Platform Housing Group

Financial Statements for the Year Ended 31 March 2019

Board Members, Executive Staff, Auditors and Bankers

Board of Management	Appointed	
Dennis Sleath	1 October 2018	Chair
Denis Thompson	1 April 2014	Vice Chair
Philip Dearing	1 October 2018	Chair Group Audit and Risk Committee
David Clark	1 October 2018	Chair, Fortis Property Care
Mark Davies	1 April 2014	Board Member
Steve Dyson	1 October 2018	Board Member
Chris Huntbatch	22 September 2015	Board Member
Jeff Sharnock	1 October 2018	Board Member
Helen Southwell	22 September 2015	Board Member
Jennifer Wood	1 October 2018	Board Member
Fiona Penhallurick	Retired 1 October 2018	Board Member
Stuart Allen	Retired 1 October 2018	Board Member
Aaron John	Retired 1 October 2018	Board Member

Executive Directors

Elizabeth Froude	8 July 2019	Group Chief Executive
David Pickering	1 October 2018	Group Chief Executive, retired
Guy Weston	Retired 31 March 2019	Group Chief Executive, Fortis Living
Jon Cocker	1 October 2018	Group Technology Director
Catherine Dass	1 October 2018	Group Business Improvement Director
Marion Duffy	1 October 2018	Regional Operations Director (East)
Clare Durnin	1 October 2018	Group HR Director
Dennis Evans	1 October 2018	Group Property Care Director
Richard Grounds	1 April 2014	Group Commercial Director
Andrew Howarth	1 April 2014	Group Finance Director
Clare Jackson	1 April 2014	Regional Operations Director (West)

Company Secretary

Andrew Howarth	To 11 December 2018
Andrew Bush	From 11 December 2018

Registered Office

1700 Solihull Parkway
Birmingham Business Park
Solihull
B37 7YD

External Auditors

Beever and Struthers
Chartered Accountants
St George's House
215-219 Chester Road
Manchester
M15 4JE

Principal Bankers

Barclays Bank PLC
PO Box 3333
1 Snow Hill
Snow Hill Queensway
Birmingham
B3 2WN

Registered under the Co-operative and Community Benefit Societies Act 2014
Charitable Registered Society Registration Number: 32239R
Regulator of Social Housing Registration Number: 4789

Contents

Chair's Report

2018 Was A Milestone Year.

Waterloo Housing and Fortis Living joined forces as two strong and ambitious businesses, with a clear synergy and alignment in culture and vision, to create Platform Housing Group (PHG). On behalf of the Board, the employees, our partners and our customers I would like to take this opportunity to recognise the contribution of our two retiring Chief Executives, Guy Weston and Dave Pickering, whose vision led to the creation of the Group .We wish them both a long and happy retirement.

A Strong, Efficient and Influential Organisation.

As one of the UK's biggest housing associations with a portfolio of over 44,000 homes. With a significant affordable homes development programme, PHG is well placed to play a lead role in helping the local communities where we work to flourish and grow. Financial security was the prime driver in the creation of the new group. It enabled us to continue our investment in services that are more efficient and achieve an exceptional surplus of £67m in 2018/19. This financial strength also saw us invest over £169 million in new homes, alongside over £59 million in our existing homes. Across the board, our teams have maintained operational performance, ending the year with current arrears at 2.6% and with 162 unlet homes.

Delivering More Homes.

We have the financial capacity to borrow money to facilitate further development and last year we built 1,598 new homes, directly contributing to the national growth of affordable housing. We were also proudly confirmed as a strategic partner to Homes England. The partnership will bring £71 million of grant funding to enable us to start work on an additional 1,800 affordable homes over the next three years, helping us to work towards our goal of 2,000 new homes every year.

Great Customer Service.

Managing homes for over 44,000 customers takes a lot of work and we have a team of over 1,200 talented people who are committed to delivering the best they can and we remain committed to the development of an improved customer experience. Our keystone for the delivery of this is our PlatformOne programme. This is an integrated IT approach to the way we manage, present and action our business data. This will give us the foundations we need to enable customers to access appropriate services, when and where they want, 24 hours a day.

Property Care.

We continue to invest in our in-house maintenance and repairs teams and plan to extend their services across the whole Group. They ended the year with 100% gas safety compliance, contributing to the Group result of 99.8%, and an overall satisfaction rating for repairs of 90.45%.

A Great Place to Work.

Against a backdrop of unprecedented change, we have retained our customer focus and continued to drive financial and operational performance. I'd like to thank our Boards and Executive Team, as well as all our employees, who are delivering our promises.

Looking To The Future.

As we look to the future, I'd like to welcome Elizabeth Froude as our new Group Chief Executive. Elizabeth brings extensive experience of integrating businesses and delivering large transformation programmes. We are sure to benefit from her fresh thinking and new ideas as we work to continue to make a difference to local homes and local lives.

Dennis Sleath
Chair

CEO Report

I'm delighted to have had the privilege to lead Platform Housing Group (PHG) through the first stage of its evolution. Our firm financial foundations, coupled with a five-year agenda focussed on service delivery and development, places us in a robust position to deliver even more going forward.

PHG has some bold ambitions. Driven by a set of clear guiding principles our new agenda focusses on delivering:

- Strong financial stability;
- Robust asset management that invests significantly in our existing homes;
- An active, ambitious development programme that makes a real difference in tackling the shortage of quality affordable housing across our operating area;
- Improvements to customer services and the development of digital services that meet customer needs; and
- New collaborative partnerships with developers, national and local government partners to deliver more for our customers.

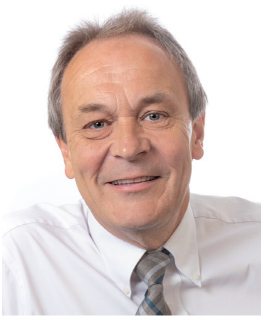
Over the last 12 months, we have delivered an operating margin of 39.9%. This is a particularly pleasing result as it sits against a backdrop of complex organisational change as we work to integrate and consolidate the businesses that make up the group.

Of the 1,598 new homes added this year, 149 were provided for Local Authority partners. Over 450 shared ownership homes generated over £30m in first tranche sales receipts, with an additional 124 homes already reserved. The surplus from these sales makes an active contribution to our work to continue to grow our affordable homes portfolio.

We want it to be easy to do business with us. Therefore, we're continuing to modernise our customer services, taking advantage of technology and introducing more digital ways to deliver. Our Customer Scrutiny Panels are joining us on the journey providing essential insight and feedback along the way.

We are only successful because of our talented and committed employees. We need to continue to attract, develop and retain the best people with the right skills. Engagement and satisfaction across our teams ended the year at 74.7% an impressive achievement in the current change environment.

Looking to the future, it's clear that we need to prepare for continued change. This includes political and economic uncertainty and ongoing welfare reform. I am confident that PHG will continue to innovate, to influence and to impact where we are most needed – on the ground in local communities.



Dave Pickering
Group CEO

Strategic Report

The Group Board presents its report and the audited financial statements of Platform Housing Group Limited ("the Association") and its subsidiary undertakings, together forming the Platform Housing Group ("the Group"), for the year ended 31 March 2019.

Business Overview

Platform Housing Group was formed in October 2018 from the merger of Fortis Living Group and Waterloo Housing Group. The Association, a Community Benefit Society, is a charitable registered provider of social housing, and is the parent undertaking of the Group which consists of the parent and six subsidiaries:

- Fortis Living Ltd and Waterloo Housing Group Ltd are both asset-holding charitable registered providers and are Community Benefit Societies;
- Fortis Property Care Limited (FPC) is a company limited by shares and provides a full range of maintenance services to the Group as well as operating in a Cost Sharing Group (CSG) with local partner Rooftop Housing;
- ESHA (Developments) Ltd is a company limited by shares and provides construction and development services to the Group; and
- Waterloo Homes and Spa Homes are both dormant companies

Both Fortis Living and Waterloo are high performing, customer focused, financially strong, social housing businesses with Values at the heart of everything they do. These Values will continue to be central to the Vision for Platform Housing Group to be a leading provider of affordable housing in the Midlands. The aim is to ensure the Group is highly valued by its customers, the communities in which it works, its partners and stakeholders, and its employees.

Both Fortis Living and Waterloo combine a clear commercially credible approach to delivery, but this does not lose sight of our core purpose as housing providers. Our approach is one of taking a measured approach to risk which both protects existing social housing assets, but which strives to develop enduring housing solutions for our current customers and future generations.

Our healthy financial position, with an operating margin of 40% and net surplus of £67m, allows us to continue to operate a simple business model that reinvests surpluses in order to deliver the Group's Mission to Build a better future by investing in homes, people and communities. During the year, 1,598 new homes were developed and the total number under management at the year-end increased to over 44,000.

The Group is registered with, and regulated by, the Regulator of Social Housing (RSH) and works within the regulatory framework for social housing. The latest Regulatory Judgement, received shortly after merger in 2018, again confirmed that the organisation is properly governed and managed (G1) and continues to be financially viable (V1). The Group receives capital grant from Homes England towards the development of new homes.

The Group provides a varied range of housing including general needs, housing for older people and retirement living schemes, as well as supported housing schemes for young people, disabled people and homeless families. Complementing this core activity, a limited number of intermediate, student and market rent properties are also provided.

The Group has a strong social purpose with teams that work closely with customers and stakeholders to understand and respond to local needs and to help create successful and resilient local communities. We currently invest in debt prevention services, energy advice, benefits advice and employment support, all of which generate a significant social return on investment.

Strategic Plan 2018-2023

One of the key drivers for the formation of the Group was a strong alignment in vision and culture, with both existing businesses having a similar Vision, overall Mission and supporting Values that underpin the desire of both Groups to actively invest in affordable housing delivery in the Midlands and to deliver more homes that meet the regional and national housing crisis.

Building on the strategic plans of the merger partners, the Group's first combined strategic plan sets out how we will deliver on our mission through our new strategic priorities, each with a series of supporting goals that set out exactly what we are planning to achieve.

Deliver More Homes

- Up to 2,000 new homes each year by 2023
- Over 18,000 new homes in our first 10 years
- A mixed programme of new homes across a range of tenures for people in housing need

A Strong, Efficient And Influential Organisation

- A new partnership with greater influence
- A commercial approach to achieve £12m efficiencies by 2023 which will be re-invested in more new homes and improved customer services
- An investment programme of £50m over the first 5 years to make our existing homes great places to live in

Great Customer Service

- Digital services that enable customers to access services at a time and in a way that best suits them
- Improved customer engagement and insight to get closer to our customers and better understand and meet their needs
- High quality services that support local communities and improve life chances
- A sustained local focus and locally accountable service delivery

Excellent Maintenance Services

- Deliver the majority of our maintenance programmes through the Property Care business
- Grow annual Property Care turnover to £50m by 2023
- £2m of VAT and efficiency savings by 2023

A Great Place to Work and an Employer of Choice

- A culture that retains our best people, attracts the best talent and has high levels of engagement
- A comprehensive training and development programme that enables our agile workforce to fulfil their potential
- An increase in the number of apprenticeships through the business
- A diverse workforce that reflects our communities

Our Values underpin our strategic objectives and describe our style of leadership and the way our people behave. They set ideal standards, which we apply directly to the way we run our business, recruit our colleagues, manage our performance, and recognise and reward good work.

We pride ourselves on being **open** and **transparent** in how we do business.

We are **responsible** and **reliable** business partners, and will do what we say we will do.

Customers are the very heart of what we are about, and the customer voice is central to this.

Integrity is fundamental to how we work at all times.

We will adopt a **commercial** approach within the context of our broader charitable status and ethos.

We are passionate about our work and want to **inspire** our people to make a difference.

We will at all times show **respect** for our customers, partners and employees.

Review of the Year

Group Key Performance Indicators

Following the merger in October 2018, the Group Board has reviewed historic targets and performance across the Group and adopted a suite of high level measures with which to monitor performance against the 2018-23 strategic plan. Targets are set at Group level and results as at the end of March 2019 are shown below. The Board sets annual targets for the next three financial years in order to deliver continuous improvement. Performance is monitored against all targets on a monthly basis. The following table shows performance against target and also against appropriate benchmarking data widely available in the sector.

Measure	Benchmark	Sample*	Source	Target	Actual
Performance against Affordable Homes Programme				100.0%	122.0%
Sales against monthly target				100.0%	103.0%
Number of new homes completions	Ranked 5th	50	Top 50**	1,450	1,598
Operating margin	Ranked 1st	10	Top 50***	41.0%	39.9%
Current tenant arrears	Q2	163	Housemark	3.2%	2.6%
Former tenant arrears	Q3	162	Housemark	1.3%	1.9%
% Shared Ownership arrears				0.4%	0.3%
Average re-let time	Q4	149	Housemark	33	39
Number of available voids at year end	Q2	156	Housemark	200	162
Overall satisfaction with the service provided (STAR)	Q3	19	Housemark	86.0%	83.2%
Complaints responded to within targets	Q4	112	Housemark	94%	93%
% of properties with a valid gas safety certificate				100.0%	99.8%
Staff satisfaction	Q4	39	Housemark	76.0%	74.7%
Staff turnover rate (Voluntary only)	Q2	98	Housemark	14.0%	10.6%
Average number of days lost to sickness	Q2	143	Housemark	8.0	7.5

* Sample size is the number of organisations either included or who supplied data for the KPI
** Source data was Inside Housing annual 2019 analysis of the top 50 developers
*** Source data was the accounts of the top 10 developers in the Inside Housing article

Group performance ends 2018/19 on a high note, with significant improvement in a number of key operational areas. The six months post-merger has been a period of exploration and understanding in relation to the new Group's performance. Work to harmonise policies, processes and procedures aims to deliver consistent and improving performance throughout 2019/20, supported by unified data and reporting methods. A new Group-wide Risk and Performance Forum has been established which will have an integral role in managing these activities and ensuring a holistic and effective approach is taken to risk, compliance and performance.

Review of the Year (continued)

Development

During the year, Platform was confirmed as a strategic partner with Homes England, securing £71m grant funding for an additional 1,800 affordable homes over the next three years. These funds are in addition to the current allocation under the Affordable Homes Programme (AHP) contract which supports delivery of new homes until 2021. All three metrics relating to development exceeded targets consistently throughout the year and at the year-end. The target for 2019/20 has been set at 1,634 new homes focussing on mainstream affordable rent and shared ownership. A new Group Development Strategy was approved by the Board in June 2019. The mix of new homes delivered is shown below:

	Affordable Rent	Social Rent	Shared Ownership	Total
Developed	683	458	457	1,598

Included in these development numbers are 149 homes delivered for local authority and housing association partners.

Financial

We reported a record underlying surplus for the year of £67m which will be re-invested into the provision of more new homes and improving services. Our operating margin of 39.9% remains amongst the highest in the sector. Welfare reforms continue to have an impact on our work and remain an important focus for us. Across the year, we saw a 366% increase in households affected by Universal Credit. However, current arrears in this customer group are showing a downward trend indicating that our range of incentives, advice and practical assistance to help customers cope with the changes is beginning to have an impact. Arrears management performed well during the year with only former tenant arrears falling outside of target at the year-end. Ongoing work will focus on improving processes, automating data and removing duplication and other inefficiencies in this area.

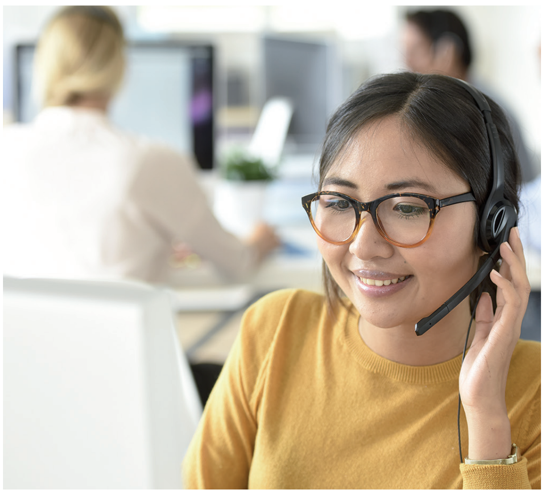
Housing operations

Average re-let time (for general needs and housing for older people) did not meet the target at year-end but was within tolerance (10%). This metric has a direct correlation to the measure ‘Number of voids available at month end’, with successful letting of longer term voids pushing the average re-let time higher. The voids figure itself met a challenging target at year-end with only 162 void properties in management across the Group. We aim to achieve an average re-let time – new builds of 3 days during 2019/20.

Complaints and compliments

The method for processing complaints has been harmonised as part of the development of a Customer Experience Strategy. Performance for Complaints responded to within targets’, whilst not meeting target at year-end, is expected to improve during 2019/20 as procedures become more aligned.

Feedback is essential learning for us and helps us to improve for the future. We investigated 286 formal complaints, welcomed 477 compliments (63% of which were for our Repairs Teams) and responded to 1,469 comments.



