

***Co-operative and Community Benefit Society (FCA) No 23202R***

***Homes and Communities Agency No SL3224***

**Plumlife Homes Limited  
Report and Financial Statements  
For the Year ended 31 March 2017**

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

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**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**ASSOCIATION INFORMATION**

***Board***

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

***Executive Officers***

Senior Executive Officer M. Harrison  
Company Secretary       P. Elvy

***Web site***

[www.greatplaces.org.uk](http://www.greatplaces.org.uk)  
[www.plumlife.co.uk](http://www.plumlife.co.uk)

***Registered office***

Southern Gate  
729 Princess Road  
MANCHESTER  
M20 2LT

***Registered Numbers***

HCA No: SL3224  
Co-operative and Community  
Benefit Society No: 23202R

***External Auditors***

BDO LLP  
3 Hardman Street  
Spinningfields  
Manchester  
M3 3AT

***Internal Auditors***

PWC  
101 Barbirolli Square  
Lower Mosley Street  
Manchester  
M2 3PW

***Bankers***

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

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**REPORT OF THE BOARD**

The Board presents its report and the audited financial statements for the year ended 31 March 2017.

**Principal activities**

Plumlife Homes Limited's ("the Association") principal activities include the management of shared ownership and rent to homebuy properties for the Great Places Housing Group and management of leasehold and private housing schemes.

**Business review**

The surplus after tax for the year ended 31 March 2017 was £399,000 (2016: £599,000). At the year-end the reserves amounted to £2,295,000 (2016: £2,176,000).

Staircasing (sale of equity tranches in properties) and sales activity has continued to be steady with 8 staircasings taking place, yielding a net gain on disposal of £241,000 (2016: £49,000).

In respect of the year ended 31 March 2017 a gift aid payment of £280,000 (2016: £500,000) was made on 31 March 2017 to Great Places Housing Association.

**Housing property assets**

Details of changes to the Association's property assets are shown in note 11 of the financial statements.

**Trade creditors**

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

**Donations**

During the years ended 31 March 2017 and 2016 the Association has made no political contributions and any charitable donations were made during the course of its ordinary activities.

**Post balance sheet events**

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

**Equality and diversity**

The Association has, and continually reappraises, a full and comprehensive policy of diversity and equal opportunities.

**Health and safety**

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

## **REPORT OF THE BOARD**

### **Board members and executive directors**

The directors of the Association comprise the members of the Board and a senior executive officer. Details of the members of the Board and senior executive officer who served in the year ending 31 March 2017 are set out on page 1. All have served throughout the year and to the date of this report unless otherwise stated.

Insurance policies indemnify the 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 October 2015) reinforced by a comprehensive Risk Policy (approved by Board in October 2016) and methodology which is monitored via routine risk reporting to every Board meeting, with detailed 6 monthly reviews, and additional scrutiny provided by Audit and Assurance Committee members;
- A refined Executive structure, supported by a strengthened Director team, reflecting key business and strategic priorities, which operate within a framework that effectively identifies and manages the risk of achieving those priorities;

**REPORT OF THE BOARD**

- The prioritisation of 10 Critical Success Factors (CSF's) linked to corporate priorities which include minimum and aspirational stretch targets, which help to ensure our performance management framework is focused on what matters most and on providing focus and assurance;
- Appointment of experienced and suitably qualified staff to take responsibility for important business functions. Annual appraisals (based around our Competency Framework) and monthly reviews to maintain high standards of performance, and revised HR processes to address any gaps or failings;
- A managed "Strategies, Policies and Procedures" site on the intranet to ensure that documents are signed off by the appropriate management forums, and are reviewed regularly. Board review and approve all key corporate strategies. The whistleblowing and anti-fraud policies, and a register of all actual or potential frauds, are reported to Audit and Assurance Committee, and to the regulator via an annual report;
- Financial forecasts and budgets which allow the Board and the management team to monitor key financial risks and spend in terms of achieving budgets in the short, medium and long term;
- Annual audit reports to Board from both internal and external auditors, and meetings with Audit and Assurance Committee members without officers present to allow them to raise any concerns;
- Compliance reports and regulatory judgements issued by the Homes and Communities Agency and other regulatory bodies;
- A full range of insurances in place to safeguard assets which are regularly reviewed to ensure they are fit for purpose;
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives, major commitments, development schemes and investment projects are subject to formal authorisation procedures by the Executive Team, the Board, or the Committees of the Board;
- External accreditations and assurance reviews e.g. credit rating reviews from Moody's and Fitch, triennial governance review completed by David Tolson Partnership, health and safety review conducted by Housing Quality Network;
- Governance arrangements which provide for the Board to be able to create time-bound "Task and Finish" groups through which a small number of Board members can provide additional insight and guidance on specific issues or projects; and
- Health and safety infrastructure with architecture of meetings from local to strategic.

