

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

Regulator of Social Housing No SL3224

Plumlife Homes Limited

Report and Financial Statements

For the Year ended 31 March 2018

PLUMLIFE HOMES LIMITED

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 24.04.17)
	S. Young (from 12.10.17)

Executive Officers

Chief Executive	M. Harrison
Company secretary	P. Elvy

Registered office 2a Derwent Avenue
Manchester
M21 7QP

Web site www.greatplaces.org.uk
www.plumlife.co.uk

Registered Numbers Regulator of Social Housing No: SL3224
Co-operative and Community Benefit Society No: 23202R

External Auditors BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors PWC
No 1
1 Hardman Square
Manchester
M3 3EB

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

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2018.

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 2018 was £720k (2017: £399k). At the year-end revenue reserves amounted to £2,417k (2017: £2,295k).

Staircasing (sale of equity tranches in properties) sales activity has continued to be steady with three staircasings taking place, yielding a net gain on disposal of £101k (2017: £241k).

In respect of the year ended 31 March 2018 a gift aid payment of £598k (2017: £280k) was made on 27 March 2018 to Great Places Housing Association.

Housing property assets

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

Trade creditors

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

Donations

During the years ended 31 March 2018 and 2017 the Association has made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post balance sheet events

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

Equality, diversity and inclusion

The Association has, and continually reappraises, a full and comprehensive policy of equality, diversity and inclusion.

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

REPORT OF THE BOARD

Board members and executive directors

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

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:

Operational controls

- Effective recruitment and selection processes are in place to ensure suitable people are employed (including the completion of Disclosure and Barring Service checks for staff working with vulnerable people), with senior managers responsible for ensuring that standards of conduct and behaviour are maintained to the highest levels;
- Annual appraisals (based around our Competency Framework) and monthly reviews are undertaken to maintain high standards of performance, and revised HR processes are in place to address any gaps or failings;
- Formal policies and procedures are in place for both financial and operational activities. These include (but are not exclusive to) Financial Regulations (updated in March 2018), Scheme of Delegation, Probity Policy (including conflicts of interest), Acceptable Use of

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

REPORT OF THE BOARD

Business Systems Policy, Data Protection Policy (updated in May 2018 to reflect GDPR requirements), Health and Safety Policy and Procurement Policies;

- Appropriate separations of duties are in place across key operational functions e.g. purchase to pay process to mitigate risks around fraud;
- Role based access controls are in place to ensure colleagues only have access to systems and data that is pertinent to their requirements;
- A managed “Strategies, Policies and Procedures” site is available on the intranet to ensure that colleagues are following the correct processes which have been approved by the appropriate management forums, and reviewed as per our document control framework;
- The Scheme of Delegation sets out the levels of financial approvals across the organisation and these are replicated in our P2P invoicing system to ensure that authorisation levels are fixed. This protects against unauthorised use of company assets, as well as aiding effective service delivery;
- Financial forecasts and budgets are in place which allow the management team to monitor spend in terms of achieving budgets in the short, medium and long term;
- A rigorous approvals process is in place (as per the Code of Governance) to ensure that all significant new initiatives, major commitments, development schemes and investment projects are subject to formal authorisation procedures by the Executive Team, the Board, or the Committees of the Board.

Risk management and compliance checks

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

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

REPORT OF THE BOARD

- Whistleblowing and anti-fraud policies are in place, and a register of all actual or potential fraud which is reported to Audit & Assurance Committee, and to the regulator via an annual report;
- An asset and liability register is in place to provide easy access to documentation in the event that the organisation becomes financially insecure.

External

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

Progress during 2017/18

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

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

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Year ended 31 March 2018

REPORT OF THE BOARD

- 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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

REPORT OF THE BOARD

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

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

Strategic Report

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

Going concern

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

Annual general meeting

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

External auditors

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

Statement of compliance

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

Statement of the responsibilities of the Board for the report and financial statements

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

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Year ended 31 March 2018

REPORT OF THE BOARD

- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

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

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

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

In so far as each of the Board members is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The report of the Board was approved by the Board on 26 July 2018 and signed on its behalf by:



Phil Elvy

Company Secretary

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on pages 9 to 10, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

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

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).