Customers

Across the Group, there are 5 active customer scrutiny panels. During the year, they have worked to review and make recommendations on key service areas including customer service standards, support for Universal Credit, repairs satisfaction and repairs timescales and monitoring.

Our extensive menu of involvement activities has seen 584 involved customers helping to shape services. We increased our online involvement opportunities this year to include software testing, community conversation blogs and online engagement communities.

Customer satisfaction with services ended the year at 83.2%. This is slightly below where we would like to be and we are already working to improve this. The approach to customer satisfaction has previously differed between Fortis Living and Waterloo, with annual STAR surveys and monthly outbound contacts being made respectively. Some inconsistencies therefore were evident in the year, as illustrated by Overall satisfaction with the service provided. Work has now been completed to harmonise the approach for 2019/20, with monthly customer satisfaction surveys being conducted.

The future is digital! Last year we actioned 73,236 digital contacts alongside 312,648 phone calls.

Property compliance

The Group operates a '3-star' service contract for all gas and fuel burning appliances. Properties with a valid gas safety certificate failed to reach the target of 100% at year-end predominantly caused by properties for which access could not be gained to service gas components, but legal action is under way to access these properties. Work is progressing to align Fortis Living and Waterloo processes and the automation of data should enable a more dynamic and effective servicing response.

Across the Group 1,175 Fire Risk Assessments are in place and up to date.

Culture and employees

Staff satisfaction has been within tolerance for the year, only failing to meet target by 1.3%. During 2019/20 satisfaction will be gauged on a quarterly basis to inform the work to develop the culture, values and behaviours of the new Group. Staff turnover rate and average number of days lost to sickness were both within target at the year-end point.

Community

As part of our commitment to making a positive difference in our local communities, we provided welfare benefits, home energy, employment and debt/budgeting advice to customers which yielded a Housing Associations' Charitable Trust (HACT) social value figure of £4,587,481.

Over the past 12 months, we have awarded £106,802 for environmental projects, scheme improvements and external funding and sponsorship. This has enabled some fantastic community projects to come to fruition.

Finance Review

Statement of Comprehensive Income (page 31)

Despite the impact on existing rents of the 1% rent reduction imposed on the sector, rent from new development has resulted in a net improvement in turnover in social housing lettings, which contribute £209.3m. A further £30.2m derived from Shared Ownership first tranche sales, £6.5m from external turnover in Fortis Property Care and £27.6m from a number of other activities, take the total turnover to £273.6m, an improvement of 12.4%.

The underlying operating performance continues to be strong with an Operating Surplus of £109.2m, and net surplus of £66.9m. This surplus will be reinvested in new and existing housing stock.

The Group's turnover and operating surplus by social housing activity is shown below.

	2019	2018	2019	2018	2019
	Turnover £m		Surplus £m		Margin
General Needs Housing	172.6	168.2	79.8	85.1	46.3%
Supported Housing	21.1	20.3	4.5	5.0	21.1%
Shared Ownership	15.6	14.2	10.4	9.3	66.5%
Social Housing	**209.3**	**202.8**	**94.7**	**99.4**	**45.2%**
Other Activities	34.1	17.6	(0.6)	-	(1.6%)
Shared Ownership Sales	30.2	23.1	8.8	5.0	29.1%
Total	**273.6**	**243.5**	**102.9**	**104.5**	**37.6%**
Gain on disposals			6.3	8.0	
Total	**273.6**	**243.5**	**109.2**	**112.5**	**39.9%**

The overall social housing margin was **45.2%** for the year, operating margin net of other fixed asset sales was **37.6%** and including sales was **39.9%**, which is an excellent result for the Group and demonstrates that the core financial performance is complemented by, but not dependent on, property sales. Further analysis of social housing operating costs is shown on page 16 in the Cost per Unit section and in the notes to the accounts.

Fortis Property Care Limited, whose results are consolidated within the Group, produced a strong financial performance in the year and made a gift aid contribution of £0.8m to Fortis Living Limited. Other Activities includes £7m external turnover of FPC, £6m of which is transacted at cost as part of the Cost Sharing Group turnover.

Interest and financing costs have increased in comparison to the prior year due to additional debt raised in support of the expanding development programme.

Year-end revaluation of pension assets and liabilities resulted in a charge of £14.8m which is reflected in a movement in the pension provision in the Statement of Financial Position.

Going Concern

After making all appropriate enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operation for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the Group's financial statements.

Finance Review (continued)

Statement of Financial Position (page 32)

The Statement of Financial Position demonstrates the strength and capacity of the Group to continue to deliver its strategic objectives.

New development can be seen in the movement in the net book value of housing assets from £2,172m to £2,319m. The Board remains committed to delivering the Strategic Plan, particularly the target to add up to 2,000 new homes per year against which we achieved 1,598 completions. The year-end balance includes £119m relating to properties that are already on site and will contribute to future completed home targets.

Other fixed assets have increased from £45m to £54m, whilst properties held for sale have increased from £25m to £29m. Cash has increased from £76m to £153m due to new facilities raised and drawn in the year. Short term debtors have increased by £5m whilst short term creditors have decreased by £10m due to a reduction in short term loans.

New facilities arranged in the year, together with some matched cancellation of existing facilities resulted in a net increase in long term debt of £170m, the most significant item in the £180m movement in long term creditors.

Pensions provision has increased by £20.6m due to recognition of SHPS deficits on the balance sheet and year end revaluations of all schemes.

The estimated value of the Group's stock when valued for loan security amounted to £2,375m at the year end.

Movement in the reserves balances is further explained in the Statement of Changes in Reserves (page 33), which shows how the net surplus for the year of £66.9m has been recorded.

There is a movement of £0.4m between the Income and Expenditure Reserve and the Revaluation Reserve resulting from Right to Buy sales and Shared Ownership Staircasing.

Statement of Cash Flows (page 34)

This statement shows the flow of cash in and out of the business and shows that the cash inflow generated from operating activities of £125m provides cash cover 2.6 times over the cash interest payable of £48m. The £77m free cash generated continues to be used to fund development and reduce the requirement to draw further debt.

Investment in new and existing housing assets of £189m was funded by sales of £15m, grant of £13m, free cash of £77m and debt of £84m.

Net new funding of £160m was used to fund investment, leaving an increase in cash of £76m.

Events after Year-End

No events after the year end have occurred which would have a material impact on the financial statements.

Business Health: Trend Analysis

The Group's results over the last five years:

	2019	2018	2017	2016	2015
	£m	£m	£m	£m	£m
Turnover	273.6	243.5	230.8	199.4	189.7
Operating Surplus	109.2	112.4	103.1	87.9	79.9
Net Surplus	66.9	73.5	79.9	55.9	48.8
Operating Margin	39.9%	46.2%	44.7%	44.1%	42.1%
Net margin	24.4%	30.2%	34.6%	28.1%	25.7%
Housing & other net assets	2,493.8	2,240.2	2,127.3	1,808.2	1,399.7
Creditors after more than one year	(1,579.8)	(1,398.9)	(1,360.3)	(1,125.2)	(777.0)
Pension Provision	(65.9)	(45.3)	(53.4)	(41.4)	(45.0)
Other Provisions	(0.1)	(0.2)	(0.2)	(0.2)	(0.2)
Net Assets	848.0	795.8	713.5	641.5	577.6
Income & Expenditure Reserve	626.6	574.1	491.2	423.2	358.0
Revaluation Reserve	221.4	221.8	222.3	218.3	219.6
Total Reserves	848.0	795.8	713.5	641.5	577.6
Return on Net Assets	12.9%	14.1%	14.5%	13.7%	13.8%

The following table highlights the Group's performance for a number of financial indicators, benchmarked against the 2018 Global Accounts for the sector using a sample of associations with stock holding of over 20,000 homes. The total sample size for comparison is 39 organisations including both LSVTs and traditional HAs. The sample was chosen to benchmark with larger organisations and to ensure that the sample was sufficiently large to enable a balanced comparison.

Key Financial Ratios:	Benchmark	2018/19	2017/18	2016/17	2015/16
Operating Margin*	28.0%	37.6%	42.9%	42.8%	44.1%
EBITDA Interest Cover	2.4	2.8	3.1	3.1	3.1
EBITDA (MRI) Interest Cover*	1.9	2.4	2.7	2.8	2.9
Cost of funds	4.3%	4.0%	4.1%	4.1%	4.2%
Gearing Ratio*	45.9%	43.5%	42.6%	43.3%	39.2%
Return on Capital Employed*	4.3%	4.4%	5.0%	4.8%	5.2%
Void Rent Loss/Turnover	1.3%	1.3%	1.1%	1.2%	1.4%
Bad Debts/Turnover	0.8%	0.8%	0.8%	0.4%	1.0%

* Calculated in accordance with Sector Scorecard/VFM metrics methodology.

Business Health: Ratio Analysis

Operating margin has reduced slightly to **39.9%**, but excluding the surplus made on the sale of housing fixed assets and disposal of investment properties, this reduces further to **37.6%**. Producing margins at these levels is a good outcome, particularly when considering the compounding effect of four years of 1% cuts to social housing rental income imposed on the sector by the Government.

Core operating margin on social housing activities remains strong at **45.2%**, but shared ownership first tranche sales only generate a margin of **29.1%**. As the proportion of shared ownership sales increases there will be a positive impact on operating surplus and cash flow, but the net operating margin will reduce due to the contribution of the lower relative margin.

Interest cover ratios have deteriorated slightly since last year due to increased debt costs, but cost of funds, which is calculated on drawn funds, has improved. All are favourable in comparison to benchmark. The Group has taken advantage of the current low interest rate environment to secure facilities at attractive rates, and the cost of funds will improve as variable rate facilities are drawn.

The Group has invested in the development of new social housing in the year, developing 1,598 new properties for rent and sale as mentioned above. To support this there has been a net increase in debt of £160m. This has resulted in an increase in gearing in the year, but this indicator remains very favourable to benchmark and loan covenant thresholds.

Return on capital employed (ROCE) of 4.4% has reduced against the prior year figure of 5.0% but is above the benchmark figure of 4.3%. ROCE is calculated as operating surplus divided by net assets. As seen in the analysis above, surplus is at a similar level to the prior year but the asset base has increased with the addition of newly developed units. A full year of income has yet to be experienced on properties completed during the year, on which the full capital cost has been added to assets.

The Group's operating margins are amongst the best in the sector and considerably higher than benchmark. Despite the introduction of FRS 102, there is still not a standard methodology for the presentation of asset value in statutory accounts with historical differences between valuation and historical cost bases having been embedded in the transition to FRS 102.

Void levels are slightly higher than prior years' performance but are in line with the benchmark. Resources have been deployed to improve void performance and the number of empty properties at the year end was only 162.

Bad debts have increased in the year but year end current tenant rent arrears at 2.6% compare well against the benchmark. Staffing has been increased to help support the Group's tenants manage the challenge of Universal Credit.

Loan Covenants

Covenants are calculated at subsidiary level (Fortis Living and Waterloo) and continue to maintain significant headroom. There are two corporate based covenants, interest cover and gearing. In addition a minimum asset cover is required on each individual facility. Each lender determines how the loan covenant should be calculated and the Group always monitors compliance against the most stringent covenants. The business plan is very resilient to these covenants with a significant degree of headroom now and throughout the life of the plan.

Year-end corporate covenant performance	Covenant	Actual	Met
1. **Interest Cover:** To demonstrate by how much net interest costs are covered by operational surplus	1.1	3.3	Yes
2. **Gearing:** To show the ratio of debt to the value of housing properties	65%	37%	Yes

Interest Cover

Both the sector scorecard and the VFM metrics use a more prudent definition of interest cover that excludes surplus on sales, which is included in the corporate covenant. The cover of 3.3 in comparison to a minimum requirement of 1.1 shows that the Group has a high level of cover and has capacity to borrow more in support of its future forecast capital expenditure. In addition to the interest cover calculation above, the Group has also calculated its EBITDA-MRI interest cover as defined by the Sector Scorecard. This alternative measure shows cover of 2.4, which is consistent with the prior year figure of 2.7 and the increased cost of finance.

Gearing

The maximum amount of debt that the Group can borrow is limited by the gearing covenants shown above. The gearing measure is included in the Sector Scorecard and has been used previously to benchmark our efficiency.

Gearing has increased in the year as a result of movements in net debt and the balance sheet value of housing properties, increasing the ratio to 43.5%.

Capacity

As mentioned above the Group has stock with an estimated value of £2,375m on a loan security basis, leaving a healthy amount of headroom above the existing facilities of £1,401m. This would indicate that the capacity is slightly better than the net book value of housing properties of £2,319m would suggest. The business plan models the utilisation of this uncharged asset base going forwards, as more units are charged to raise debt in support of further development and this new development adds to the asset base. The plan shows that the Group maintains sufficient uncharged assets to support its strategic development objectives, but also to provide further security to existing borrowing should there be any unforeseen deterioration in the asset values.

Finance Review (continued)

Treasury Management

The Treasury Management Policy and Strategy are reviewed annually and approved by the Board. Treasury activities are also supported by independent professional advice from Centrus Treasury Advisors. The Group maintains a risk-aware approach to its loan portfolio and seeks to ensure that sufficient liquidity is available to meet foreseeable needs whilst minimising interest on borrowings.

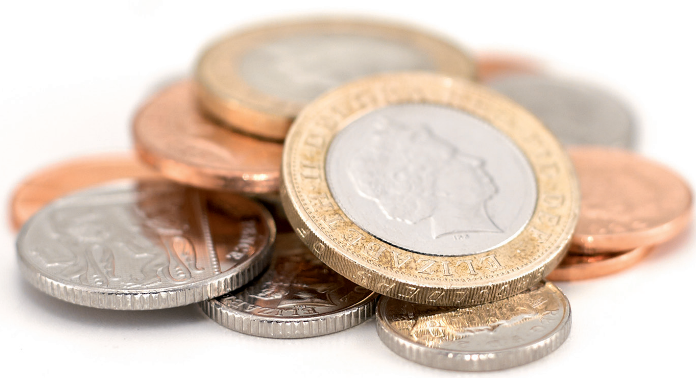
Liquidity

Current cash and facilities provide a high level of liquidity. Facilities of £1,401m are available, providing £239m headroom over the year end debt position of £1,162m. When added to unrestricted cash balances of £153m this provides total liquidity of £392m. The Group has a policy to maintain a minimum liquidity balance that covers 18 months of committed cash flows.

Loan Facilities	Facility	Drawn	Available	Fixed	Variable
	£M	£M	£M	£M	£M
Bond Finance					
Waterloo	190	190	-	190	-
Fortis	153	153	-	153	-
	343	**343**	**0**	**343**	**0**
Bank Finance					
Waterloo	735	596	139	432	303
Fortis	323	135	100	198	125
	1058	**731**	**239**	**630**	**428**
Total Facilities	**1,401**	**1,162**	**239**	**973**	**428**
Funding mix				**69%**	**31%**

The global 'all-in' effective interest rate including margins, offset of premium, arrangement and other fees is 4.16%.

The business plan has been subject to rigorous stress testing to ensure that the business remains resilient to future challenges. The Board has also discussed and agreed a number of mitigation strategies that can be enacted if required.



Effective Asset Management

The following table highlights the level of investment in existing and new stock.

KPI:	Benchmark	2018/19	2017/18	2016/17	2015/16
Major Works Revenue £M	5.3	12.4	8.8	9.3	7.9
Major Works Capitalised £M	24.4	14.9	13.8	9.6	8.9
Total Investment £M	29.7	27.3	22.6	18.9	16.8
New Homes completed	541	1,598	1,354	1,554	946
New Homes Investment £M	104	201	182	182	130
Reinvestment*	6.8%	9.4%	9.0%	9.4%	8.1%

* Sector Scorecard measure

The investment in existing homes represents larger items of expenditure on replacing key structural components such as kitchens and bathrooms. This is in addition to the routine and planned expenditure of £32.1m, which takes total maintenance expenditure to £59.4m.

The indicators show the Group is committed to investing in both existing stock and in the provision of new homes. This is demonstrated by the reinvestment rate of 9.4% (a Sector Scorecard measure), which is higher than the benchmark sample (as a percentage of total housing properties at cost, shown in Note 11). The Group has reviewed the useful life expectations for key housing components and has standardised these across the Group. Work is currently ongoing to review and update stock condition data and component costs and the results of this exercise will be reflected in planning future work programmes and in updating the long term business plan. This work will also assist in the Group objective of internalising maintenance activity where it can be demonstrated that efficiencies can be made.

The Group completed 1,598 new homes in the year, including 149 homes that were delivered to Local Authority and Housing Association partners. The net figure of 1,449 is almost exactly on the target for the year of 1,450 homes. The business partners that benefited from this programme were as follows:

Sold to others	Affordable Rent	Shared Ownership
Warwickshire Rural HA, Wootton	12	2
Lincoln City Council, Ingelby	74	
Lincoln City Council, Lytton	7	
Lincoln City Council, Moorland	46	
Tamworth BC, Dosthill	8	
Total	**147**	**2**

The number of new units completed as a percentage of total units (a Sector Scorecard measure) was 3.6%, significantly greater than the benchmark values shown in the VFM metrics table on page 17, and a further improvement on the 3.0% delivered in the previous year.