**Progress during 2016/17**

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

- Board approved nine corporate strategies that were identified in the 2015-18 Corporate Plan – this leaves only two out of the identified 26 documents which are still to go through the approvals process during year three of the corporate plan. In order to ensure that any actions / milestones identified within the strategy are delivered, we have introduced an action plan tracker which is monitored by the Head of Business Assurance and reported to the Directors team on a quarterly basis;
- Financial performance is monitored by means of an Executive Director of Finance report which is submitted to every Board meeting, as are budget and business plan reports and management accounts;

**REPORT OF THE BOARD**

- Introduction of a programme board with responsibility for oversight of the seven Building Greatness themes led by the Executive Director of Finance in order to support the achievement of further efficiencies;
- Appointment of a Head of Governance – with specific responsibilities around implementing the recommendations from the triennial governance review, reviewing the code of governance and the asset and liabilities register, and providing effective support to the Executive, Board and Committee members to enable them to effectively undertake their strategic role and drive forward the company to meet its corporate objectives;
- Enhancements to the risk management framework – with a new Risk Management Policy approved in October 2016, and an embedded framework of risk registers at strategic, operational and project level, including the articulation of our risk appetite statement and tolerance levels, and the identification of risk targets;
- In order to fully assess the effectiveness of our governance arrangements and our compliance with the Code of Governance, Angela Lomax of David Tolson Partnerships Ltd. was commissioned to provide challenge and oversight taking into account best practice, regulatory expectations, board and committee effectiveness and value for money. This review concluded that: *“Governance arrangements at Great Places are effective. Our observations of both the Board and Audit & Assurance Committee indicated high performing members, who are well engaged, contribute effectively and provide added value to the organisation”*.

**Audit work undertaken in 2016/17**

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

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

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

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

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

## **REPORT OF THE BOARD**

### **Internal controls assurance conclusion**

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

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

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

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

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

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

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

### **Board members' responsibilities**

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).



## **REPORT OF THE BOARD**

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

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

The Board members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

### **Strategic Report**

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

### **Going Concern**

After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

### **Annual general meeting**

The annual general meeting will be held on Thursday 7<sup>th</sup> September 2017 at Southern Gate, Manchester.

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**REPORT OF THE BOARD**

**External auditors**

A resolution to re-appoint BDO LLP will be proposed at the AGM on 7<sup>th</sup> September 2017.

The report of the Board was approved on 27<sup>th</sup> July 2017 and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'Phil Elvy', written in a cursive style.

**Phil Elvy**  
**Secretary**

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUMLIFE HOMES LIMITED**

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

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

***Respective responsibilities of the board and auditors***

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

***Scope of the audit of the financial statements***

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

***Opinion on financial statements***

In our opinion the financial statements:

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

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLUMLIFE HOMES LIMITED**

***Matters on which we are required to report by exception***

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

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

BDO LLP

*BDO LLP, Statutory Auditor*  
*Manchester*  
*United Kingdom*

Date 01/08/2017

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

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**STATEMENT OF COMPREHENSIVE INCOME**

	Note	2017 £'000	2016 £'000
<b>Turnover</b> (excluding amortisation of government grants)	4	<b>3,356</b>	3,630
Amortisation of government grants	4	<b>22</b>	23
<b>Total turnover</b>	4	<b>3,378</b>	3,653
<b>Operating costs</b>	4	<b>(3,220)</b>	(3,093)
Surplus on sale of fixed assets – housing properties	5	<b>241</b>	49
<b>Operating surplus</b>	6	<b>399</b>	609
Interest receivable	7	<b>20</b>	15
Interest and financing costs	8	<b>(9)</b>	(10)
<b>Surplus on ordinary activities before taxation</b>		<b>410</b>	614
Tax on surplus on ordinary activities	9	<b>(11)</b>	(15)
<b>Surplus for the financial year and total comprehensive income</b>		<b>399</b>	599

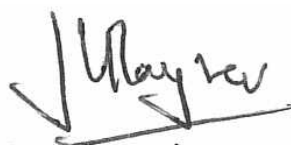
All amounts relate to continuing activities.

