ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

31 MARCH 2018

The Housing Plus Group Limited
Acton Court, Acton Gate, Stafford, ST18 9AP

Registration No. 30224R

CONTENTS

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISORS

Registered Office	Acton Court, Acton Gate, Stafford, ST18 9AP
The Housing Plus Group Limited	Registered Co-operative & Community Benefit Society No: 30224R Registered by the Regulator of Social Housing No: L4491
Internal Auditors	**Mazars LLP** The Broadway, Dudley, West Midlands, DY1 4PY
External Auditors	**BDO LLP** Chartered Accountants and Statutory Auditors, Two Snowhill, Birmingham, B4 6GA
Legal Advisors	**Anthony Collins LLP** 134 Edmund Street Birmingham, B3 2ES
Funders	**Nationwide Building Society** Kings Park Road, Moulton Park, Northampton, NN3 6NW
	BAE Systems Pension Funds Investment Management Ltd Burwood House, 14/16 Caxton Street London, SW1H 0QT
	Canada Life Investments 1-6 Lombard Street, London, EC3V 9JU
	Clydesdale Bank plc 30 St Vincent Place Glasgow, GH1 2HL
	Shropshire Council The Shirehall, Abbey Foregate, Shrewsbury, SY2 6ND

Bankers	**Barclays Bank PLC** One Snowhill, Birmingham, B3 2WN
	National Westminster Bank PLC 8 Mardol Head, Shrewsbury, SY1 1HE
Board of Management	Mr Rolf Levesley (Chair) Mr Gareth Evans (Senior Independent Director/Vice-Chair) Mrs Sarah Boden (Executive Director) Mr Andrew Mason Mr Paul Smith (resigned December 2017) Mrs Rachel Bowden Mr William McCarthy (appointed 1 October 2017) Mr Peter Phillips (appointed 1 January 2018)
Chief Executive Officer	Mrs Sarah Boden
Executive Directors	
Finance Director and Deputy Chief Executive	Mr Philip Ingle
Property Services Director	Mr Stephen Collins
Neighbourhoods Director	Mrs Jan Goode
Care and Support Director	Mr Les Clarke
Commercial Director	Mr Peter Donovan
Interim Transformation and People Director	Mr Doug Fuller (resigned May 2017)
People and Transformation Director	Mrs Louise Wagstaff (appointed October 2017)
Company Secretary	Mrs Irene Molyneux

REPORT OF THE BOARD

Principal activities

The Housing Plus Group ("the Group") is a leading provider of housing and related services within Shropshire and south Staffordshire. It was formed on 1 October 2016 following the merger of Severnside Housing with The Housing Plus Group.

The parent company, The Housing Plus Group Limited ("the parent" and "the Association"), is a non-housing asset holding company which provides 'back office' services to its Group companies. The parent was originally incorporated by the Financial Conduct Authority on 10 May 2007 (30224R) and was registered with the Regulator of Social Housing (L4491) on 22 May 2007.

The Group has a number of subsidiaries.

South Staffordshire Housing Association ("SSHA") – Became a subsidiary on 10 August 2007 and is registered with the Regulator of Social Housing. It owns 5,900 social housing units and has funding agreements with Nationwide Building Society, BAE Pension Funds Investment, and Clydesdale Bank plc. It has a wholly owned subsidiary, SSHA Developments Limited, which generates income from photovoltaic (PV) panels installed on an office building.

Severnside Housing ("Severnside") became a subsidiary on 1 October 2016 and is registered with the Regulator of Social Housing. It owns 5,585 social housing units and has funding agreements with Nationwide Building Society, Canada Life and Shropshire Council. It has two wholly owned subsidiaries, Severn Homes Limited, which has been established to be a development vehicle for market sale properties, and SCA, a charity.

Care Plus Staffordshire Limited ("Care Plus") became a subsidiary in April 2010 and delivers care and support services; primarily to the residents of SSHA. Care Plus does not own any property assets and is an exempt charity from the date of its incorporation. Care Plus is registered with the Care Quality Commission (CQC).

REPORT OF THE BOARD (continued)

Principal activities (continued)

Property Plus (Midlands) Limited ("Property Plus"), formerly known as A Walters Electrical Contractors Limited ("AWEC"), became a subsidiary in October 2016. It has historically provided electrical works to Severnside and from April 2017 it provided general maintenance services to both SSHA and Severnside.