Efficiency: Social Housing Cost per Unit (SHCPU)

The benchmarks are again taken from the sector global accounts 2017/18 with a sample comprising associations with more than 20,000 homes, and using the average values for comparison.

	Benchmark	Platform Housing Group				
	2017/18	2017/18	2018/19	2019/20	2020/21	2021/22
	Benchmark					
	Actual	Actual	Actual	Budget	Plan	Plan
	£	£	£	£	£	£
Total social	3,882	2,210	2,361	2,427	2,454	2,472
Management	1,015	461	506	518	525	520
Service charge	556	367	370	384	390	399
Maintenance	982	731	755	768	764	763
Major repairs	808	552	640	654	673	688
Other social	520	99	90	104	103	102
Specialist units:						
Supported Housing	7.5%	0.6%	0.6%	0.8%	0.8%	0.8%
Housing for Older People	9.6%	7.2%	6.9%	6.8%	6.5%	6.3%
Total Social Units Managed*	37,486	40,948	42,566	44,183	45,780	47,474

* The calculations above are based on units in management. The VFM KPI on page 17 has been calculated in line with the VFM technical guidance note and uses a total of units owned and/or managed (42,759), producing a social housing cost per unit of £2,351.

The Group outperforms the benchmark in each category producing a total SHCPU of £2,361 for the year. In comparison to the prior year, SHCPU has increased by only £151 and the budget and business plan outputs show that SHCPU is forecast to increase moderately in the following three years.

The RSH has identified that one of the drivers for lower CPUs across the sector is the percentage of supported and housing for older people stock. This could partly explain why the Group outperforms the benchmark average, as only 7.5% of the Group's total units were of this type, which is considerably lower than the benchmark of 17.1%, with a very low proportion of supported accommodation.

The Group also owns and manages nearly 5,000 shared ownership homes (11.6% of the total social units) where management costs are less than General Needs rented homes, and where maintenance costs are the responsibility of the shared owner.

The Group is currently reviewing and updating stock condition data across all of its homes and will be updating its asset investment assumptions during 2019/20 and any increase in requirement will factor into future business plan reviews and could impact on the cost forecasts shown above.

Value for Money (VFM)

Value for Money at Platform Housing Group

The Group has reviewed and updated the Value for Money strategy to ensure that it remains fit for purpose and continues to underpin the current Strategic Plan. Achieving VFM in all that we do is an essential part of achieving our fundamental charitable objective of providing affordable housing.

The Group Board recognise their responsibility for meeting the requirements of the RSH's Value for Money standard and in particular, to take a strategic approach in managing the performance of the Group's assets and the utilisation of the Group's resources. Once again the Group has met its targets to generate an increased surplus, invest in more new homes, and maintain customer satisfaction with homes and services, demonstrating the efficiency and effectiveness of the business.

Costs and performance continue to be benchmarked against relevant external sources making use of tools provided by Housemark and the Housing Quality Network (HQN) and by referencing data published by the RSH, such as the global accounts and cost per unit reports. Benchmarks have been selected to compare data with a sample of similar organisations in terms of size and activity.

Targets are set for improved financial and operational performance through the annual budget and business plan and a standard set of performance indicators. Board members review performance on a quarterly basis and revise the targets on an annual basis.

VFM Metrics

In addition to references throughout the analysis above to the Sector Scorecard (a portfolio of standard indicators agreed across the sector to define and explain performance on an annual basis), the Value for Money Standard set by the Regulator of Social Housing sets out the expectation for a similar set of metrics to be included in the statutory accounts and these are shown below.

The detailed financial analysis elsewhere in this strategic report set out the context for the metrics below and has included comparisons with benchmarks and trends. This section is included to ensure compliance with the revised Standard and to confirm to users of the accounts that the regulatory requirement has been met. Also included is some further benchmarking data which compares the Group results to the Upper Quartile results for the sector, firstly against the whole global accounts sample, and, secondly, against the benchmark group of organisations with more than 20,000 homes. Both samples are taken from the sector global accounts 2017/18 published by the RSH.

		Metric	2017/18 Global UQ	2017/18 Benchmark UQ	2017/18 Actual	2018/19 Actual
1		**Reinvestment**	8.7%	6.7%	9.0%	9.4%
2	a	**New Supply SH**	2.3%	2.0%	3.0%	3.6%
	b	**New Supply Non SH**	0.1%	0.5%	0.0%	0.0%
3		**Gearing**	33.1%	35.2%	42.6%	43.5%
4		**EBITDA MRI**	263%	244%	274%	239%
5		**Headline Social Housing Cost per Unit**	3,010	3,073	2,210	2,351
6	a	**Operating Margin – SH**	37%	40%	49.0%	45.2%
	b	**Operating Margin - Overall**	34%	32%	42.9%	37.6%
7		**Return on Capital Employed (ROCE)**	5.4%	4.3%	5.0%	4.4%

Value for Money (VFM) (continued)

Value for Money Achievements 2018/19

The strong performance reported on the previous page, and in the financial statements, shows consistency with the prior year. Group performance when compared to the benchmark group, is significantly better on all metrics. The only exception is in the development of non-social units, which the Group has no intention of developing. The Group is firmly committed to the development of affordable homes and has a sector leading record on the supply of new homes at social rents.

The Group has a clear idea of the capacity available for future investment, as demonstrated by gearing, interest cover and operating margins, and has an excellent track record of investment in both new supply and in the improvement of existing assets.

As well as showing a commitment to new investment, the Group's efficiency is clearly demonstrated by its strong margins and low unit costs.

VFM highlights for the year are listed below:

- Achieving an operating margin of 37.6% which was boosted to 39.9% by £6m surplus on disposals of non-core stock.
- Achieving an excellent social housing operating margin of 45.2%;
- Achieving a net surplus of £66.9 million, through business growth, effective asset management and tight cost control, and despite a reduction of 1% in ongoing rental income;
- Reinvesting free cash surpluses to deliver 1,598 new homes across a range of types and tenures, representing growth of 3.6%;
- Managing operating costs whilst growing stock, delivering acceptable growth in management cost per unit;
- Achieving overall customer satisfaction of 83.2%;
- Maintaining staff satisfaction at 74.7%;
- Investing £27.3 million in major works to our existing housing stock;
- Maintaining a realistic level of reinvesting surpluses in both development and existing assets;
- Managing void losses at 1.1%, achieved a year end occupancy figure of 99.6% (Sector Scorecard measure),
- Achieving a year end position on current tenant rent arrears of 2.6%;
- Over £4.5 million of social gains for tenants through employment support, benefits, energy and debt advice (determined with standard HACT social value measures relating to these activities);
- Achieving a social housing cost per unit of £2,351 for the year (Sector Scorecard measure);
- Successfully completing the formation of Platform Housing Group whilst maintaining existing levels of service to customers.

Value for Money (VFM) (continued)

Social Value

The Debt Prevention Team provides a holistic approach to some of our most vulnerable tenants, allowing them to cross-refer across a range of services including energy advice, benefits advice, employment support, welfare reform and debt advice. Over the last twelve months their interventions and results are as shown below:

	2018/19	2017/18
ENERGY ADVICE: Warm home discounts and grants	£76,765	£70,495
WELFARE BENEFITS ADVICE: Benefits awarded	£1,966,051	£2,273,761
EMPLOYMENT SUPPORT: Job Outcomes	58	77
EMPLOYMENT SUPPORT: Job Club visits	1,173	941
DEBT ADVICE: Tenants Supported	187	150

The Group participates in the **Experian Rental Exchange** initiative, which aims to tackle the financial, digital and social exclusion challenges that rental tenants often face compared to homeowners. By using rental payment data in the same way as mortgage payment data, rent payment history can count towards an individual's credit history and improve their credit score, thus allowing access to more affordable financial products.

By using the HACT Wellbeing Valuation methodology to improve reporting and clarify the purpose of interventions, the team has been able to assign a Social Value to a number of our activities:

Service	HACT Social Value 2019 (£)	HACT Social Value 2018 (£)
Energy Advice	3,562,906	3,118,918
Benefit Advice	542,157	559,274
Employment Support	455,190	336,140
Debt Advice	27,228	44,852
Total	**4,587,481**	**4,059,184**

These results are one of a variety of tools used to measure the value of each service. The values quoted are a perceived social value created on top of the actual financial gains and activity based outcomes reported above.

The total investment in the team is c£200k, net of £50k grant received, which may only amount to a penny in every pound of operating surplus, but this investment in community activities generates a Social Return on Investment (using the HACT Wellbeing Valuation) of £4m, a Social Return of £20 for each £1 invested.

The Group also participates in a lottery funded **Building Better Opportunities** programme, which manages caseloads of 'hard to help tenants' to address significant issues holding them back from work such as criminal records, substance abuse issues or health issues. Desired outcomes include moving into training and seeking or obtaining employment.

Value for Money (VFM) (continued)

Future VFM Priorities

The Board has agreed a set of high level performance indicators and set targets for each indicator. Performance against these indicators is closely monitored and achievement of these targets represents a contribution to value added by the business. One of the highest priority items is to increase the target for new homes completions to 1,640 for 2019/20.

A central project management team has been established to assist and manage the delivery of key projects across the Group, some of which are mentioned in the priority list below.

VFM initiatives over the next 12 months include:

- Deliver against all strategic KPIs;
- Extend the mobile working solution for the in house Property Care teams across the Group;
- Review external maintenance expenditure and insource work programmes to the in house Property Care business;
- Extend the mobile working solution for Housing Management teams across the Group;
- Continue to source low cost funding by considering:
    - Funding through an own named bond,
    - Further funding through the bLEND aggregator,
    - Funding through another round of Affordable Housing Finance underwritten by the government;
    - Review of the Private Placement market
- Deliver against the merger business case planned efficiencies by setting a 1% per annum savings target on all operating budgets;
- Continue to integrate teams across the Group;
- Continue to harmonise working practices across the Group;
- Continue to integrate key ICT applications across the Group;
- Further strengthen our performance management with the introduction of more use of Business intelligence solutions.

Overall VFM assessment

The information provided in this strategic report demonstrates that Platform Housing Group complies with the Regulator's VFM standard.

We have:

- VFM embedded in our strategic plan;
- Robust decision making on the use of resources;
- An understanding of the costs and outcomes of delivering our services; and
- Commentary included within the financial statements against elements of the revised Value for Money Standard

The added value that we achieve is used to improve services and support the delivery of more sustainable homes for our communities.

Risk Management

Risks that prevent the Group achieving its objectives are considered and reviewed regularly by the Management Team and the Board as part of the corporate planning process. The risks are assessed in terms of their impact and probability. The top strategic risks going forward are considered below:-

Business Area	Risk	Mitigation Strategies
Growth	Failure to deliver new homes target or to deliver homes funded by grant	Effective business planning with an approved envelope of expenditure. Work closely with developers in relation to potential opportunities. Scheme identification, appraisal and monitoring. Retention of key development teams.
Income Management	Less predictable income, Welfare Reform leads to reduced income.	Review of all rent collection processes and teams. Business Plan includes sensitivities to anticipate potential increase in arrears and bad debts. Increased resource deployed to assist customers moving to Universal Credit.
Business Continuity and Data Loss	Risk of failure by accident, inappropriate use or malicious activity	Resilience through business continuity and disaster recovery plans coupled with regular training and communication on data issues.
H&S: Housing assets and staff	Failure to comply with health and safety obligations as a landlord and employer.	Health and Safety policies and procedures are in place, risk assessments are carried out effectively, staff are trained in H&S risk, backed up by a funded asset management strategy.
Legal/ reputational	Failure to maintain compliance with legal and regulatory framework.	Increased focus on property compliance reporting internally which overlaps with customer health and safety compliance.
Economic Uncertainty	Failure to effectively monitor, anticipate and respond to changes in the external environment.	Managers across the organisation have well-developed systems in place to keep them abreast of the impact of external changes affecting their areas of responsibility. High level economic risk is modelled in business plan stress tests.
Governance	Board has appropriate skills to meet new Regulatory requirements during Board renewal.	Board appraisals and performance reviews are carried out annually. Robust succession, recruitment, induction and training of new Board members. Succession Plan.
Customers	Failure to consider the customer voice, or deliver effective services	New customer experience strategy and review of the Group's promises to customers will be undertaken during 2019/20.
Merger	Failure to deliver expected benefits.	Close performance monitoring has ensured that "business as usual" performance has been maintained but the focus will now be on delivering merger efficiencies.

Risk Management (continued)

A new Group wide Risk and Performance Group consisting of senior managers ensures that operational risks are reviewed regularly and monitored. Responsibility for individual risk management is firmly embedded through the roles and responsibilities of the relevant Risk Managers who each take responsibility for the control environment within their functions.

Further assurance of the adequacy of the Group risk maps has been provided by Internal Auditors who attend each meeting of the Group Audit & Risk Committee and who provide an annual report on risk and controls assurance.

Welfare Reform and its impact on income is high on our current risk register and rent collection processes have again been improved as the previous separate teams have been combined. The focus on increasing the number of tenants who pay rent by direct debit has been continued and the reduction of 1% per annum on rents for the four years 2016/2020 has been accommodated in the business plan. This rent loss is partly mitigated by a strong development programme generating regular new income.

The rent loss through voids continues to be a key efficiency target and longer term asset management decisions may need to be made on some of these sheltered housing schemes with high void levels. One scheme is currently undergoing demolition and re-provision and a number of others are undergoing improvement work to maximise their potential.

In order to test and manage financial risks, the Group has analysed a variety of sensitivity tests against the business plan including; rent inflation, cost inflation, voids/bad debts, interest rates, sales margins and development volumes.

The business plan is subject to a number of stress tests, each of which represents a combination of risks from the risk register, to determine whether they would cause 'significant financial distress' under the Regulator's Governance and Financial Viability Standard. The stresses are chosen to represent a range of extreme variations in the operating environment. A 'Perfect Storm' scenario is also analysed which combines all of the individual tests.

A series of mitigating activities has also been tested for their impact against the stress tests, but the most significant variable is the Group's development programme. Mitigation actions can include changing the mix within the development programme and/or reducing the number of homes to be delivered.

Emerging Risk

Following a due diligence process, the Platform Housing Group merger was completed successfully but there are still risks attached to any failure to deliver against the objectives in the merger business case. The Board will ensure that performance is maintained during the integration process and that the benefits of the new partnership are delivered.

The Board has noted the continued uncertainty created by Brexit and will monitor closely any potential impacts on the sector as a result of the recent change in Prime Minister, and the impact of any Brexit strategy.

In accordance with the new Group Risk Management Policy approved by Boards in March 2019, all reports to Boards include a context specific 'risk assessment' with commentary signposted to the relevant section(s) of the Corporate Risk and Assurance Framework.

Corporate Governance

The Group is governed by a Common Board across Platform Housing Group Limited, Fortis Living Limited and Waterloo Housing Group Limited. Board Terms of Reference are reviewed annually for the Board and its committees.

The Board Membership comprises former members of the Fortis Living Group and Waterloo Housing Group Boards, all of whom were appointed on 1st October 2018. On formation of Platform Housing Group a number of Board Members from the former Groups retired during September 2018:

Fortis Living Group	
Fiona Penhallurick	30/09/2018
Aaron John	30/09/2018
Stuart Allen	30/09/2018

Waterloo Housing Group	
Janet Ford	18/09/2018
Joanne Broderick	18/09/2018

Board Members are non-executive and are Directors for legal purposes. They are drawn from a wide background, bringing together professional, commercial and local experience, and are remunerated for services performed for the Group. Insurance policies indemnify Board Members and Officers against liability when acting for the Group. The current Board was formed from the membership of the former Fortis Living and Waterloo Boards.

The Executive Directors act as executives within the authority delegated by the Board, and the remuneration of the Executive Directors is reviewed by the Board.

During and at the end of the 2018/19 financial year, none of the Group's directors had an interest in any material transaction in relation to the Group's business and none have an interest in any presently proposed material transactions.

Regulatory Compliance

The Regulatory Framework includes a requirement that all RPs remain compliant with the Governance and Financial Viability Standard, assess their compliance with the Standard at least once a year and certify compliance in their Financial Statements.

A detailed self-assessment against the Standard was considered by the Platform Housing Group Board in June 2019 and the Board approved Platform Housing's compliance with all areas of the Standard.

The Assets & Liabilities Register is constantly updated and is regularly reviewed as part of the Board Assurance Programme to confirm that the Register continues to meet the requirements of the Governance and Financial Viability Standard.

The Group considers that it has taken reasonable measures to assure itself that it meets the Standard.

Following its formation in October 2018, the Group received confirmation from the RSH that it had maintained its Regulatory Judgements, as follows:-

- **Governance G1** - The provider meets the requirements on governance as set out in the Governance and Financial Viability Standard.
- **Viability V1** - The provider meets the requirements on viability set out in the Governance and Financial Viability Standard and has the capacity to mitigate its exposures effectively.