The accompanying notes on pages 14 to 28 form part of these financial statements.

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



Board member  
J. Green



Board member  
J. Rayner



Secretary  
P. Elvy

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**BALANCE SHEET**

	Note	2017 £'000	2016 £'000
<b>Tangible fixed assets</b>			
Housing properties at cost	11	3,212	3,339
Depreciation	11	<u>(465)</u>	<u>(454)</u>
		<b>2,747</b>	<b>2,885</b>
<b>Current assets</b>			
Debtors	12	516	586
Cash at bank and in hand		<u>7,894</u>	<u>4,327</u>
		<b>8,410</b>	<b>4,913</b>
<b>Creditors: Amounts falling due within one year</b>	13	<u>(6,979)</u>	<u>(3,637)</u>
<b>Net current assets</b>		<u><b>1,431</b></u>	<u><b>1,276</b></u>
<b>Total assets less current liabilities</b>		<b>4,178</b>	4,161
<b>Creditors:</b>			
Deferred capital grant due after more than one year	14	<b>(1,807)</b>	(1,905)
Other creditors falling due after more than one year	14	<u>(76)</u>	<u>(80)</u>
<b>Net assets</b>		<u><b>2,295</b></u>	<u><b>2,176</b></u>
<b>Capital and reserves</b>			
Non-equity share capital	19	-	-
Revenue reserves		<u>2,295</u>	<u>2,176</u>
<b>Association's funds</b>		<u><b>2,295</b></u>	<u><b>2,176</b></u>

The accompanying notes on pages 14 to 28 form part of these financial statements.

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



Board member  
J. Green



Board member  
J. Rayner



Secretary  
P. Elvy

**PLUMLIFE HOMES LIMITED**  
**Year ended 31 March 2017**

**STATEMENT OF CHANGES IN RESERVES**

	<b>Revenue reserve £'000</b>	<b>Total reserves £'000</b>
Balance at 1 April 2016	2,176	2,176
Surplus for the year and total comprehensive income	399	399
Gift aid payment (see note 10)	(280)	(280)
Balance at 31 March 2017	<u>2,295</u>	<u>2,295</u>

	<b>Revenue reserve £'000</b>	<b>Total reserves £'000</b>
Balance at 1 April 2015	2,077	2,077
Surplus for the year and total comprehensive income	599	599
Gift aid payment (see note 10)	(500)	(500)
Balance at 31 March 2016	<u>2,176</u>	<u>2,176</u>

In line with emerging practice, gift aid payment has been treated as a distribution rather than a cost in the income statement. The impact is to increase the surplus for the year for the year ended 31 March 2016 by £500K to £599K.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Legal status**

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

### **2 Accounting policies**

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

#### **Basis of accounting**

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

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

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

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

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2017 and these financial statements may be obtained from their registered office.

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

#### **Value added tax (VAT)**

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

#### **Service charges**

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



## **NOTES TO THE FINANCIAL STATEMENTS**

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

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

- whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. We have also considered impairment based on their assumptions to define cash or asset generating units.
- 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.

#### **Rental and other trade receivables (debtors) (see note 12)**

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

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

#### **Policies**

##### **Income**

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

- Rental income receivable (after deducting lost rent from void properties available for letting);
- First tranche sales of Low Cost Home Ownership housing properties developed for sale;
- Service charge receivable; and
- 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.

NOTES TO THE FINANCIAL STATEMENTS

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

Policies (continued)

**Government grants**

Grants relating to revenue are recognised in the income and expenditure account over the same period as the expenditure to which they relate once performance related conditions have been met.