PLUMLIFE HOMES LIMITED
Year ended 31 March 2018
STATEMENT OF COMPREHENSIVE INCOME

	Note	2018 £'000	2017 £'000
Turnover (excluding amortisation of government grants)	4	3,680	3,356
Amortisation of government grants	4	21	22
Total turnover	4	3,701	3,378
Operating costs	4	(3,064)	(3,220)
Surplus on sale of fixed assets – housing properties	5	101	241
Operating surplus	6	738	399
Interest receivable	7	12	20
Interest payable and financing costs	8	(9)	(9)
Surplus on ordinary activities before taxation		741	410
Tax on surplus on ordinary activities	9	(21)	(11)
Surplus for the year and total comprehensive income		720	399

All amounts relate to continuing activities.

The accompanying notes on pages 17 to 32 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
A. Davison



Board member
J. Raynor



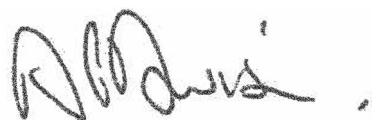
Secretary
P. Elvy

PLUMLIFE HOMES LIMITED
Year ended 31 March 2018
STATEMENT OF FINANCIAL POSITION

	Note	2018 £'000	2017 £'000
Tangible fixed assets			
Housing properties	12	3,159	3,212
Less: depreciation	12	(484)	(465)
		2,675	2,747
Current assets			
Debtors	13	541	516
Cash and cash equivalents		4,441	7,894
		4,982	8,410
Creditors: Amounts falling due within one year	14	(3,405)	(6,979)
Net current assets		1,577	1,431
Total assets less current liabilities		4,252	4,178
Creditors:			
Deferred capital grant due after more than one year	15	(1,762)	(1,807)
Other creditors falling due after more than one year	15	(73)	(76)
Net assets		2,417	2,295
Capital and reserves			
Non-equity share capital	20	-	-
Income and expenditure reserve		2,417	2,295
Association's funds		2,417	2,295

The accompanying notes on pages 17 to 32 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

PLUMLIFE HOMES LIMITED
Year ended 31 March 2018
STATEMENT OF CHANGES IN RESERVES

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2017	2,295	2,295
Surplus for the year and total comprehensive income	720	720
Gift aid payment (note 10)	(598)	(598)
Balance at 31 March 2018	2,417	2,417

	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2016	2,176	2,176
Surplus for the year and total comprehensive income	399	399
Gift aid payment (note 10)	(280)	(280)
Balance at 31 March 2017	2,295	2,295

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

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

2. Accounting policies

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

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for 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 PBEs.

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

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

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2018 and these financial statements may be obtained from their registered office.

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

Value Added Tax (VAT)

The Association is VAT registered 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.

2 - Accounting policies continued

Service charges

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

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

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

- whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value - Social Housing (EUV-SH) or depreciated replacement cost.
- the 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 13)

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);
- Service charge receivable; and
- Revenue grants.

Rental income is recognised from the point when properties under development reach practical completion and are formally let.

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.

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

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

	Turnover £'000	2018 Operating costs £'000	Operating surplus £'000
Social housing lettings	860	(338)	522
Other social housing activities			
Managed Properties	1,976	(1,946)	30
Marketing Income	865	(780)	85
	2,841	(2,726)	115
	3,701	(3,064)	637
Surplus on sale of fixed assets (note 5)			101
			738

	Turnover restated £'000	2017 Operating costs restated £'000	Operating surplus / (deficit) restated £'000
Social housing lettings	845	(568)	277
Other social housing activities			
Managed properties	1,925	(1,763)	162
Marketing income	608	(774)	(166)
Other	-	(115)	(115)
	2,533	(2,652)	(119)
	3,378	(3,220)	158
Surplus on sale of fixed assets (note 5)			241
			399

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS**4 - Particulars of turnover, cost of sales, operating costs and operating surplus continued**

The turnover, operating expenditure and surplus from social housing lettings can be broken down further, as follows:

	2018	2017
	General needs housing	Shared owner- ship
	£'000	£'000
	Total	Total restated
	£'000	£'000
Rent net of identifiable service charges	424	240
Service charge income	108	67
Amortisation of government grants	-	21
Turnover	532	328
Management	(31)	(53)
Service charge costs	(131)	(58)
Routine maintenance	(39)	-
Bad debts	1	-
Depreciation of housing properties:	-	(27)
Operating expenditure	(200)	(138)
Operating surplus	332	190
Void losses	9	-
	9	3

Rent to Homebuy properties managed on behalf of the Group were previously disclosed separately in the note above but as these are managed properties a decision has been made to show these within managed properties in the first part of note 4. This has moved £1.3m of turnover and £1.6m of operating costs to managed properties for the year to March 2017.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

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

a) Accommodation in management and development

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

	2018	2017
	No	No
Low cost home ownership		
- shared ownership	132	135
Total owned	132	135
Accommodation managed for others		
- social housing	1,884	1,780
- non-social housing	1,286	978
Total managed	3,302	2,893

5. Surplus on sale of fixed assets – housing properties

	2018	2017
	£'000	£'000
Disposal proceeds	154	375
Carrying value of fixed assets	(22)	(43)
	132	332
Capital grant recycled (note 18)	(31)	(91)
	101	241

6. Operating surplus

This is arrived at after charging:

	2018	2017
	£'000	£'000
Depreciation of housing properties	27	28
Auditors' remuneration (excluding VAT):		
- for the audit of the financial statements	6	5
- for other services relating to taxation	2	3

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

7. Interest receivable and other income

Policy

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

	2018 £'000	2017 £'000
Interest receivable and similar income	12	20
	12	20

8. Interest payable and financing costs

Policy

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

	2018 £'000	2017 £'000
Loans and bank overdrafts	9	9
	9	9

9. Tax on surplus on ordinary activities

Policy

Current tax

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 Tax

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS**9 - Tax on surplus on ordinary activities continued**

	2018	2017
	£	£
Current tax charge for the year	21	9
Current tax adjustment in respect of prior years	-	2
UK Corporation tax charge for the year	<u>21</u>	<u>11</u>

Factors affecting tax charge for the period:

	2018	2017
	£	£
Profit on ordinary activities before tax	741	410
Gift aid payment	(598)	(280)
Profits subject to UK taxation	<u>143</u>	<u>130</u>
Tax on profit on ordinary activities at standard rate of corporation tax rate in the UK of 19% (2017: 20%)	27	26
Expenses not deductible for tax purposes (primarily development expenditure)	(6)	(15)
Adjustments in respect of prior years	-	2
Marginal relief	-	(2)
	<u>21</u>	<u>11</u>

10. Gift aid

	2018	2017
	£000	£'000
Gift aid payable	<u>598</u>	<u>280</u>

A gift aid payment was made on 27th March 2018 in accordance with s339 (7AA) of the Income and Corporation Taxes Act 1988 to Great Places Housing Association of £598k (2017: £280k) in respect of the year ended 31st March 2018. 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 31st March 2018 thereby reducing its liability to corporation tax for that year to £21k (2017: £11k).

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

11. a) 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 Great Places Housing Group Limited ("Group") and there were no emoluments paid to him by Plumlife Homes Limited. The senior executive officer's emoluments are disclosed in the Group accounts. No emoluments were paid by Plumlife Homes Limited to members of the Board during the year (2017: £Nil).

b) Employees and pensions

Policy

The Association participates in the Social Housing Pension Scheme (SHPS) as part of Great Places Housing Association scheme. 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 also participates in a defined contribution scheme operated by the SHPS. Contributions payable under this scheme are charged in the Income statement in the period to which they relate.

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

	2018	2017
	No	No
Administrative	3	4
Housing	11	13
	14	17

The employee costs are as follows:

	2018	2017
	£'000	£'000
Wages and salaries	306	365
Social security costs	28	36
Other pension costs	33	34
	367	435

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.

Shared ownership properties and staircasing

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

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

Donated land

Land donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation and an amount equivalent to the increase in value between market value and cost is added to other grants and recognised in the balance sheet as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

12 - Tangible fixed assets – housing properties continued

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.