Code of Governance

The Regulatory Framework makes it clear that responsibility for meeting the regulatory standards lies with the Board and that the Board is under an obligation to adopt and comply with a recognised Governance Code.

The Board has adopted, and complies with the principal recommendations of, both the NHF Code of Governance (2015) and Code of Conduct in all material respects except that the terms of office for two Board Members have been extended for a short period until the AGM in September 2019 in order to maintain the continuity of key skills during the initial stages of merger. Recruitment of new Board Members is in progress and there is a planned programme for board renewal. The Board has also adopted the NHF Voluntary Code for housing association mergers, group structures and partnerships.

The Board has three standing committees in operation.

The Group Audit & Risk Committee's role is to oversee the work of the internal and external auditors and to monitor the Group's arrangements for internal control, risk management and assurance. The Committee meets at least four times per year and is responsible for the review of the annual financial statements for all Group companies prior to consideration and approval by the Boards.

The Remuneration Committee's responsibilities include appointment and remuneration of the Board, the Group Chief Executive and Group Executive Team.

The Treasury Committee is responsible for key treasury decisions in between Board Meetings, as delegated by the Board.

We are committed to customer engagement and scrutiny of our services and have recently reviewed our customer engagement model to ensure that there are even more ways for customers to share their views and feedback with us and get involved in ways that suit them.

Customer feedback is used in policy development and was specifically used for the review of our Complaints, Keeping Pets and Animals, Leasehold, Diversity and Inclusion, Arrears Recovery, Antisocial Behaviour and Hate Crime policies.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety and detailed policies have been prepared. These are reviewed annually and staff training and education on health and safety matters is regularly provided. The Group seeks to ensure, as far as is reasonably possible, the health, safety and welfare of all employees.

Internal Control Statement

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable, but not absolute, assurance that planned business objectives and expected outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with good practice.

The Group Audit & Risk Committee is responsible for monitoring the risk management and internal control processes and reports to the Group Board on the efficacy of the process.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and Evaluation of Key Risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. An internal Risk Management Review Group regularly considers and delivers reports on significant risks facing the Group and the Board receives regular reports on changes affecting key risks.

Environment and Control Procedures

The Board retains responsibility for a defined range of issues covering strategic, financial and compliance issues including treasury management and new investment projects. There are governance arrangements in place, including policies and procedures, which cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, and fraud prevention and detection.

Information and Financial Reporting Systems

Financial reporting procedures include detailed annual budgets, detailed management accounts including forecasts for the year, and detailed treasury reports. These are reviewed in detail by the Group Executive Team and considered and approved by the Board each quarter. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Internal Control Statement (continued)

Business Planning, Budgeting and Reporting

The Platform Housing Group Strategic Plan for the period 2018-23, which was approved by the Board in October 2018, sets out clear targets for the Group. This is supported by a 30- year financial plan which is updated at least twice each year. Economic assumptions are approved by the Board and are subject to sensitivity testing. The plan is then subjected to comprehensive stress tests that are linked to the Group's risk register. The Board has also considered mitigation strategies to deal with the materialisation of any stress factors.

Monitoring and Corrective Action

The internal control framework and risk management process is subject to regular review and is supported by internal and external auditors who are responsible for providing independent assurance to the Group Executive Team and Group Audit & Risk Committee and Board Members respectively. There is a formal process for the reporting and correction of significant control weaknesses. The Group Audit & Risk Committee considers internal control, risk and fraud at each of its meetings during the year.

The Group Audit & Risk Committee conducts an annual review and produces an annual report for the Board of the effectiveness of the system of internal control and considers any changes needed to maintain the effectiveness of the risk management and control process. The Board has received this report and confirms that there is a robust and on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Statement of the Responsibilities of the Board for the Financial Statements

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice 2018: "Accounting by registered social housing providers".

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Income and Expenditure for the period of account. In preparing these financial statements, the Board is required to:

1. Select suitable accounting policies and then apply them consistently,
2. Make judgements and estimates that are reasonable and prudent,
3. State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
4. Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It has general responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities, by establishing and maintaining a satisfactory system of control over the Group's accounting records, cash holdings, receipts and remittances.

Disclosure of Information to Auditors

The Board Members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware and each Board Member has taken all the steps that they ought to have taken as a board member to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

External Auditors

A resolution to reappoint Beever and Struthers, Chartered Accountants will be proposed at the Annual General Meeting.

Public Benefit Entity

As a Public Benefit Entity, The Group has applied the public benefit entity 'PBE' prefixed paragraphs of FRS 102.

Statement of Compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the 2018 Update of the SORP for Registered Social Housing Providers.

The Strategic Report of the Board was approved by the Board on 17 September 2019 and signed on its behalf by:

D W Sleath

DENNIS SLEATH (Chair)

Independent Auditor's Report to the Members of Platform Housing Group Limited

Opinion

We have audited the financial statements of Platform Housing Group Limited "the association" for the year ended 31 March 2019 which comprise the Consolidated and Association Statement of Comprehensive Income, the Consolidated and Association Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Consolidated Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Association's affairs as at 31 March 2019 and of its 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 Cooperative and Community Benefit Societies Act 2014, the Cooperative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the 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 to you in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board of Management's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board of Management 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.

Independent Auditor’s Report to the Members of Platform Housing Group Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor’s report thereon. The Board of Management is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information 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 in relation to which Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Report to the Members of Platform Housing Group Limited (continued)

Responsibilities of the Board of Management

As explained more fully in the Statement of Board's Responsibilities set out on page 27, the Board are 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 of Management 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 of Management 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 of Management either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at **http://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 association's members, as a body, in accordance with section 87 of the Cooperative 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.

Beever and Struthers

Beever and Struthers, Statutory Auditor

St George's House
215 /219 Chester Road
Manchester
M15 4JE

Date: 17. 9. 19

Statement of Comprehensive Income for the year ended 31 March 2019

		Group		Parent	
		2019	2018	**2019**	2018
	Note	**£000**	£000	**£000**	£000
Turnover	2&3	**273,573**	243,470	**10**	10
Operating Expenditure	2&3	**(127,917)**	(116,938)	**(5)**	(5)
Cost of Sales	2&3	**(42,766)**	(22,117)	**-**	-
Gain on disposal of property, plant and equipment	5	**6,286**	8,049	**-**	-
Loss on disposal of investment properties	13	**-**	(48)	**-**	-
Operating Surplus		**109,176**	112,416	**5**	5
Interest receivable	6	**1,098**	409	**-**	-
Interest payable and financing costs	6	**(43,496)**	(40,042)	**-**	-
Increase in valuation of investment properties	13	**95**	44	**-**	-
Gift Aid	29	**-**	-	**-**	-
Movement in fair value of financial instruments	30	**-**	375	**-**	-
Negative goodwill		**-**	270	**-**	-
Surplus before tax		**66,873**	73,472	**5**	5
Taxation	8	**-**	22	**-**	-
Surplus for the year after tax		**66,873**	73,494	**5**	5
Initial recognition of multi-employer pension scheme	24	**(4,372)**	-	**-**	-
Actuarial (loss) / gain in respect of pension schemes	24	**(10,412)**	8,875	**-**	-
Total comprehensive income for the year		**52,089**	82,369	**5**	5

The Group's results all relate to continuing activities.
The financial statements on pages 31 to 83 were approved and authorised for issue by the Board of Management on 17 September 2019 and were signed on its behalf by:

Dennis Sleath
Chair of the Board of Management

Philip Dearing
Chair of the Group Audit and Risk Committee

Andrew Bush
Secretary

The notes of pages 35 to 83 form an integral part of these accounts.

Statement of Financial Position at 31 March 2019 (continued)

	Note	Group 2019 £000	Group 2018 £000	Parent 2019 £000	Parent 2018 £000
Fixed assets					
Housing properties	11	**2,318,887**	2,171,956	**97**	98
Other tangible fixed assets	12	**18,855**	12,894	**-**	-
Investment properties	13	**16,800**	16,705	**-**	-
Homebuy loans receivable	14	**8,940**	9,623	**-**	-
Fixed asset investments	15	**9,498**	6,339	**-**	-
		2,372,980	2,217,517	**97**	98
Current assets					
Stocks: Housing properties for sale	16	**29,460**	24,601	**-**	-
Stocks: Other	16	**112**	55	**-**	-
Trade and other Debtors	17	**18,691**	13,753	**-**	-
Cash and cash equivalents		**152,799**	75,790	**-**	-
		201,062	114,199	**-**	-
Less: Creditors: amounts falling due within one year	18	**(80,239)**	(91,566)	**(4)**	(10)
Net current assets / (liabilities)		**120,823**	22,633	**(4)**	(10)
Total assets less current liabilities		**2,493,803**	2,240,150	**93**	88
Creditors: amounts falling due after more than one year	19	**(1,579,780)**	(1,398,875)	**-**	-
Provisions for liabilities					
Pension provision	23	**(65,908)**	(45,277)	**-**	-
Other provisions	24	**(100)**	(150)	**-**	-
Total net assets		**848,015**	795,848	**93**	88
Reserves					
Non-equity share capital	25	**-**	-	**-**	-
Income and expenditure reserve		**626,582**	574,076	**40**	35
Revaluation reserve		**221,433**	221,772	**53**	53
Total reserves		**848,015**	795,848	**93**	88

The financial statements on pages 31 to 83 were approved and authorised for issue by the Board of Management on 17 September 2019 and were signed on its behalf by:

Dennis Sleath
Chair of the Board of Management

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Andrew Bush
Secretary

The notes on pages 35 to 83 form an integral part of these accounts.

Consolidated Statement of Changes in Reserves

	Income and Expenditure Reserve	Property Revaluation Reserve	Investment Revaluation Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2017	**491,213**	**222,144**	**153**	**713,510**
Surplus for the year	73,494	-	-	73,494
Actuarial gain on pension scheme	8,875	-	-	8,875
Valuation in the year	-	-	(31)	(31)
Transfer between reserves	494	(494)	-	-
Balance at 31 March 2018	**574,076**	**221,650**	**122**	**795,848**
Surplus for the year	66,873	-	-	66,873
Initial recognition of defined pension	(4,372)	-	-	(4,372)
Actuarial (loss) / gain on pension scheme	(10,412)	-	-	(10,412)
Valuation in the year	-	-	78	78
Transfer between reserves	417	(417)	-	-
Balance at 31 March 2019	**626,582**	**221,233**	**200**	**848,015**

The notes on pages 35 to 83 form an integral part of these accounts.

Consolidated Statement of Cash Flows for the year ended 31 March 2019

	2019 £000	2018 £000
Net cash generated from operating activities (see note i below)	**124,876**	124,652
Cash flow from investing activities		
Purchase of tangible fixed assets	**(189,034)**	(174,393)
Proceeds from sales of tangible fixed assets	**15,234**	20,731
Grants received	**13,324**	24,241
Interest received	**1,098**	409
Pensions	**-**	(1,060)
Homebuy and Festival Property Purchase loans repaid	**683**	828
Investments	**(3,237)**	2,909
Cash flow from financing activities		
Interest paid	**(48,878)**	(41,630)
New secured loans	**242,427**	59,985
Repayment of borrowings	**(79,484)**	(18,497)
Net change in cash and cash equivalents	**77,009**	(1,825)
Cash and cash equivalents at the beginning of the year	**75,790**	77,615
Cash and cash equivalents at the end of the year	**152,799**	75,790
Note i		
Surplus for the year	**66,873**	73,472
Adjustments for non-cash items		
Depreciation of tangible fixed assets	**32,796**	30,752
Amortisation of grants	**(4,528)**	(4,403)
Impairment losses	**-**	90
Movement in properties and other assets in the course of sale	**(4,859)**	(15,111)
Increase in stock	**(57)**	-
(Increase) / decrease in trade and other debtors	**1,276**	(1,097)
(Decrease) / increase in trade and other creditors	**(3,849)**	4,492
Movement in LSE Funds	**-**	(1,391)
Increase / (decrease) in provisions	**790**	22
Pension costs less contributions payable	**-**	1,089
Carrying amount of tangible fixed asset disposals	**-**	9,587
Goodwill	**-**	(270)
Adjustments for investing or financing activities		
Proceeds from sale of tangible fixed assets	**(6,286)**	(11,160)
Interest payable	**43,496**	39,399
Interest receivable	**(1,098)**	(409)
Movement in fair value of financial instruments	**-**	(366)
Increase in valuation of investment properties	**322**	(44)
Net cash generated from operating activities	**124,876**	124,652

The notes on pages 35 to 83 form an integral part of these accounts.

Notes to the Financial Statements 2019

Legal Status

Platform Housing Group (the parent company) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD. On 1 October 2018 the Group merged with Waterloo Housing Group Limited.

Platform Housing Group (the Group, referred to as 'the Group') comprises the following entities:

Name	Incorporation	Registration
Platform Housing Group	Co-operative and Community Benefit Societies Act 2014	Registered
Fortis Living Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Waterloo Housing Group	Co-operative and Community Benefit Societies Act 2014	Registered
Fortis Property Care Limited	Companies Act 2006	Non-registered
ESHA (Developments) Limited	Companies Act 2006	Non-registered
Acclaim Housing Limited	Companies Act 2006	De-registered
Waterloo Homes Limited (Dormant)	Companies Act 2006	Non-registered
Spa Homes Limited (Dormant)	Companies Act 2006	Non-registered

During the year, Acclaim Housing Limited ceased to trade as it transferred all of its remaining assets and liabilities to Waterloo Housing Group Limited. The company was de-registered with the Regulator of Social Housing in the year and there is an active proposal to strike off the company with Companies House.

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP), the Statement of Recommended Practice for registered housing providers: Housing SORP 2018 Update and Financial Reporting Standard 102 ("FRS 102"). Platform Housing Group is a Public Benefit Entity under the requirements of FRS 102. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. Following the implementation of FRS 102, housing properties are stated at deemed cost at the date of transition and additions are record at cost. Investment properties are recorded at valuation. The accounts are presented in sterling and are rounded to the nearest £1,000.

As a Public Benefit Entity, The Group has applied the 'PBE' prefixed paragraphs of FRS 102.

1. Principal Accounting Policies (continued)

Parent company disclosure exemptions

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

Basis of consolidation

The consolidated financial statements incorporate the results of Platform Housing Group and all of its subsidiary undertakings as at 31 March 2019. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation.

The financial statements do not consolidate the results of Worcestershire Telecare or Central Housing Investment Consortium, as the Group has no direct rights to assets or surpluses of these companies and limited liability as regards debts or losses. Details of the arrangements can be found in note 29 to the Financial Statements.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns have been noted and it is considered appropriate to continue to prepare the financial statements on a going concern basis.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Categorisation of housing properties**. The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property and student accommodation are investment properties. Following the implementation of FRS 102 and the merger with Waterloo Housing Group, housing properties have been stated at a "deemed cost" at the date of transition based on the 2014 valuation or the date of the merger based on historic cost and additions are recorded at cost.

b. **Pension and other post-employment benefits**. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency

1. Principal Accounting Policies (continued)

with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 23.

The Group also participates in a defined contribution pension scheme, in respect of which the charge to the Statement of Comprehensive Income represents the total employer liability for service received from the relevant employees in the year.

c. **Development expenditure**. The Group capitalises development expenditure in accordance with the accounting policy described on page 43. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

d. **Impairment.** The Group has identified a 'cash generating unit' (CGU) for impairment assessment purposes at scheme level. From 1 April 2016 the Group reduced most social housing rents by one percent and will continue to do so each year until 2019/20 in accordance with the requirements of the Welfare Reform and Work Act 2016. Despite planned cost efficiency savings, compliance with the new rent regime has resulted in a loss of net income for certain social housing properties; this was considered a trigger for impairment and a full impairment review was undertaken in 2015/16.

Following a trigger for impairment, the Group perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar CGU's or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement costs is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Group as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rated used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

The Group has estimated the recoverable amount of its housing properties as follows:

a. Determined that the recoverable amount will be assessed at the CGU;

b. Estimated the recoverable amount of the CGU;

c. Calculated the carrying amount of the CGU; and

d. Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Triggers for impairment include material changes to Government policy or the regulatory regime deem to cause material detrimental impact to the recoverable amount of housing properties, significant negative movement to the Nationwide Housing Property Index and long term sustained falls in GDP. Other factors such as obsolescence, change in demand or contamination may also trigger impairment.

1. Principal Accounting Policies (continued)

Following an assessment of impairment, no impairment losses were identified in the reporting period.

e. **Financial Instruments.** The Group has adopted the recognition and measurement requirements of IAS 39 plus the disclosure requirements of FRS 102 sections 11 and 12 for all of its financial instruments.