**Management of units owned by others**

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

	Turnover	2017 Operating Costs	Operating Surplus/ (Deficit)
	£'000	£'000	£'000
<b>Social housing lettings</b>	<u>2,134</u>	<u>(2,207)</u>	<u>(73)</u>
<b>Other social housing activities</b>			
Managed properties	636	(124)	512
Marketing income	608	(774)	(166)
Other	-	(115)	(115)
	<u>1,244</u>	<u>(1,013)</u>	<u>231</u>
	<u><b>3,378</b></u>	<u><b>3,220</b></u>	<u><b>158</b></u>
Surplus on disposal of fixed assets – housing properties (note 5)			<u>241</u>
			<u><b>399</b></u>
	Turnover	2016 Operating Costs	Operating Surplus
	£'000	£'000	£'000
<b>Social housing lettings</b>	<u>2,148</u>	<u>(2,141)</u>	<u>7</u>
<b>Other social housing activities</b>			
Managed properties	580	(104)	476
Mortgage rescue income	-	(2)	(2)
Marketing income	608	(645)	(37)
Housing investment fund	317	(201)	116
	<u>1,505</u>	<u>(952)</u>	<u>553</u>
	<u><b>3,653</b></u>	<u><b>(3,093)</b></u>	<u><b>560</b></u>
Surplus on disposal of fixed assets – housing properties (note 5)			<u>49</u>
			<u><b>609</b></u>

**NOTES TO THE FINANCIAL STATEMENTS**

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

In line with emerging practice in the sector surplus on disposal of fixed asset housing properties has been presented as part of the reported operating surplus. Prior year operating surplus has increased by £49K as a result of this change.

	2017			Total	2016 Total
	General Needs	Low cost home owner- ship	Shared owner- ship		
	£'000	£'000	£'000	£'000	£'000
Rents net of identifiable service charges	442	1,289	245	1,976	1,984
Service charge income	136	-	-	136	141
Amortised government grants	-	-	22	22	23
<b>Turnover from social housing lettings</b>	<b>578</b>	<b>1,289</b>	<b>267</b>	<b>2,134</b>	<b>2,148</b>
Management	(114)	(479)	(233)	(826)	(773)
Services	(159)	(23)	(7)	(189)	(204)
Routine maintenance	(26)	(175)	-	(201)	(209)
Bad debts	-	(4)	(1)	(5)	29
Property lease charges	-	(958)	-	(958)	(956)
Depreciation of properties	-	-	(28)	(28)	(28)
<b>Operating costs on social housing lettings</b>	<b>(299)</b>	<b>(1,639)</b>	<b>(269)</b>	<b>(2,207)</b>	<b>(2,141)</b>
Operating surplus on social housing lettings	<b>279</b>	<b>(350)</b>	<b>(2)</b>	<b>(73)</b>	<b>7</b>
Void losses	3	17	-	20	70

**5 Surplus on sale of fixed assets – housing properties**

	2017 £'000	2016 £'000
Disposal proceeds	375	91
Carrying value of fixed assets	(43)	(12)
	332	79
Capital grant recycled (note 17)	(91)	(30)
	241	49

**6 Operating surplus**

The operating surplus is arrived at after charging:

	2017 £'000	2016 £'000
Depreciation of housing properties	28	28
Auditors' remuneration (excluding VAT)		
- for the audit of the financial statements	5	5
- for other services relating to taxation	3	3

**NOTES TO THE FINANCIAL STATEMENTS**

**7 Interest receivable**

**Policy**

Interest receivable is credited to the income and expenditure account in the year.

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable and similar income	20	15
	<u>20</u>	<u>15</u>

**8 Interest and financing costs**

**Policy**

Interest payable is charged to the income and expenditure account in the year.

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Loans and bank overdrafts	9	10
	<u>9</u>	<u>10</u>

**9 Tax on surplus on ordinary activities**

**Policies**

**Current and deferred taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income and expenditure account, 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 income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**NOTES TO THE FINANCIAL STATEMENTS**

**9 Tax on surplus on ordinary activities (continued)**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax</b>		
UK corporation tax charge for year	9	13
Adjustments in respect of prior years	2	2
	<u>11</u>	<u>15</u>

**Current tax reconciliation**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Surplus on ordinary activities before tax	410	614
Gift aid payment not subject to UK taxation	(280)	(500)
Profits subject to UK taxation	<u>130</u>	<u>114</u>
Whereon corporation tax at the standard rate of 20% (2016: 20%)	26	23
<b>Effects of:</b>		
Income not taxable for tax purposes – fixed assets	(15)	(9)
Chargeable gains		1
Adjustments in respect of prior years	2	2
Marginal relief	(2)	(2)
<b>Total tax charge</b>	<u><u>11</u></u>	<u><u>15</u></u>