	Shared Ownership total £'000
Cost	
At 1 April 2017	3,212
Additions	-
Disposals	(53)
At 31 March 2018	<u>3,159</u>
Depreciation and impairment	
At 1 April 2017	465
Charged in year	27
Released on disposal	(8)
At 31 March 2018	<u>484</u>
Net book value at 31 March 2018	<u>2,675</u>
Net book value at 31 March 2017	<u>2,747</u>

Housing properties book value, net of depreciation

	2018 £'000	2017 £'000
Freehold land and buildings	2,120	2,187
Long leasehold land and buildings	555	560
	<u>2,675</u>	<u>2,747</u>

13. Debtors

Policy

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

13 - Debtors continued

Rent and service charge agreements

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

	2018 £'000	2017 £'000
Due within one year		
Rent and service charges receivable	204	212
Less: provision for bad and doubtful debts	(56)	(80)
	<hr/> 148	<hr/> 132
Other debtors	393	384
	<hr/> 541	<hr/> 516

14. 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.

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.

Service charge sinking funds

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

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

14 - Creditors: amounts falling due within one year continued

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 statement of comprehensive income.

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

	2018	2017
	£'000	£'000
Debt (note 16)	6	4
Trade creditors	45	143
Rent and service charges received in advance	118	88
Amounts owed to group undertakings	185	3,615
Service charge sinking funds	2,755	2,820
Corporation tax	21	10
Other creditors	23	34
Deferred capital grant (note 17)	21	22
Accruals and deferred income	231	243
	3,405	6,979

Included within creditors is £2,755k (2017: £2,820k) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

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

	2018	2017
	£'000	£'000
Debt (note 16)	73	76
Deferred capital grant (note 17)	1,762	1,807
	1,835	1,883

16. Debt analysis

	2018	2017
	£'000	£'000
Loans are repayable as follows:		
In one year or less or on demand	6	4
In more than one year, but not more than two years	5	4
In more than two years, but not more than five years	18	16
In more than five years	50	56
	79	80

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS**17. Deferred capital grant**

	2018	2017
	£'000	£'000
At the beginning of the year	1,829	1,927
Gross grants disposed of in year	(31)	(91)
Grants previously amortised disposed of in year	6	15
Grant amortisation	(21)	(22)
At the end of the year	<u>1,783</u>	<u>1,829</u>

Social housing grant

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

	2018	2017
	£'000	£'000
Capital grant	2,163	2,194
Revenue grant	2,419	2,419
	<u>4,582</u>	<u>4,613</u>

18. Recycled capital grant fund**Policy**

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

	2018	2017
	£'000	£'000
At the beginning of the year	-	-
Grants recycled	31	91
Interest accrued	-	-
Transfers from other group members	(31)	(91)
At the end of the year	<u>-</u>	<u>-</u>

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

19. Financial instruments

Policy

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

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

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

	2018	2017
	£'000	£'000
Financial asset		
Financial assets measured at historic cost:		
- Other receivables	541	516
- Cash and cash equivalents	4,441	7,894
Total financial assets	4,982	8,410
Financial liabilities		
Financial liabilities measured at historic cost:		
- Loans payable	79	80
- Trade creditors	45	143
- Other creditors	5,116	8,639
Total financial liabilities	5,240	8,862

20. Non-equity share capital

	2018	2017
	£	£
Shares of £1 each issued and fully paid		
At the beginning of the year	9	9
Shares issued during the year	1	-
Shares surrendered during the year	(1)	-
At the end of the year	9	9

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.

PLUMLIFE HOMES LIMITED

Year ended 31 March 2018

NOTES TO THE FINANCIAL STATEMENTS

21. Financial commitments

The Association has no capital commitments as at 31 March 2018 (31 March 2017: £nil).

22. 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 2018 (31 March 2017: £nil).

23. Related parties

During the year the Association had no intra-group transactions with non-regulated entities within the Group however in the previous year it traded with Terra Nova Developments Limited, a non-regulated Group entity.

	2018	2017
	£'000	£'000
Marketing services income	-	<u>67</u>

24. Ultimate controlling party

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