Other key sources of estimation and assumptions

a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of investment properties.** The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine the value which was based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 13.

c. **Goodwill and intangible assets.** The Association establishes a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a variety of factors such as the expected use of the acquired business, the expected usual life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participant would consider in respect of similar businesses. Where, in exceptional circumstances, the useful life of goodwill cannot be determined, the life will not exceed 10 years.

d. **Impairment of non-financial assets.** A review for impairment indicators of housing properties is carried out annually and any impairment loss is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use.

e. **Impairment of Financial Assets.** Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately. The impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

1. Principal Accounting Policies (continued)

f. Provision for Bad Debts. A provision is made for rent, service charges and other income based on the age and type of the debt.

Current Tenants	Provision
Average age of arrears	
Less than 30 days	0%
30 to 60 days	10%
60 to 90 days	25%
90 to 120 days	50%
120 to 150 days	75%
150 to 180 days	85%
Greater than 180 days	100%
Former Tenants	100%
Other Income	
Less than 30 days	0%
30 to 60 days	25%
60 to 90 days	75%
Greater than 90 days	100%

g. Accounting for the Social Housing Pension Scheme ('SHPS'). The Board's view, considering the guidance issued in FRED 71 and guidance issued by the National Housing Federation, is that the difference between the deficit funding agreement previously recognised in relation to SHPS, and the net defined benefit deficit, should be recognised in Other Comprehensive Income. The relevant date to apply the adjustment is judged to be 1 April 2018, as TPT Retirement Solutions does not have data to provide sufficient information before the date 31 March 2018.

Merger accounting

Where merger accounting is used, the investment is recorded in the Groups Statement of Financial Position at the nominal value of the shares issued together with the fair value of any additional consideration paid. In the Groups financial statements, merged subsidiary undertakings are treated as if they had already been a member of the Group. The results of such a subsidiary are included for the whole period in the year it joins the Group. The corresponding figures for the previous year include its results for that period, the assets and liabilities at the previous Statement of Financial Position date and the shares issued by the Group as consideration as if they had always been in issue.

Acquisition accounting

Where acquisition accounting is used, the group statement of comprehensive income and statement of cash flows include the results and cash flows of the investment from the acquisition date. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

1. Principal Accounting Policies (continued)

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Subsequently goodwill is carried at cost less accumulated amortisation and impairment losses.

Amortisation of the fair value uplift is calculated on the straight line basis over the estimated useful life. The Group establishes a reliable estimate of the useful life of the fair value uplift arising on business combinations based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the fair value uplift is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses. The useful economic life of the fair value uplift is 100 years. The excess of assets over liabilities is recognised as income in the year of acquisition.

Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from shared ownership first tranche sales and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis. Where variable service charges are used the income will include the surplus or deficit from prior years. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a sinking fund or reserve fund may be built up over the years; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Apportionment of overheads to Group members

Central overheads are recharged at cost from Fortis Living Limited to Fortis Property Care using the apportionment methods detailed below:

Cost Category	Apportionment Method
Corporate Services	Time allocation
Finance and ICT	Time allocation
Human Resources	Employee headcount
Training	Historical spend
Office running costs	Floor area

1. Principal Accounting Policies (continued)

Retirement benefits

The cost of providing retirement pensions and related benefits is charged over the periods benefiting from the employees' services.

The Group participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT Retirement Solutions (TPT). Historically, TPT has not been able to provide sufficient information for each social landlord's share of SHPS to allow defined benefit accounting to be applied. Instead in accordance with FRS 102 paragraphs 28.11 and 28.11A and Housing SORP paragraphs 15.9 to 15.12, SHPS has been accounted for as a defined contribution scheme and recognised a liability for the present value of the landlord's deficit funding agreement.

Following changes made to systems and processes by TPT, sufficient information is now available for SHPS. In January 2019 the Financial Reporting Council issued FRED71 (draft amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland – Multi-employer defined benefit plans.) which provides proposed changes to FRS 102 on this issue.

Consistent with the guidance in FRED71 paragraph 4 (FRS 102 paragraph 28.11B), the difference between the deficit funding liability and the net defined benefit deficit for SHPS has been recognised in Other Comprehensive Income. This constitutes a change in accounting policy. Further disclosures in this area are included in note 23.

Leased Assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

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

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

Property Sales

Under shared ownership arrangements, the Group disposes of a long lease of shared ownership housing units to persons who occupy them, at a lease premium equal to between 25% and 75% of open market value. The occupier has the right to purchase further proportions at the then current valuation up to 100%. Subsequent tranches sold ("staircasing sales") are reflected in the Statement of Comprehensive Income as a surplus or deficit on sale of fixed assets.

Under right to buy arrangements the Group disposes of properties outright to qualifying tenants and the resulting surplus is reflected in the Statement of Comprehensive Income.

There are clawback agreements with City of Worcester, Derbyshire Dales District Council, Malvern Hills District Council, Market Harborough District Council and Wychavon District Council, whereby the surplus or deficit is calculated by comparing the net proceeds received by the Group with the book value of the property sold.

1. Principal Accounting Policies (continued)

Financing costs

Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity.

Loan finance issue costs

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Financial assets

Financial assets are defined as cash or any asset that is a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity. The Group categorises its financial assets as:

- Loans and receivables; and
- Available-for-sale financial assets.

Loans and receivables are assets with fixed or determinable payments that are not quoted on an active market. These are initially recognised at fair value plus transaction costs and subsequently at amortised cost. Examples of loans and receivables include tenant arrears, unlisted investments, sundry debtors and cash at bank and in hand.

Available-for-sale financial assets are initially recognised at fair value plus transaction costs, which is effectively historical cost. At each Statement of Financial Position date they are re-measured at fair value and movements are recorded in equity reserves and in the Statement of Comprehensive Income when the reserves are fully utilised. Listed investments are considered to be available-for-sale assets.

Financial liabilities

Financial liabilities are defined as any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable. The financial liabilities of the Group are classed as:

- Financial liabilities at fair value through profit and loss; and
- Other financial liabilities.

Other financial liabilities are all financial liabilities that have value to the supplying party, for instance debt finance, trade creditors, other creditors and accruals. They are valued at fair value at inception and then amortised cost subsequently.

1. Principal Accounting Policies (continued)

Categorisation of debt

The Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Association's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Association has retained its "basic" treatment of its debt following the FRC announcement.

Taxation

a. **Value Added Tax (VAT)**. The Group is registered for VAT and charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

b. **Deferred Taxation**. Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

   - deferred tax is not recognised on timing differences arising on revalued properties unless the Group and Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
   - the recognition of deferred tax assets is limited to the extent that the Group and company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

   Deferred tax balances are not disclosed.

Housing properties

Tangible fixed assets are stated at cost, less accumulated depreciation. Donated land/assets or assets acquired at below market value from a government source, i.e. local authority are included as a liability in the Statement of Financial Position at the fair value less consideration paid.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. Expenditure incurred on responsive and cyclical repairs to the housing stock is expensed to the Statement of Comprehensive Income in the year in which it is incurred.

1. Principal Accounting Policies (continued)

The Group depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories. UELs for identified components are as follows:

Component	Useful Economic Life
Housing structure	100 years
Housing structure (non-traditional)	20 years
Cladding	40 years
Bathrooms	30 years
Heating systems	30 years
Kitchens	20 years
Lifts	20 to 25 years
Roofs	70 years
Windows and Doors	30 to 40 years
Gutters and Fascias	25 years
Door entry and security systems	15 years
Electrics	30 years
Boilers, Air source heat pumps and solar panels	15 years
Photo-voltaic panels	20 years

The Group depreciates housing properties held on long leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Shared ownership properties

The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche proportion. The expected first tranche proportion accounted for as a current asset and the sales proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset within housing properties and subsequent sales treated as sales of fixed assets in operating profit.

Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into its intended use.

Property managed by agents

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

Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure that relates solely to the Group.

In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

1. Principal Accounting Policies (continued)

Other tangible fixed assets

Depreciation is charged on a straight line basis, to write them down to their estimated residual values over their expected useful life. No depreciation is provided on freehold land. Component accounting has been adopted for freehold office premises on exactly the same basis as that used for housing properties as set out above. The principal annual rates used for other assets are:

Other Fixed Asset	Useful Economic Life
Office premises	100 years
Office premises components	Between 15 and 50 years
Furniture, fixtures and fittings	Between 4 and 10 years
Computer equipment	3 to 4 years
Computer software	5 years
Mobile office	7 years
Vans	3 to 5 years
Plant and machinery	Between 3 and 30 years
Electrical and Mechanical	5 years

Other tangible fixed assets under construction are stated at cost and are not depreciated.

Investment property

Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Homebuy

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from Homes England is recognised as deferred income until the loan is redeemed.

The Group operated this scheme by lending a percentage of the cost to home purchasers, secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of Social Housing Grant (SHG). On redemption:

- The SHG is recycled;
- The SHG is written off, if a loss occurs; and
- The Group keeps any surplus.

Festival Property Purchase (FPP)

Following the loss of Zone Agent Status the Group introduced its own equivalent Homebuy product, **Festival Property Purchase**. These transactions were generally not grant aided but provided opportunities to purchasers on a similar basis to the previous Homebuy product. In certain circumstances the loans were funded by local authority grant and where this is the case, these grants are recognised as deferred income until the loan is redeemed. The scheme was closed in 2009/2010.

1. Principal Accounting Policies (continued)

The Group provided loans of 25% of the purchase price of a property, to qualifying individuals, and the loans are included in Homebuy Loans Receivable. No monthly repayments are made on the loan, however it is only available for a maximum of ten years or until the property is sold, whichever is the sooner. The Group is currently proposing to extend the scheme period for a further ten years.

These loans are secured by second charges on the properties and therefore, falls in the value could directly affect the recoverability of these loans. Because of this exposure, the loan balance is reviewed against property values annually and where required, a provision for losses is made in the Statement of Comprehensive Income.

Fixed asset investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value. Investments held as current assets are stated at the lower of cost and net realisable value. Any investments listed on a recognised stock exchange are stated at market value.

Stocks and properties held for sale

Stocks of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. Work in progress and finished goods include labour and attributable overheads.

Properties developed and intended for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in the Statement of Comprehensive Income.

Stock swaps

Where an agreement is entered into with another PRP to swap housing stock, the outgoing stock is treated as a disposal with a gain or loss recorded the Statement of Comprehensive Income. The incoming stock is measured at fair value.

Current asset investments

Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenditure.

Social Housing Grant (SHG) and other government grants

Where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals

1. Principal Accounting Policies (continued)

model. SHG received for items of cost written off in the Statement of Comprehensive Income is included as part of turnover. Grants received prior to FRS 102 transition date have been recognised in the Income and Expenditure Reserve.

When grant in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as turnover.

Grants for revenue expenditure are credited to the Statement of Comprehensive Income as they become receivable.

Recycling of Capital Grant Fund (RCGF)

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties. Where recycled grant is known to be repayable it is shown as a creditor within one year.

Disposal Proceeds Fund (DPF)

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal were credited to the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing. Following the Housing and Planning Act 2016, disposals made after 6 April 2017 are no longer accounted for through the DPF. This creditor is carried forward until it is used to fund the acquisition of new social housing.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Haven bond premium and Affordable Housing Finance (AHF) bond premium

The premiums on the issue of the Haven Bond and AHF Bond are included in creditors and are being written off over the period of the loans.

Provisions

The Group will make a provision for contractual liabilities and where there is a reasonable probability for a potential loss.

Revaluation Reserve

The revaluation reserve represents the difference on transition between the fair value of social housing properties and other assets and the historical cost carrying value, where deemed cost transitional relief was taken. In addition, the reserve contains any increase in the fair value of listed investments.

2. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus

Group	2019			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings	**209,260**	**-**	**(114,588)**	**94,672**
(see note 3)				
Other social housing activities				
Development services	20	-	(1,391)	(1,371)
Management services	105	-	(439)	(334)
Support services	577	-	(616)	(39)
Sale of Shared Ownership first tranche	30,198	(21,422)	-	8,776
Other	1,862	-	(1,302)	560
	32,762	**(21,422)**	**(3,748)**	**7,592**
Activities other than social housing				
Developments for sale	21,912	(21,344)	-	568
Student accommodation	31	-	(62)	(31)
Market rents	673	-	(375)	298
Other	8,935	-	(9,144)	(209)
	31,551	**(21,344)**	**(9,581)**	**626**
Total	**273,573**	**(42,766)**	**(127,917)**	**102,890**

2. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus (continued)

Group	2018			
	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus / (Deficit)
	£000	£000	£000	£000
Social housing lettings	**202,833**	**-**	**(103,409)**	**99,424**
(see note 3)				
Other social housing activities				
Development services	109	-	(662)	(553)
Management services	29	-	(360)	(331)
Support services	615	-	(681)	(66)
Sale of Shared Ownership first tranche	23,071	(18,033)	-	5,038
Other	1,807	-	(2,312)	(505)
	25,631	**(18,033)**	**(4,015)**	**3,583**
Activities other than social housing				
Developments for sale	5,133	(4,084)	-	1,049
Student accommodation	176	-	(117)	59
Market rents	684	-	(154)	530
Other	9,013	-	(9,243)	(230)
	15,006	**(4,084)**	**(9,514)**	**1,408**
Total	**243,470**	**(22,117)**	**(116,938)**	**104,415**

3. Turnover and Operating Expenditure for Social Housing Lettings

Group	2019					
	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Shared Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	137,819	22,325	14,753	12,908	1,960	189,765
Service charge income	5,071	639	5,917	2,064	14	13,705
Other grants	584	-	-	-	-	584
Amortised government grants	2,762	950	151	616	50	4,529
Other income	409	-	253	15	-	677
Turnover from social housing lettings	**146,645**	**23,914**	**21,074**	**15,603**	**2,024**	**209,260**
Operating expenditure						
Management	(14,953)	(2,241)	(2,753)	(1,474)	(118)	(21,539)
Service charge costs	(8,029)	(461)	(5,528)	(1,541)	(204)	(15,763)
Routine maintenance	(19,287)	(3,067)	(2,916)	(125)	(155)	(25,550)
Planned maintenance	(5,535)	(205)	(795)	(31)	(14)	(6,580)
Major repairs expenditure	(9,668)	(549)	(2,083)	(45)	(56)	(12,401)
Bad debts	(1,252)	(271)	(113)	8	(20)	(1,648)
Depreciation of housing properties	(21,826)	(4,457)	(2,405)	(2,018)	(311)	(31,017)
Impairment of housing properties	-	-	-	-	-	-
Other costs	(58)	-	(29)	(3)	-	(90)
Operating expenditure on social housing lettings	**(80,608)**	**(11,251)**	**(16,622)**	**(5,229)**	**(878)**	**(114,588)**
Operating surplus on social housing lettings	**66,037**	**12,663**	**4,452**	**10,374**	**1,146**	**94,672**
Void losses	(1,311)	(189)	(646)	(305)	(98)	(2,549)

3. Turnover and Operating Expenditure for Social Housing Lettings (continued)

Group	2018					
	General Needs Housing	Affordable Rent	Supported Housing & Housing for older people	Shared Ownership	Intermediate rent	Total
	£000	£000	£000	£000	£000	£000
Income						
Rent receivable net of identifiable service charges	136,797	19,571	14,319	11,709	1,874	184,270
Service charge income	5,302	528	5,571	1,918	15	13,334
Other grants	127	-	-	-	-	127
Amortised government grants	2,931	638	153	612	51	4,385
Other income	413	-	297	7	-	717
Turnover from social housing lettings	**145,570**	**20,737**	**20,340**	**14,246**	**1,940**	**202,833**
Operating expenditure						
Management	(12,698)	(1,923)	(2,612)	(1,518)	(117)	(18,868)
Service charge costs	(7,322)	(525)	(5,692)	(1,338)	(163)	(15,040)
Routine maintenance	(17,770)	(2,722)	(2,752)	(108)	(189)	(23,541)
Planned maintenance	(5,652)	(144)	(583)	(17)	(7)	(6,403)
Major repairs expenditure	(6,883)	(764)	(1,088)	(42)	(46)	(8,823)
Bad debts	(674)	(666)	(146)	(21)	2	(1,505)
Depreciation of housing properties	(21,580)	(2,970)	(2,352)	(1,880)	(309)	(29,091)
Impairment of housing properties	-	-	(90)	-	-	(90)
Other costs	(7)	-	(37)	(4)	-	(48)
Operating expenditure on social housing lettings	**(72,586)**	**(9,714)**	**(15,352)**	**(4,928)**	**(829)**	**(103,409)**
Operating surplus on social housing lettings	**72,984**	**11,023**	**4,988**	**9,318**	**1,111**	**99,424**
Void losses	(1,005)	(156)	(600)	(290)	(63)	(2,114)

4. Units

Social housing properties in management at end of year

	2019					2018	
	Owned and managed Number	**Managed not owned Number**	**Total managed Number**	**Owned not managed Number**	**Total Owned Number**	Total Managed Number	Total Owned Number
General Needs	**27,671**	**8**	**27,679**	**29**	**27,700**	27,287	27,293
Affordable rent	**6,202**	**15**	**6,217**	**12**	**6,214**	5,678	5,664
Supported	**268**	**6**	**274**	**78**	**346**	269	347
Care homes	**-**	**-**	**-**	**6**	**6**	-	6
Housing for older people	**2,998**	**-**	**2,998**	**-**	**2,998**	3,028	3,028
Intermediate rent	**454**	**-**	**454**	**68**	**522**	457	539
Total	**37,593**	**29**	**37,622**	**193**	**37,786**	36,719	36,877
*Shared Ownership <100%	**4,938**	**6**	**4,944**	**-**	**4,938**	4,592	4,586
Social Leased @100% sold	**1,075**	**-**	**1,075**	**-**	**1,075**	1,055	1,055
Total social	**43,606**	**35**	**43,641**	**193**	**43,799**	42,366	42,518
Non social housing							
Non social rented	**112**	**-**	**112**	**-**	**112**	112	112
Non social leased	**377**	**8**	**385**	**29**	**406**	376	386
Total stock	**44,095**	**43**	**44,138**	**222**	**44,317**	42,854	43,016

* The equity proportion of a shared ownership property is counted as one unit.