**10 Gift Aid**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Payment made as gift aid in accordance with s339 (7AA) of the Income and Corporation Taxes Act 1988	<u>280</u>	<u>500</u>

A payment was made on 31<sup>st</sup> March 2017 to Great Places Housing Association of £280,000 (2016: £500,000) in respect of the year ended 31<sup>st</sup> March 2017. For the purposes of s338 of the Income and Corporation Taxes Act 1988, the Association deemed this to be a charge on income in the accounting period ended 31<sup>st</sup> March 2017 thereby reducing its liability to corporation tax for that year to £11,227 (2016: £15,285).

## **NOTES TO THE FINANCIAL STATEMENTS**

### **11 Tangible fixed assets – housing properties**

#### **Policies**

##### **Housing properties**

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

##### **Shared ownership properties and staircasing**

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

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

##### **Donated land**

Land donated by local authorities and others is added to cost at the market 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. Where the donation is from a non-public source, the value of the donation is included as income.

##### **Depreciation of housing properties**

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business.

The depreciable amount is arrived at on the basis of original cost, at a rate of 1% - 2% per annum.

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

##### **Impairment**

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed to see if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Association. Any such write down is charged before arriving at operating surplus.

**NOTES TO THE FINANCIAL STATEMENTS**

**11 Tangible fixed assets – housing properties (continued)**

<b>Housing properties</b>	<b>Shared Ownership</b>
	<b>Total £'000</b>
<b>Cost</b>	
At 1 April 2016	3,339
Additions	-
Disposals	(127)
At 31 March 2017	<u>3,212</u>
<b>Depreciation and impairment</b>	
At 1 April 2016	454
Charged in year	28
Released on disposal	(17)
At 31 March 2017	<u>465</u>
<b>Net book value</b>	
At 31 March 2017	<u>2,747</u>
At 31 March 2016	<u>2,885</u>

**Housing properties book value, net of depreciation**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Freehold land and buildings	2,187	2,303
Long leasehold land and buildings	560	582
	<u>2,747</u>	<u>2,885</u>

**Social housing grant**

	<b>2017 £'000</b>	<b>2016 £'000</b>
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	2,194	2,279
Revenue grant	2,419	2,425
	<u>4,613</u>	<u>4,704</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**12 Debtors**

**Policies**

**Debtors**

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

**Recoverable amount of rental and other trade receivables**

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

**Rent and service charge agreements**

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Due within one year</b>		
Rent and service charges receivable	212	271
Less: provision for bad and doubtful debts	(80)	(99)
	<u>132</u>	<u>172</u>
Due from group undertakings	-	9
Other debtors	384	400
Prepayments and accrued income	-	5
	<u>516</u>	<u>586</u>

**13 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 and expenditure account in other operating expenses.

**Service charge sinking funds**

Service charge sinking funds are held on the balance sheet within creditors.

**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.



**NOTES TO THE FINANCIAL STATEMENTS**

**13 Creditors: amounts falling due within one year (continued)**

**Policies (continued)**

**Government grants**

Grant received in relation to housing properties is accounted for using the accrual 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 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.

Where social housing grant (SHG) funded property is sold, the grant become 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 and expenditure account.

Grants due from government organisations or received in advance are included as current assets or liabilities.

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Debt (note 15)	4	4
Trade creditors	143	34
Rent and service charges received in advance	88	74
Amounts owed to group undertakings	3,615	468
Leaseholder sinking funds	2,820	2,806
Corporation tax	10	13
Other creditors	34	41
Deferred capital grant (note 16)	22	22
Accruals and deferred income	243	175
	<u>6,979</u>	<u>3,637</u>

Cash balances totalling £2,820,000 (2016: £2,806,000) are held in trust for leaseholders.

**14 Creditors: amounts falling due after more than one year**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Debt (note 15)	76	80
Deferred capital grant (note 16)	1,807	1,905
	<u>1,883</u>	<u>1,985</u>

**NOTES TO THE FINANCIAL STATEMENTS**

<b>15 Debt analysis</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loans are repayable as follows:</b>		
In one year or less or on demand	4	4
In more than one year, but not more than two years	4	4
In more than two years, but not more than five years	16	15
In more than five years	56	61
	<u>80</u>	<u>84</u>

Loans are repayable at fixed rates of interest in instalments. Interest rates on the loans range between 9.625% - 12.25%. Housing loans are secured by specific charges on the Association's housing properties.

