	£55k per annum (payable monthly and increasing by 3% each on 1st April)

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

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

Where the scheme is in deficit and where the 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.

27. Employees (continued)

Reconciliation of opening and closing liability:

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

Income and expenditure impact:

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

Assumptions:

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

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

Deficit contribution schedule:

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

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

27. Employees (continued)

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.

ASSOCIATION

The Association has no employees in the PTGP.

c Local Government Pension Schemes

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

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

In accordance with accounting standards, the Association has grouped the disclosures of the two local government pension schemes in line with FRS 102. In addition the full requirements of FRS102 have been adopted.

A full actuarial valuation was carried out at 31 March 2017 and supplementary figures were provided for 31 March 2018 by a qualified independent actuary.

Financial Assumptions:

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

	As at 31/03/18	As at 31/03/17
Rate of increase in salaries	3.2% - 3.35%	3.2% - 3.45%
Discount rate for scheme liabilities	2.7%	2.6%
Rate of increase in pensions	2.2% - 2.4%	2.2% - 2.4%
Inflation (CPI)	2.1%	2.2%

27. Employees (continued)

Mortality Assumptions:

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

	Males	Females
Current pensioners	21.5 – 23.0	24.1 – 25.8
Future pensioners	23.7 – 25.2	26.2 – 28.1

Amounts recognised in the balance sheet:

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

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

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

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

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

27. Employees (continued)

Changes in present value of defined benefit obligation:

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

Changes in fair value of plan assets:

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

Analysis of the movement in the deficit during the year:

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

27. Employees (continued)

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

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

ASSOCIATION

The Association has no employees in the LGPS.

28. SHPS pension deficit

Policy

The Group has recognised a liability for the SHPS pension deficit and Pension Trust's Growth Plan (PTGP) with additional contribution agreements entered into by the Group 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 liability	**2018**	**2017**	**2018**	**2017**
	£'000	£'000	£'000	£'000
At the beginning of the year	9,796	10,595	2,683	2,976
Charged to income statement:				
- Remeasurement - changes in assumptions	(116)	276	(26)	65
Unwinding of discount (interest expense - note 8)	121	206	33	57
Contribution paid	(1,330)	(1,281)	(433)	(415)
At the end of the year	**8,471**	**9,796**	**2,257**	**2,683**
Of which:				
Payable within one year	1,382	1,331	451	433
Payable after more than one year	7,089	8,465	1,806	2,250
	8,471	**9,796**	**2,257**	**2,683**

The discount rate used in calculating the SHPS pension deficit contribution provision changed from 1.33% at 31 March 2017 to 1.72% at 31 March 2018, this led to the remeasurement of the provision above. Further details of the SHPS and PTGP schemes and contribution agreements are given in notes 27a and 27b.

29. Non-equity share capital

	2018	2017
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	8	8
Shares issued during the year	1	-
Shares surrendered during the year	(1)	-
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.

30. Financial commitments

Capital commitments

Capital expenditure commitments for the Group were as follows:

	2018	2017
	£'000	£'000
Expenditure contracted but not provided for in the accounts	51,173	40,377
Expenditure authorised by the board, but not contracted	65,671	133,971
	116,844	**174,348**

Capital commitments for the Group will be funded as follows:

	2018	2017
	£'000	£'000
Existing loan facilities	17,821	63,605
First tranche and outright sales	41,257	38,353
Grants	26,962	23,667
Existing reserves/cash	30,804	48,723
	116,844	**174,348**

ASSOCIATION

The association has no capital commitments at the balance sheet date.

Operating leases

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

	Group		Association	
	2018	2017	2018	2017
Other:	£'000	£'000	£'000	£'000
Within one year	486	490	486	490
Two to five years	1,040	1,526	1,040	1,526
	1,526	**2,016**	**1,526**	**2,016**

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

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, £480m (2017: £442m) of the Group's loans are on lent to GPHA under this arrangement, of which £470m (2017: £439m) is due greater than one year.

32. Related parties

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

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:

	Management charges		Other charges		Interest charges	
	2018	2017	2018	2017	2018	2017
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Non-regulated entities:						
Cube Great Places Limited	30	29	-	-	393	141
Terra Nova Developments Limited	5	30	-	-	-	-
Regulated entities						
Great Places Housing Association	8,832	9,144	1,225	1,139	18,360	18,139
Plumlife Homes Limited	300	288	446	490	-	-
	9,167	**9,491**	**1,671**	**1,629**	**18,753**	**18,280**

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 2018 Cube Great Places Limited declared a gift aid payment of GPHA of £300k (2017: £454k). For the year to March 2018 Terra Nova Developments Limited (Terra Nova) did not declare a gift aid payment to GPHA (2017: £45k). However, in the year Terra Nova made a gift aid payment of £15k to reduce the corporation tax for the March 2017 year end.

32. Related parties (continued)

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 £'000	Movement £000	Closing Balance £'000
GPHA loan to Cube Great Places Limited	5,445	3,321	8,766

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 £nil (2017: £49k) relating to housing property design and build services.

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £1,088k (2017: £14,195k) relating to housing property design and build services.

During the year Plumlife Homes Limited had intra-group transactions with Terra Nova of £nil (2017: £67k) relating to marketing services.

Joint Ventures and associated companies

Cube Great Places Limited has paid £nil (2017: £nil) to its joint venture Inspiral Developments Oldham LLP, a non-regulated entity, during the year and received back £nil (2017: £48k). Inspiral Developments LLP was dissolved on 20 March 2018.

GPHG has an investment of £421k (2017: £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 (2017: £63k).

33. 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.

The consolidated accounts of Great Places Housing Group Limited can be obtained from Great Places Housing Group Limited, 2a Derwent Avenue, Manchester, M21 7QP, or via its website at www.greatplaces.org.uk.