Analysis of movements of units owned in the year

	2018	**Additions**	**Conversions**	**De-categorisation**	**Re-classification**	**Sold**	**Demolished**	**2019**
General Needs	27,293	451	(11)	1	26	(59)	(1)	**27,700**
Affordable rent	5,664	683	15	-	-	(148)	-	**6,214**
Supported	347	8	(9)	-	-	-	-	**346**
Care Homes	6	-	-	-	-	-	-	**6**
Housing for older people	3,028	5	(1)	(1)	(2)	(31)	-	**2,998**
Intermediate rent	539	-	-	-	(16)	(1)	-	**522**
*Shared ownership	4,586	457	-	-	(4)	(101)	-	**4,938**
Social leased	1,055	-	-	15	-	5	-	**1,075**
Non social rented	8	-	-	-	-	-	-	**8**
Non social leased	397	-	-	9	-	-	-	**406**
Market rent	104	-	-	-	-	-	-	**104**
Total	**43,027**	**1,604**	**(6)**	**24**	**4**	**(335)**	**(1)**	**44,317**

* Shared ownership sales represent units that were fully staircased.

4. Units (continued)

Units under development/refurbishment at end of year

	2019	2018
	Number	Number
Social housing rented units	**1,781**	1,701
Shared ownership	**829**	792
Non-social properties for sale	**8**	157
	2,618	2,650

5. Gain on disposal of property, plant and equipment

	Property developed for other PRP's	Shared Ownership staircasing sales	Others	2019	2018
	£000	£000	£000	£000	£000
Disposal proceeds	**-**	**9,568**	**6,434**	**16,002**	20,774
Cost of sales	**-**	**(5,846)**	**(3,305)**	**(9,151)**	(12,036)
Surplus	**-**	**3,722**	**3,129**	**6,851**	8,738
Grant recycled	**-**	**(275)**	**(290)**	**(565)**	(689)
Surplus for the year	**-**	**3,447**	**2,839**	**6,286**	8,049

6. Net Interest

Interest receivable and similar income	2019	2018
	£000	£000
On financial assets measured at amortised cost:		
Interest receivable	**1,098**	409
	1,098	409

Interest payable and financing costs	2019	2018
	£000	£000
On financial liabilities measured at amortised cost:		
Loans repayable	**44,859**	40,634
Costs associated with financing	**2,870**	1,986
	47,729	42,620
On defined benefit pension scheme:		
Expected return on plan assets	**(4,366)**	(3,332)
Interest on scheme liabilities	**5,735**	4,635
	1,369	1,303
Unwinding of SHPS pension liability discount	**-**	68
On financial liabilities measured at fair value:		
Interest capitalised on housing properties	**(5,602)**	(3,949)
	43,496	40,042

Interest has been capitalised at the rate of 3.90% (2018: 4.18%)

7. Surplus on ordinary activities

	2019 £000	2018 £000
The operating surplus for the year is stated after charging:		
Depreciation:		
Housing properties	**31,076**	29,091
Amortisation of grant	**(4,529)**	(4,385)
Other fixed assets	**1,720**	905
Impairment	**-**	90
Auditors remuneration:		
In their capacity as auditors	**66**	105
In respect of other services	**18**	29
Operating leases	**1,357**	1,201

8. Taxation

	Group		Parent	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Taxation charge for the period:				
Corporation tax	**-**	20		
Under/(over) provision in previous years	**-**	-	**-**	-
Total current tax	**-**	20	**-**	-
Deferred tax:				
Origination and reversal of timing differences	**-**	(42)	**-**	-
Under/(over) provision in previous years	**-**	-	**-**	-
Tax deficit on ordinary activities	**-**	(22)	**-**	-

	Group		Parent	
	2019	2018	**2019**	2018
	£000	£000	**£000**	£000
Surplus on ordinary activities before tax	**66,873**	73,472	**5**	5
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 19% (2018: 19%)	**12,706**	13,960	**1**	1
Surplus relating to charitable entities	**(12,706)**	(13,947)	**(1)**	(1)
Expenses not deductible for tax purposes	**-**	31		
Capital allowances in advance of depreciation	**-**	(13)		
Utilisation of charges on income	**-**	(11)		-
Tax charge for the year	**-**	20	**-**	-

9. Directors and key management personnel remuneration

Key management personnel are defined as non-executive members of the Board, the Chief Executive and Executive Directors and the total costs are £2,500k (2018: £1,582k).

The aggregate emoluments paid to or receivable by Non-Executive Directors

	2019	2018
	£000	£000
D Sleath (appointed 1/10/18)	**24**	21
J Sharnock (appointed 1/10/18)	**13**	14
P Dearing (appointed 1/10/18)	**11**	7
S Dyson (appointed 1/10/18)	**9**	7
J Wood (appointed 1/10/18)	**9**	7
J Ford (left 18/9/18)	**7**	14
J Broderick (left 18/9/18)	**3**	7
D Thompson	**16**	15
M Davies	**10**	10
D Clark	**13**	8
F Penhallurick (left 1/10/18)	**4**	7
A John	**6**	6
S Allen (left 1/10/18)	**3**	6
C Huntbatch	**9**	6
H Southwell	**9**	6
A Milner (left 31/10/17)	**-**	5
C Davis	**5**	5
P Fowler	**5**	5
S Williams (left 31/10/17)	**-**	4
	156	160

Expenses for the year paid to Board members totalled £6k (2018: £5k).

9. Directors and key management personnel remuneration (continued)

The aggregate emoluments paid to or receivable by Executive Directors and former Directors

	2019					2018
	Basic Salary	Benefits in kind	Er's Pension Contributions	Compensation for loss of office	Total	Total
	£000	£000	£000	£000	£000	£000
D Pickering	209	12	-	-	221	217
D McRoberts (left 31/3/19)	174	2	-	155	331	170
A Riley (left 31/12/18)	110	9	-	146	265	155
M Duffy (appointed 1/10/18)	66	1	4	-	71	-
J Cocker (appointed 1/10/18)	57	-	6	-	63	-
N Bullock (left 30/9/18)	45	1	6	92	144	94
C Durnin (appointed 1/10/18)	58	1	4	-	63	-
G Weston (left 31/3/19)	151	17	23	188	379	187
A Howarth	127	14	20	-	161	137
C Jackson	112	13	10	-	135	122
C Dass	91	10	14	-	115	93
R Grounds	119	13	18	-	150	127
D Evans (appointed 1/10/18)	61	6	2	-	69	-
W Tebay (left 30/9/18)	56	8	9	100	173	118
Total	1,436	107	116	681	2,340	1,420

Emoluments paid to the highest paid Director (excluding Pension costs) were £356k (2018: £217k).

Executive directors emoluments for the year ended 31 March 2019 include an amount paid as compensation of loss of office amounting to £681k for Mr A Riley, Mr D McRoberts, Mr G Weston, Mr N Bullock and Mr W Tebay.

David Pickering is the Chief Executive of Platform Housing Group Limited. He received remuneration for the year ending 31 March 2019 totalling £221k (2018: £217k). The Association has not contributed to any pension scheme in the period and no enhanced terms apply.

10. Group Staff Costs

Executive Directors costs

	2019	2018
	£000	£000
Wages and Salaries	**2,113**	1,205
Social security costs	**226**	160
Other pension costs	**116**	115
	2,455	1,480

Staff costs excluding the Executive Directors

Other staff costs	2019	2018
	£000	£000
Wages and Salaries	**30,816**	29,597
Social security costs	**2,972**	2,853
Other pension costs	**5,669**	5,537
	39,457	37,987

Average number of full time equivalent persons (including the Chief Executive, and where 1 full time equivalent is based on 37 hours per week) employed during the year was:

	2019	2018
Office staff	**653**	645
Site based staff	**447**	438
Total employees	**1,100**	1,083

The number of full time equivalent staff whose remuneration payable fell within the bands:

	2019	2018
£60,000 to £69,999	**12**	9
£70,000 to £79,999	**10**	8
£80,000 to £89,999	**6**	6
£90,000 to £99,999	**3**	5
£100,000 to £109,999	**5**	2
£110,000 to £119,999	**4**	1
£120,000 to £129,999	**1**	2
£130,000 to £139,999	**1**	1
£140,000 to £149,999	**1**	-
£150,000 to £159,999	**1**	1
£160,000 to £169,999	**1**	-

	2019	2018
£170,000 to £179,999	**1**	1
£180,000 to £189,999	**-**	1
£190,000 to £209,999	**-**	-
£210,000 to £219,999	**-**	1
£220,000 to £229,999	**1**	-
£230,000 to £259,999	**-**	-
£260,000 to £269,999	**1**	-
£270,000 to £329,999	**-**	-
£330,000 to £339,999	**1**	-
£340,000 to £369,999	**-**	-
£370,000 to £379,999	**1**	-
	50	38

11. Tangible Fixed Assets – Housing Properties

Group

	Housing Properties held for letting	Housing Properties in the course of construction	Completed Shared Ownership Properties	Shared Ownership Properties in the course of construction	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2018	1,982,112	75,589	292,796	37,297	2,387,794
Additions	5,617	125,579	522	66,321	198,039
Works to existing properties	14,860	-	-	-	14,860
Transfers of assets	-	(16,151)	(828)	(14,789)	(31,768)
Disposals	(5,063)	-	(6,215)	-	(11,278)
Interest capitalised	-	3,698	-	1,904	5,602
Schemes completed	115,917	(115,917)	44,961	(44,961)	-
At 31 March 2019	**2,113,443**	**72,798**	**331,236**	**45,772**	**2,563,249**
Depreciation					
At 1 April 2018	202,336	-	13,502	-	215,838
Charge for the year	29,058	-	2,018	-	31,076
Disposals	(2,214)	-	(338)	-	(2,552)
Impairment	-	-	-	-	-
At 31 March 2019	**229,180**	**-**	**15,182**	**-**	**244,362**
Net Book Value					
At 31 March 2019	**1,884,263**	**72,798**	**316,054**	**45,772**	**2,318,887**
At 31 March 2018	1,779,776	75,589	279,294	37,297	2,171,956

Works to existing properties that were capitalised in the year were £14.860m (2018: £13.769m). Works charged to income and expenditure were £5.176m (2018: £4.604m).

Additions to housing properties include development administrative costs of £6.029m (2018: £5.809m) which have been capitalised. A rate of 3.9% (2018: 4.18%) has been used to capitalise interest.

Fixed assets with restricted title or pledged as security for liabilities have a carrying value of £1,288.8m (2018: £1,342.7m) for the Group. The fixed assets of the parent company are not pledged as security for liabilities.

11. Tangible Fixed Assets – Housing Properties (continued)

Parent

	Housing Properties held for letting	Total
	£000	£000
Cost		
At 1 April 2018	111	111
Additions		
Works to existing properties		
Disposals		
At 31 March 2019	**111**	**111**
Depreciation		
At 1 April 2018	13	13
Charge for the year	1	1
Disposals		
At 31 March 2019	**14**	**14**
Net Book Value		
At 31 March 2019	**97**	**97**
At 31 March 2018	98	98

Impairment losses

Housing properties are assessed at each reporting date to determine whether an indicator of impairment exists. Where there is evidence of impairment, an assessment is carried out to estimate the recoverable amount of the asset. The recoverable amount is the higher of the fair value less costs to sell and value in use.

At 31 March 2019 no impairment loss was incurred (2018: £90,312).

12. Tangible Fixed Assets – Other

	Freehold Land & Offices	Fixtures & Fittings	Computer Equipment & Software	Motor Vehicles	Plant & Machinery	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2018	11,163	3,126	12,147	676	1,227	28,339
Additions	5,993	417	1,373	28	92	7,903
Disposals	(183)	(270)	(258)	(251)	10	(952)
At 31 March 2019	**16,973**	**3,273**	**13,262**	**453**	**1,329**	**35,290**
Depreciation						
At 1 April 2018	2,697	2,700	8,723	459	866	15,445
Charge for the year	245	219	1,095	65	96	1,720
Disposals	(25)	(269)	(244)	(203)	11	(730)
At 31 March 2019	**2,917**	**2,650**	**9,574**	**321**	**973**	**16,435**
Net Book Value						
At 31 March 2019	**14,056**	**623**	**3,688**	**132**	**356**	**18,855**
At 31 March 2018	8,466	426	3,424	217	361	12,894

Included in Freehold Offices is freehold land in respect of the offices amounting to £1.517m (2018: £1.517m), which is not depreciated.

13. Investment Properties

	2019 £000	2018 £000
At 1 April	**16,705**	16,720
Additions	**-**	68
Disposals	**-**	(127)
Gain from adjustment in value	**95**	44
At 31 March	**16,800**	16,705

	2019 £000	2018 £000
Proceeds of sale	**-**	82
Less costs of sale	**-**	(130)
Total loss recognised in Statement of Comprehensive Income	**-**	(48)

Investment properties are stated at a value based on vacant possession which is annually determined by external valuers derived from the current market conditions.

14. Homebuy Loans Receivable

	2019 £000	2018 £000
At 1 April	**9,623**	10,451
Loans redeemed	**(683)**	(828)
Provisions against non-recoverable items	**-**	-
At 31 March	**8,940**	9,623

15. Fixed Asset Investments

	2019 £000	2018 £000
Investments at valuation		
Listed investments	**4,585**	4,520
Unlisted investments	**4,913**	1,819
	9,498	6,339
Historic cost of investments	**9,298**	6,217

The valuation of the unlisted investments is the Board's best estimate of their fair value.

16. Stocks

	2019	2018
	£000	£000
Properties held for sale		
Shared ownership properties		
Completed	7,719	2,999
Work in progress	21,323	17,874
Outright sale properties		
Completed	-	-
Work in progress	418	3,728
Other stock (General materials)	112	55
	29,572	24,656

There is no material difference between the replacement cost of stocks and the amounts stated above.

17. Trade and other debtors

	Group		Parent	
	2019	2018	2019	2018
	£000	£000	£000	£000
Amounts falling due within one year				
Rent and service charge receivable	10,369	9,057	-	-
Less: provision for bad debts	(7,065)	(5,949)	-	-
	3,304	3,108	-	-
SHG and other grants receivable	10,559	4,345	-	-
Trade debtors	1,423	1,099	-	-
Prepayments and accrued income	2,687	4,654	-	-
Other debtors	718	547	-	-
	18,691	13,753	-	-

18. Creditors (amounts falling due within one year)

	Group		Parent	
	2019	2018	2019	2018
	£000	£000	£000	£000
Bank loans - principal	20,294	29,828	-	-
Bank loans - interest	2,964	2,744	-	-
Trade creditors	6,174	9,797	-	-
Accruals and deferred income	28,163	25,918	-	-
Amounts due to group companies	-	-	4	10
SHG and other grants received in advance	4,154	4,382	-	-
Rent and service charges received in advance	7,320	7,052	-	-
Other taxation and social security costs	345	543	-	-
Deferred Capital Grant (note 20)	4,285	4,141	-	-
Recycled Capital Grant (note 21)	5,087	5,245	-	-
Disposals Proceeds Fund (note 22)	270	16	-	-
SHPS Pension agreement plan (note 23)	-	737	-	-
Haven funding	163	153	-	-
AHF funding	337	337	-	-
Worcestershire Nightstop (see below)	-	-	-	-
WCC RTB receipts	175	232	-	-
Care & Repair capital funds	508	421	-	-
Corporation tax	-	20	-	-
	80,239	91,566	4	10

Worcestershire Nightstop

	2019	2018
	£000	£000
At 1 April	-	16,022
Grant received (Big Lottery Fund)	-	-
Grant used	-	-
Grant returned	-	(16,022)
At 31 March	-	-
	-	-

The Worcestershire Nightstop contract ended March 2017 and during 2017/18 we returned grant funding of £16,022.