<b>16 Deferred capital grant</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	1,927	1,976
Gross grants disposed of in year	(91)	(30)
Grants amortisation disposed of in year	15	3
Grant amortisation	(22)	(22)
At the end of the year	<u>1,829</u>	<u>1,927</u>

**17 Recycled capital grant fund**

**Policy**

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
At the beginning of the year	-	-
Grants recycled	91	30
Interest accrued	-	-
Transferred to other group members	(91)	(30)
At the end of the year	<u>-</u>	<u>-</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**18 Financial instruments**

**Policy**

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

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

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

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
<b>Financial assets</b>		
Financial assets measured at historical cost:		
- Trade receivables	-	-
- Other receivables	516	581
- Cash and cash equivalents	7,894	4,327
<b>Total financial assets</b>	<b>8,410</b>	<b>4,908</b>
<b>Financial liabilities</b>		
Financial liabilities measured at historical cost:		
- Loans payable	80	84
- Trade creditors	143	34
- Other creditors	8,638	5,504
<b>Total financial liabilities</b>	<b>8,861</b>	<b>5,622</b>

**19 Non-equity share capital**

	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At the beginning of the year	9	9
Shares issued during the year	-	-
Shares surrendered during the year	-	-
At the end of the year	<b>9</b>	<b>9</b>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value is credited to the revenue reserve.

**NOTES TO THE FINANCIAL STATEMENTS**

**20 Financial commitments**

The Association has no capital commitments as at 31 March 2017 (31 March 2016: £nil).

**21 Contingent liabilities**

**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 no contingent liabilities at 31 March 2017 (31 March 2016: £nil).

**22 Related parties**

During the year the company has the following intra-group transactions with Terra Nova Developments Limited, a non-regulated entity:

	<b>2017</b> <b>£'000</b>	<b>2016</b> <b>£'000</b>
Marketing services income	<u>67</u>	<u>112</u>

**23 Accommodation in management and development**

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

	<b>2017</b> <b>No</b>	<b>2016</b> <b>No</b>
Low cost home ownership		
- shared ownership	<u>135</u>	<u>142</u>
<b>Total owned</b>	<b>135</b>	<b>142</b>
Accommodation managed for others		
- social housing	1,780	1,731
- non-social housing	<u>978</u>	<u>1,208</u>
<b>Total managed</b>	<b><u>2,893</u></b>	<b><u>3,081</u></b>

**NOTES TO THE FINANCIAL STATEMENTS**

**24 Directors and members**

The directors of the Association are the members of the Board including the senior executive officer. The senior executive officer who served during the year was an employee of GPHG and there were no emoluments paid to him by Plumlife Homes Limited. The senior executive officer's emoluments are disclosed in the GPHG accounts. No emoluments were paid by Plumlife Homes Limited to members of the Board during the year (2016: £Nil).

Note: The Plumlife Homes Limited Board received remuneration of £nil (2016: £nil) from GPHG, the Association's parent company.

**25 Employees**

**Policy**

**Pensions**

The Association's employees participate in the Social Housing Pension Scheme (SHPS) as part of Great Places Housing Association's scheme. For SHPS, 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 Association's employees also participate in a defined contribution scheme operated by SHPS. Contributions payable under this scheme are charge to the Income and Expenditure account in the period to which they relate.

**Employer numbers:**

Average monthly number of employees expressed as full time equivalents:

	<b>2017</b>	<b>2016</b>
	<b>No</b>	<b>No</b>
Administration	10	10
Housing	7	7
	<u>17</u>	<u>17</u>

**Employee costs:**

	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	365	409
Social security costs	36	34
Other pension costs	34	36
	<u>435</u>	<u>479</u>

**NOTES TO THE FINANCIAL STATEMENTS**

**26 Ultimate controlling party**

The ultimate controlling party of the Association is Great Places Housing Group Limited ('GPHG'), which is a company registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider under the Housing and Regeneration Act. The consolidated accounts of GPHG can be obtained from Great Places Housing Group Limited, Southern Gate, 729 Princess Road, Manchester, M20 2LT, or on its website [www.greatplaces.org.uk](http://www.greatplaces.org.uk).