19. Creditors (amounts falling due after more than one year)

	2019	2018
	£000	£000
Bank and other loans (note 30)	**1,140,776**	971,237
Festival Property Purchase	**507**	507
Sinking funds & Reserve funds	**2,499**	2,282
Deferred Capital Grant Fund (note 20)	**428,895**	413,261
Recycled Capital Grant Fund (note 21)	**5,429**	5,613
Other recycled grants	**402**	402
Disposal Proceeds Fund (note 22)	**27**	479
SHPS Pension agreement plan (note 23)	**-**	4,009
Other long term creditors	**1,245**	1,085
	1,579,780	1,398,875

20. Deferred Capital Grant

	2019	2018
	£000	£000
At 1 April	**417,402**	405,808
Grant received in the year	**22,246**	21,017
Grant disposed of in the year	**(1,940)**	(5,020)
Released to income in the year	**(4,528)**	(4,403)
At 31 March	**433,180**	417,402
Amount due to be released < 1 year	**4,285**	4,141
Amount due to be released > 1 year	**428,895**	413,261
At 31 March	**433,180**	417,402

21. Recycled Capital Grant Fund

		2019	2018
		£000	£000
At 1 April		**10,858**	8,335
Inputs	Grants recycled	**2,267**	3,457
	Interest accrued	**58**	29
Recycling	New build	**(2,667)**	(963)
At 31 March		**10,516**	10,858
Amount three years or older where repayment may be required		**900**	166

22. Disposals Proceeds Fund

		2019	2018
		£000	£000
At 1 April	Funds recycled	**495**	657
	Net PRTB receipts	**-**	1
	Interest accrued	**-**	2
	Transfer from other PPRPs	**-**	-
Use/allocation of funds	New build	**(198)**	(165)
	Major repairs and works to existing properties	**-**	-
	Transfer to other PPRPs	**-**	-
	Other	**-**	-
Repayment of funds to RSH/GLA		**-**	-
At 31 March		**297**	495
Amount three years or older where repayment may be required		**-**	-

23. Pension

The Association participates in 6 (2018: 6) funded defined benefit pension schemes. All schemes' assets are held in separate funds administered by the Trustees of each scheme. The schemes are as follows:

Scheme Name	Employer contributions 2019	Member contributions 2019
Lincolnshire Pension Fund (LGPS)	**24.25%**	**5.50% to 12.50%**
Leicestershire County Council Pension Fund (LGPS)	**25.59%**	**5.50% to 12.50%**
Derbyshire Pension Fund (LGPS)	**28.10%**	**5.50% to 12.50%**
Worcestershire County Council (LGPS)	**15.50%**	**6.80%**
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	**N/A**	**N/A**
The Social Housing Pension Scheme	**7.06% to 9.30%**	**7.30% to 11.70%**

Scheme Name	Employer contributions 2018	Member contributions 2018
Lincolnshire Pension Fund (LGPS)	24.25%	5.50% to 12.50%
Leicestershire County Council Pension Fund (LGPS)	25.59%	5.50% to 12.50%
Derbyshire Pension Fund (LGPS)	28.10%	5.50% to 12.50%
Worcestershire County Council (LGPS)	14.70%	6.80%
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	N/A	N/A
The Social Housing Pension Scheme	7.06% to 14.90%	6.10% to 11.70%

23. Pension (continued)

All of the funded defined benefit pension schemes that the Association participates in can be separately identified and therefore the Association recognises in full the Schemes' surpluses or deficits on the Statement of Financial Position.

Local Government Pension Schemes (LGPS)

The LGPS is a funded defined benefit scheme, with the assets held in separate funds administered by the relevant Local Authority. The total contributions made for the year ended 31 March 2019 were £3,269,000 of which employer's contributions totalled £2,763,000 and employees' contributions totalled £506,000.

When the LGPS benefit structure was reformed in 2014, transitional protections were applied to certain older members close to normal retirement age. The benefits accrued from 1 April 2014 by these members are subject to an 'underpin' which means that they cannot be lower than what they would have received under the previous benefit structure. The underpin ensures that these members do not lose out from the introduction of the new scheme by effectively giving them the better of the benefits from the old and new schemes.

In December 2018 the Court of Appeal upheld a ruling ("McCloud/Sargeant") that similar transitional protections in the Judges' and Firefighters' Pension Schemes were unlawful on the grounds of age discrimination. The implications of the ruling are expected to apply to the LGPS (and other public service schemes) as well. The UK government requested leave to appeal to the Supreme Court but this was denied at the end of June 2019. LGPS benefits accrued from 2014 may therefore need to be enhanced so that all members, regardless of age, will benefit from the underpin. Alternatively, restitution may be achieved in a different way, for example by paying compensation. In either case, the clear expectation is that many more members would see an enhanced benefit rather than just those currently subject to these protections. There will therefore be a retrospective increase to members' benefits, which in turn will give rise to a past service cost for the Fund employers.

Quantifying the impact of the judgement at this stage is very difficult because it will depend on the compensation awarded, members' future salary increases, length of service and retirement age and whether (and when) members withdraw from active service. Salary increases in particular can vary significantly from year to year and from member to member depending on factors such as budget restraint, job performance and career progression. The Government Actuary's Department (GAD) has estimated that the impact for the LGPS as a whole would be to increase active member liabilities by 3.2% based on a given set of actuarial assumptions. A full description of the data, methodology and assumptions underlying these estimates is given in GAD's paper, dated 10 June 2019.

The Funds' actuaries have made a best estimate of the impact on Platform Housing Groups' pension liabilities and this estimation is included in the net liability for the LGPS schemes as at 31 March 2019. These numbers are high level estimates based on scheme level calculations and depend on several key assumptions.

The impact on employers' funding arrangements will likely be dampened by the funding arrangements they have in place. However, if the judgement is upheld then there will be unavoidable upward pressure on contributions in future years.

23. Pension (continued)

The Pensions Trust 2016 Waterloo Housing Association Benefits Plan

The Waterloo Housing Association Benefits Plan is a defined benefit scheme in the UK. On 31 March 2016, the scheme was closed to future accrual for all of its existing members but with those members still employed by the company retaining the final earnings link on their benefits. There were no contributions made to this scheme in 2019 (2018: nil) in respect of further pensionable service. The employer has agreed with the trustees that it will aim to eliminate the deficit over a period of 7 years 6 months from 30 September 2017 by the payment of annual contributions of £831,000 payable monthly (£782,000 paid monthly to March 2019). In addition and in accordance with the actuarial valuation, the employer has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

The Social Housing Pension Scheme (SHPS)

The Association participates in the Social Housing Pension Scheme (SHPS), a defined benefit multi-employer pension scheme administered by TPT retirement solutions (TPT). The accounting policy in relation to SHPS is set out on page 41. As noted in the accounting policy, there has been a change in accounting policy in relation to SHPS.

The following adjustments have been made in relation to the change in accounting policy.

- Removal of the liability for the funding of the deficit funding agreement (reduction in creditors of £4,746k; increase in Other Comprehensive Income £4,746k).
- Recognition of the net pension deficit (increase in pension liability £11,146k; reduction in Other Comprehensive Income £11,146k).

The total contributions made for the year ended 31 March 2019 were £1,714,000 of which employer's contributions totalled £1,215,000 and employees' contributions totalled £499,000.

The Group also contributes to defined contribution schemes, also with the Social Housing Pension Scheme operated by the Pensions Trust.

23. Pension (continued)

Principal actuarial assumptions

The following information is based upon a full actuarial valuation of the fund updated to 31 March 2019 by qualified independent actuaries.

2019	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	**2.90%**	**3.50%**	**3.00%**	**3.70%**	**4.20%**	**3.24% to 3.30%**
Future pension increases	**2.50%**	**2.50%**	**2.50%**	**2.30%**		
RPI					**3.05%**	**3.24% to 3.30%**
CPI					**1.70%**	**2.24% to 2.30%**
Discount rate	**2.40%**	**2.40%**	**2.40%**	**2.40%**	**2.45%**	**2.36% to 2.30%**
Commutation of pensions to lump sums (of max allowance)	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**50% pre-2008 75% post 2008**	**Not disclosed**	**75%**	**75%**

2018	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Future salary increases	2.80%	3.40%	2.90%	3.60%	4.15%	3.14% to 3.19%
Future pension increases	2.40%	2.50%	2.40%	2.20%		
RPI					3.05%	3.14% to 3.19%
CPI					1.70%	2.14% to 2.19%
Discount rate	2.70%	2.70%	2.70%	2.60%	2.60%	2.56% to 2.60%
Commutation of pensions to lump sums (of max allowance)	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	50% pre-2008 75% post 2008	Not disclosed	75%	75%

23. Pension (continued)

Mortality assumptions

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

2019	Lincolnshire	Leicestershire	Derbyshire	Worcestershire	WHA benefits plan	SHPS
Retiring today						
Males	22.1	22.1	21.9	22.8	21.7	21.8
Females	24.4	24.3	24.4	25.8	23.4	23.5
Retiring in 20 years						
Males	24.1	23.8	23.9	25.1	23.0	23.2
Females	26.6	26.2	26.5	28.2	24.6	24.7

Scheme assets/(liabilities) reflected in the statement of financial position

	2019	2018
	£000	£000
Present value of employer assets	173,259	134,992
Present value of funded liabilities	(238,702)	(179,813)
Net underfunding in funded plans	(65,443)	(44,821)
Present value of unfunded liabilities	(465)	(456)
Net Liability	(65,908)	(45,277)

Net liability by pension scheme

	2019	2018
	£000	£000
Lincolnshire Pension Fund (LGPS)	(12,493)	(11,174)
Leicestershire County Council Pension Fund (LGPS)	(1,100)	(847)
Derbyshire Pension Fund (LGPS)	(3,982)	(2,600)
Worcestershire County Council (LGPS)	(29,311)	(23,412)
The Pensions Trust 2016 Waterloo Housing Association Benefits Plan	(7,876)	(7,244)
The Social Housing Pension Scheme	(11,146)	-
	(65,908)	(45,277)

23. Pension (continued)

Composition of plan assets

	2019	2018
	£000	£000
Equities	**118,165**	103,776
Other bonds	**33,074**	19,139
Property	**13,971**	7,700
Other	**8,049**	4,377
Total	**173,259**	134,992

None of the fair values of the assets shown above includes any direct investments in the employers' own financial instruments or any property occupied by, or other assets used by, the employer.

Analysis of the amount charged to operating expenditure in the Statement of Comprehensive Income

	2019	2018
	£000	£000
Amount charged to operating surplus:		
Current service cost (net of employee contributions)	**(3,229)**	(2,729)
Past service cost	**(836)**	(248)
Expenses	**(137)**	(123)
Curtailments	**(290)**	-
Total operating charge	**(4,492)**	(3,100)
Amount charged to finance costs:		
Interest income on plan assets	**4,366**	3,332
Interest cost on defined benefit obligations	**(5,735)**	(4,635)
Total amount charged to finance cost	**(1,369)**	(1,303)
Amounts of gains and losses recognised in the Statement of Comprehensive Income		
Returns on plan assets excluding interest	**3,294**	2,356
Experience gains/losses	**44**	(85)
Other remeasurement (losses)/gains	**-**	-
Changes in financial assumptions	**(14,086)**	6,604
Changes in demographic assumptions	**336**	-
Effect on asset ceiling	**-**	-
Total remeasurement (losses)/gains	**(10,412)**	8,875
Total actuarial (loss)/gain recognised	**(16,273)**	4,472

23. Pension (continued)

Movement in surplus/(deficit) in the year

	2019	2018
	£000	£000
(Deficit) in the schemes at 1 April	**(54,395)**	(53,416)
Movement in year:		
Employer service cost (net of employee contributions)	**(3,656)**	(2,852)
Employer contributions	**4,760**	3,667
Past service cost	**(836)**	(248)
Net interest/return on assets	**(1,369)**	(1,303)
Remeasurements	**(10,412)**	8,875
(Deficit) in the schemes at 31 March	**(65,908)**	(45,277)

The difference between the closing deficit for 2018 and the opening deficit for April 2019 directly relates to the change in accounting policy for SHPS. The accounting policy in relation to SHPS is set out on page 41.

Reconciliation of the opening and closing balance of the present value of scheme liabilities

	2019	2018
	£000	£000
Opening defined benefit obligation	**(220,288)**	(182,253)
Transfer of engagements	**-**	-
Current service cost	**(3,229)**	(2,729)
Past service cost	**(836)**	(248)
Expenses	**(33)**	(101)
Interest cost	**(5,735)**	(4,635)
Contributions by employees	**(1,005)**	(542)
Experience gains / (losses)	**44**	(85)
Changes in financial assumptions	**(14,086)**	6,604
Changes in demographic assumptions	**336**	-
Effect of curtailments	**(290)**	-
Net benefits paid	**5,955**	3,720
Closing defined benefit obligation	**(239,167)**	(180,269)

23. Pension (continued)

Reconciliation of the opening and closing balance of the fair value of the scheme assets

	2019 £000	2018 £000
Opening fair value of the scheme assets	**165,893**	128,837
Transfer of engagements	**-**	-
Interest income on plan assets	**4,366**	3,332
Effect of asset ceiling	**-**	-
Return on plan assets (excluding interest)	**3,294**	2,356
Other remeasurement gains/(losses)	**-**	-
Contributions by employer	**4,760**	3,667
Contributions by employees	**1,005**	542
Net benefits paid	**(6,059)**	(3,742)
Closing value of the scheme assets	**173,259**	134,992

Projected defined benefit costs for the period to 31 March 2020

The Association expects to contribute the following amounts to the defined benefit schemes during the year ended 31 March 2020:

	£000
Lincolnshire Pension Fund	**954**
Leicestershire County Council Pension Fund	**95**
Derbyshire Pension Fund	**225**
Worcestershire County Council Pension Fund	**1,368**
TPT 2016 Waterloo Housing Association Benefits Plan	**831**
SHPS	**1,440**
Total	**4,913**

Defined Contribution Scheme

The Group joined the SHPS Defined Contribution scheme to satisfy its commitment to auto-enrolment, a government pension initiative.

The amount recognised in surplus as an expense for defined contribution plans for the year ended 31 March 2019 is £626k (2018: £553k).

24. Provision for Liabilities and Charges

	2019	2018
	£000	£000
At 1 April	**150**	150
Released in the year	**(50)**	-
At 31 March	**100**	150

25. Share Capital

	2019	2018
	£000	£000
At 1 April	**8**	10
Issued during the year	**5**	-
Cancelled during the year	**(3)**	(2)
At 31 March	**10**	8

The shares have a nominal value of £1 each and provide members with the right to vote at general meetings, but do not provide a right to dividends or distributions on winding up. The issue of shares is authorised as required throughout the year. Shares in issue cannot be repaid or transferred and when a shareholder ceases to be a member, the share is cancelled and the amount paid up becomes the property of the Group.

26. Capital Commitments

Capital expenditure contracted for but not provided for in the financial statements

	2019	2018
	£000	£000
Capital expenditure		
Capital expenditure contracted for but not provided for in the accounts	**254,591**	221,477
Expenditure authorised by the Board of Management but not contracted	**233,567**	278,724
Total	**488,158**	500,201

26. Capital Commitments (continued)

The Association expects these commitments to be contracted within the next year and financed with:

	2019	2018
	£000	£000
Social housing grant	**70,271**	59,006
Proceeds from sales of properties	**61,898**	78,670
Surpluses and committed loan facilities	**355,989**	362,525
Total	**488,158**	500,201

The above figures include the full cost of shared ownership properties contracted for.

There are no performance conditions attached to the above commitments.

27. Operating Leases

The Group was committed to making lease payments as follows:

	2019		2018	
	Land and Buildings	Other	Land and Buildings	Other
	£000	£000	£000	£000
In less than one year	**226**	949	**238**	951
Between two and five years	**567**	1,131	**774**	1,411
In more than five years	**-**	-	**-**	11
	793	2,080	**1,012**	2,373

28. Grants

Total accumulated government grant receivable at 31 March:

	Group		Parent	
	2019	2018	2019	2018
	£000	£000	£000	£000
Held as deferred capital grant (note 20)	**433,180**	417,402	**-**	-
Recognised as income in Statement of Comprehensive Income	**140,853**	136,325	**15**	15
	574,033	553,727	**15**	15

29. Related Parties

In accordance with FRS 102 Related Party Disclosures, Section 33.1A, Platform Housing Group Ltd has not disclosed transactions entered into between two or more members of the Group, where each party to the transaction is 100% owned.

Transactions with non-registered elements of the business

In accordance with the Accounting Direction 2015, transactions between private registered providers and other non-registered entities in the Group are disclosed as follows:

2019	Turnover	Operating expenses	Interest receivable	Other creditors	Other debtors
	£000	£000	£000	£000	£000
Acclaim Housing Limited	**-**	**-**	**-**	**-**	**-**
ESHA Developments Limited	**60,264**	**(60,243)**	**-**	**-**	**10,706**
FPC Limited	**18,814**	**(18,476)**	**-**	**-**	**342**

2018	Turnover	Operating expenses	Interest receivable	Other creditors	Other debtors
	£000	£000	£000	£000	£000
Acclaim Housing Limited	213	(213)	-	-	-
ESHA Developments Limited	73,367	(73,338)	-	-	12,562
FPC Limited	17,630	(16,794)	-	-	557

During the year Fortis Living Limited received £1.016m for the provision of central services (2018: £1.018m), such as Finance and Human Resources, from Fortis Property Care Limited, a non-regulated group member. Further detail on apportionment of overheads can be found on page 40.

A Gift Aid payment of £809k was made by Fortis Property Care Limited to Fortis Living Limited (2018: £826k).

A Gift Aid payment of £25k was made by ESHA (Developments) Limited to Waterloo Housing Group Limited (2018: £26k).

A Gift Aid payment of £3k was made by Acclaim Housing Limited to Waterloo Housing Group Limited (2018: £65k).

Worcestershire Telecare

The Group is a shareholding member of Worcestershire Telecare, a Co-operative and Community Benefit Society. The organisation's core purpose is to provide community alarms and related services to people with support needs.

	Unaudited Accounts 2019	Audited Accounts 2018
	£000	£000
Income	**1,698**	1,682
Expenditure	**(1,626)**	(1,638)
Operating profit for the year	**72**	44

29. Related Parties (continued)

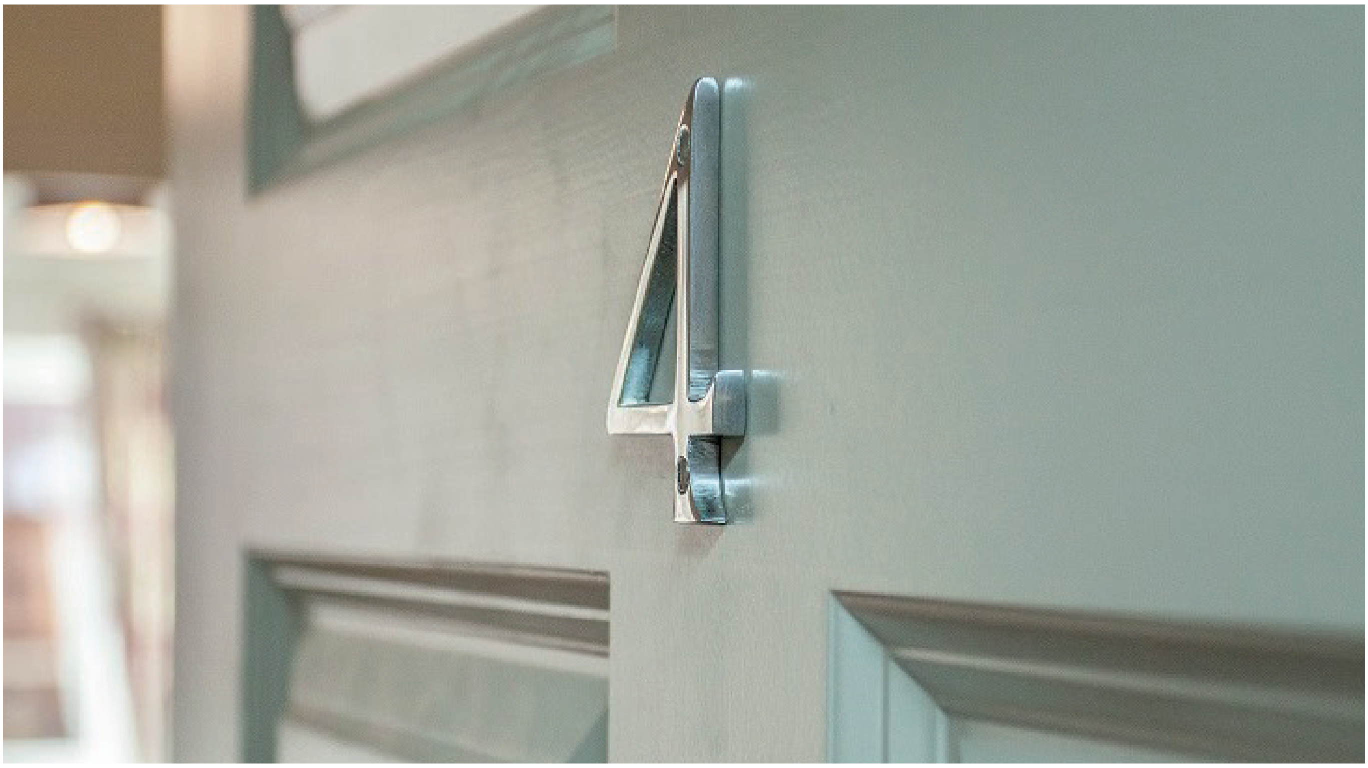
The above results have not been consolidated into the Group Financial Statements because the Group has no direct rights to assets or surpluses of the Co-operative and Community Benefit Society and limited liability as regards debts or losses.

Central Housing Investment Consortium Limited (CHIC)

Platform Housing Group is one of seven founder members of CHIC, a 'not for profit' company limited by guarantee. The principal activity of the company is based on a joint management arrangement to procure multi-client contracts for the provision of asset management works, services and materials. These contracts are available to the consortium's current and future membership, who can join the consortium to benefit from the efficiencies yielded through joint procurement and collaborative working.

The members have no direct rights to assets or surpluses of the company and the liability of each member is limited to £1. The following results have not, therefore, been consolidated into the Group Financial Statements.

	Unaudited Accounts 2019	Audited Accounts 2018
	£000	£000
Turnover	**845**	1,044
Costs	**(939)**	(1,042)
Profit for the year	**(94)**	2



30. Financial Instruments and Risk Management

The treasury function is responsible for the management of treasury risks and ensuring that the Group has sufficient liquidity. A treasury assurance report is presented monthly to the Group Finance Director and quarterly to the Group Board. This report details how the Group is managing each of the key risk areas detailed in the Treasury Management Policy (TMP). Both the TMP and treasury strategy are updated on an ongoing basis as required by the Group, and formally reviewed at least once a year.

The Group has been given the highest governance and viability ratings, 'G1/V1', by the HCA.

Liquidity

The Group had total borrowing facilities of £1,401m (2018: £1,250m) available at 31 March 2019, of which £238m (2018: £251m) were undrawn.

Borrowings are broken down by lender and type:

	Facility	Drawn	Available	Fixed	Variable
	£000	£000	£000	£000	£000
Bond Finance					
Affordable Housing Finance Plc	77,000	77,000	-	77,000	-
Haven Funding (32) Plc	5,904	5,904	-	5,904	-
Private Placement	80,000	80,000	-	80,000	-
bLEND Funding Plc	180,000	180,000	-	180,000	-
	342,904	342,904	-	342,904	-
Bank Finance					
Barclays Bank Plc	265,000	265,000	-	263,500	1,500
Lloyds Bank Plc	364,613	264,613	100,000	109,687	254,926
European Investment Bank	63,000	63,000	-	63,000	-
Natwest Bank Plc	76,433	56,433	20,000	51,433	25,000
Dexia Crèdit Local	43,860	25,385	18,475	20,000	23,860
Nationwide Building Society	52,918	52,918	-	38,000	14,918
Newcastle Building Society	24,335	24,335	-	24,335	-
Orchardbrook Limited	5,910	5,910	-	5,910	-
Santander UK Plc	147,600	47,600	100,000	40,000	107,600
The Housing Finance Corporation	14,161	14,161	-	14,000	161
	1,057,830	819,355	238,475	629,865	427,965
	1,400,734	**1,162,259**	**238,475**	**972,769**	**427,965**

Debt facilities with bLEND Funding Plc (£180m) and Lloyds Bank Plc (£135m) were completed in the year.

30. Financial Instruments and Risk Management (continued)

Liquidity

Maturity profile of outstanding borrowing at 31 March:

	2019	2018
	£000	£000
Loans repayable by instalments		
Within one year	**4,210**	15,255
In one year or more but less than two years	**9,706**	4,040
In two years or more but less than five years	**12,742**	24,347
In five years or more	**149,478**	154,659
Loans not repayable by instalments		
Within one year	**16,236**	14,715
In one year or more but less than two years	**84,852**	16,236
In two years or more but less than five years	**150,120**	129,852
In five years or more	**734,915**	640,212
Total repayable	**1,162,259**	999,316
Less loan issue costs	**(9,011)**	(6,432)
Adjustment for premium on issue	**8,322**	8,671
Total drawn borrowings (included in Notes 18 and 19)	**1,161,570**	1,001,555

Refinancing risk is managed through the Treasury Policy that ensures maturities are not overly concentrated.

All of the loans are secured or due to be secured by specific charges on the Group's individual housing properties.

Interest rate risk

The Group manages volatility of its cash flows and interest payments in relation to interest rate risk by limiting its exposure to variable interest rate risk. Interest rate risk policy is managed by Treasury and approved by the Board. The policy states that variable rate borrowings shall not exceed more than 40% of total outstanding borrowings.

Group fixed and variable rate outstanding borrowing at 31 March:

	2019			2018		
	£000	Weighted average rate	Weighted average term	£000	Weighted average rate	Weighted average term
Fixed rate	**972,769**	**4.48%**	**22 years**	798,251	4.65%	23 years
Variable rate	**189,490**	**1.65%**	**6 years**	201,065	1.73%	15 years
Total drawn	**1,162,259**	**4.02%**	**19 years**	999,316	4.06%	22 years

Standalone hedging agreements will be entered into by the Group in order to manage exposure to variable rate risk where appropriate.

30. Financial Instruments and Risk Management (continued)

Currency risk

The Group only trades in sterling and holds sterling balances so is not exposed to any currency risks. It has no overseas subsidiaries.

Credit risk

Credit risk is the risk that a counterparty to a financial instrument fails to discharge an obligation to the Group. Credit risk policy is managed by Treasury and approved by the Board.

Covenant compliance

Covenant compliance is monitored by the Treasury department on a monthly basis. There were no breaches in the year.

The following financial covenants are assessed on an annual basis at subsidiary level:

	2019	2018
Interest cover	**320%**	370%
Gearing	**38%**	33%

Interest cover is calculated by dividing operating surplus by financing costs and must be at least 110%. Gearing is calculated as total net borrowings divided by Housing Assets at NBV and cannot be more than 60%.

Financial Instruments

The Group's financial instruments are analysed as follows:

Financial Assets

		2019	2018
		£000	£000
Loans and receivables at amortised cost			
a)	Cash at bank and in hand	**152,799**	75,790
b)	Trade debtors	**2,371**	1,312
c)	Rents and service charges receivable	**6,252**	5,705
d)	SHG and other grants receivable	**10,559**	4,345
e)	Other debtors and accrued income	**1,473**	615
f)	Homebuy loans	**8,940**	9,566
g)	Unlisted investments	**4,913**	1,819
Available for sale assets			
a)	Listed investments	**4,585**	4,520
		191,892	103,672

30. Financial Instruments and Risk Management (continued)

Financial Liabilities

		2019 £000	2018 £000
Financial liabilities at fair value through profit or loss			
a)	Forward fix derivative	**-**	-
Other financial liabilities at amortised cost			
a)	Loans	**1,156,988**	995,377
b)	Trade creditors	**6,174**	9,797
c)	Accruals and deferred income	**33,908**	32,592
d)	SHG and other grants received in advance	**4,154**	4,382
e)	Rents and service charges received in advance	**7,320**	7,052
f)	Deferred Capital Grant fund	**433,180**	417,402
g)	Recycled Capital Grant fund	**10,516**	10,858
h)	Other recycled grants	**402**	402
i)	Disposal proceeds fund	**297**	495
j)	Sinking funds	**2,499**	2,282
		1,655,438	1,480,639

31. Merger

On 1 October 2018, Fortis Living Group Limited and Waterloo Housing Group Limited merged to form Platform Housing Group Limited. The entities of the respective businesses are detailed below:

Name	Incorporation	Registration
Fortis Living Group	Co-operative and Community Benefit Societies Act 2014	Registered
Fortis Living Limited	Co-operative and Community Benefit Societies Act 2014	Registered
Fortis Property Care Limited	Companies Act 2006	Non-registered
Spa Homes Limited (Dormant)	Companies Act 2006	Non-registered
Waterloo Housing Group	Co-operative and Community Benefit Societies Act 2014	Registered
ESHA (Developments) Limited	Companies Act 2006	Non-registered
Acclaim Housing Limited	Companies Act 2006	De-registered
Waterloo Homes Limited (Dormant)	Companies Act 2006	Non-registered

31. Merger (continued)

The detail of the total comprehensive income for the period 1 April 2018 to 31 March 2019.

	Note	Fortis Living Group	Waterloo Housing Group	Platform Housing Group	Total for the year
		1 April 2018 to 30 September 2018		1 October 2018 to 31 March 2019	2019
		£000	£000	£000	£000
Turnover	2&3	56,355	72,536	144,682	**273,573**
Operating Expenditure	2&3	(27,504)	(35,912)	(64,501)	**(127,917)**
Cost of Sales	2&3	(4,111)	(5,810)	(32,845)	**(42,766)**
Gain on disposal of property, plant and equipment	5	326	2,422	3,538	**6,286**
Loss on disposal of investment properties	13	-	-	-	**-**
Operating Surplus		25,066	33,236	50,874	**109,176**
Interest receivable	6	79	89	930	**1,098**
Interest payable and financing costs	6	(4,651)	(14,332)	(24,513)	**(43,496)**
Increase in valuation of investment properties	13	-	-	95	**95**
Gift Aid	29	-	-	-	**-**
Movement in fair value of financial instruments	30	-	-	-	**-**
Negative goodwill		-	-	-	**-**
Surplus before tax		20,494	18,993	27,386	**66,873**
Taxation	8	-	-	-	**-**
Surplus for the year after tax		20,494	18,993	27,386	**66,873**
Initial recognition of multi-employer pension scheme	24	(1,943)	(2,429)	-	**(4,372)**
Actuarial (loss) / gain in respect of pension schemes	24	-	-	(10,412)	**(10,412)**
Total comprehensive income for the year		18,551	16,564	16,974	**52,089**

31. Merger (continued)

Analysis of the previous year's total comprehensive income.

	Note	Fortis Living Group 2018 £000	Waterloo Housing Group 2018 £000	Total for the year 2018 £000
Turnover	2&3	101,361	142,109	243,470
Operating Expenditure	2&3	(51,553)	(65,385)	(116,938)
Cost of Sales	2&3	(6,997)	(15,120)	(22,117)
Gain on disposal of property, plant and equipment	5	550	7,499	8,049
Loss on disposal of investment properties	13	(48)	-	(48)
Operating Surplus		43,313	69,103	112,416
Interest receivable	6	203	206	409
Interest payable and financing costs	6	(10,185)	(29,857)	(40,042)
Increase in valuation of investment properties	13	44	-	44
Gift Aid	29	-	-	-
Movement in fair value of financial instruments	30	375	-	375
Negative goodwill		270	-	270
Surplus before tax		34,020	39,452	73,472
Taxation	8	-	22	22
Surplus for the year after tax		34,020	39,474	73,494
Actuarial (loss) / gain in respect of pension schemes	24	4,542	4,333	8,875
Total comprehensive income for the year		38,562	43,807	82,369

31. Merger (continued)

The carrying value of the net assets at the date of the merger are as follows:

	Fortis Living Group	Waterloo Housing Group	Total
	As at 1 October 2018		
	£000	£000	£000
Fixed assets			
Housing properties	886,605	1,368,433	**2,255,038**
Other tangible fixed assets	11,769	3,740	**15,509**
Investment properties	16,732	-	**16,732**
Homebuy loans receivable	9,147	57	**9,204**
Fixed asset investments	76,640	-	**76,640**
	1,000,893	1,372,230	**2,373,123**
Current assets			
Stocks: Housing properties for sale	11,895	1,571	**13,466**
Stocks: Other	44	15	**59**
Trade and other Debtors	6,657	4,086	**10,743**
Cash and cash equivalents	34,268	165,316	**199,584**
	52,864	170,988	**223,852**
Less: Creditors: amounts falling due within one year	(13,821)	(163,498)	**(177,319)**
Net current assets / (liabilities)	39,043	7,490	**46,533**
Total assets less current liabilities	1,039,936	1,379,720	**2,419,656**
Creditors: amounts falling due after more than one year	(455,434)	(1,080,277)	**(1,535,711)**
Provisions for liabilities			
Pension provision	(25,505)	(27,908)	**(53,413)**
Other provisions	(150)	-	**(150)**
Total net assets	558,847	271,535	**830,382**
Reserves			
Non-equity share capital	-	-	**-**
Income and expenditure reserve	337,352	271,535	**608,887**
Revaluation reserve	221,495	-	**221,495**
Total reserves	558,847	271,535	**830,382**

There have been no significant adjustments required to align accounting policies and there have been no further adjustments to net assets as a result of the merger.

32. Events After Year End

Disclosure of all events after year end has been made in the Strategic Report.