Severn Homes Limited ("Severn Homes") began trading during the year, developing and selling properties for outright sale.

A Walters Electrical Limited ("AWEL") became a subsidiary in October 2016. It has historically provided electrical works to external customers on a commercial basis. It is currently not trading.

The results of SSHA, Severnside, Property Plus, Care Plus, AWEL, Severn Homes, Severnside Community Association and SSHA Developments have been consolidated into the financial statements of The Housing Plus Group.

Board members and Executive Officers

The Group is governed by a Board composed of six (2017: five) non-executive members plus the Group's Chief Executive. Four (2017: three) of the non-executive members are also members of subsidiary Boards. Membership of all Boards across the Group has been stable but, as a consequence of the merger in October 2016, the composition of all Boards was re-configured to meet the new business need.

There are three Group committees: Audit and Risk, Integration, and Nominations and Remuneration. Membership of these committees is drawn from all Boards within the Group, and is detailed in Note 10 to the financial statements.

The Group is managed by an Executive Management Team headed by the Group Chief Executive and supported by a Finance Director, Care and Support Director, Commercial Director, Neighbourhoods Director, Property Director, and People and Transformation Director. The Executive Management Team attends board meetings.

Each non-executive member of the Board holds one share of £1 in The Housing Plus Group Limited. The Executive Officers of the Group hold no interest in the Group's share capital and, although they do not have the legal status of Directors, they act as Executive Officers within the authority delegated to them by the Board and are termed Directors. The Group has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of the Group.

REPORT OF THE BOARD (continued)

Members of the Board receive remuneration. The remuneration of the Group Chief Executive and, through the Group Chief Executive, the other Executive Officers, is determined by the Group Board having taken account of the advice of the Nominations and Remuneration Committee. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar organisations within the housing sector and the wider market place. Full details of the remuneration of each Board Member and Executive Management Team Member are provided in note 10 of the financial statements.

Council and Funders' support

The Group Board wishes to place on record its gratitude for the support of South Staffordshire Council and Shropshire Council - the Members and Officers have been invaluable in their continued contribution to the success of our business. Our thanks are also extended to our Funders; BAE Systems Pension Funds Investment, Clydesdale Bank plc, Canada Life, Shropshire Council and our principal funder Nationwide Building Society who have responded positively to proposals put to them and give us the benefit of their vast experience in the social housing market.

Accounting policies

The policies can be found on pages 37 to 46 of the financial statements. Accounting policies are consistent across all Housing Plus entities. These include the effects of material estimates on judgements on the financial statements.

Governance

The Group complies with the Regulator of Social Housing's Governance and Financial Viability Standard. The Group Board makes this statement having reviewed the results of various self-assessments that have been undertaken including those of subsidiary boards.

The Group maintains an accurate and up to date record of its assets and liabilities. The Group Board has gained external assurance from internal audit that this is reflective of the Group's position.

In April 2015 the Group adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)", as its approved Code of Governance, and confirms that the Group complies fully with the Code.

The Group was delighted to retain the highest ratings for Governance **(G1)** and Viability **(V1)** in the latest regulatory judgement issued by the Regulator of Social Housing published in May 2018. This judgement followed an In Depth Assessment by the Regulator which focussed on how the Group was progressing with implementing the merger business case.

REPORT OF THE BOARD (continued)

Statement of internal controls

The Housing Plus Group Limited Board is the ultimate governing body for the Group and has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. This has included annual reviews at away days and production of improvement programmes.

The system of internal control is designed to manage rather than eliminate risk, to prevent and/or detect fraud and to provide reasonable, but not absolute, assurance against material misstatement, loss or failure to achieve business objectives. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

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

The process adopted by the Group 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.

The executive team regularly considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The Group Audit and Risk Committee have delegation to oversee this arrangement.

The Nominations and Remuneration Committee has the responsibility for overseeing the recruitment and appointment of all Group Board Members and the Executive Management Team. It also makes recommendations with regard to remuneration levels to the Group Board and has general oversight in respect of Board effectiveness reviews.

Environmental and control procedures
The Group Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

REPORT OF THE BOARD (continued)

Statement of internal controls (continued)

Information and financial reporting systems
Financial reporting procedures include preparing for each entity within the Group detailed budgets for the financial year ahead. Detailed management financial statements are produced monthly and presented at least quarterly to the Boards together with forecasts for the remainder of the financial year.

These are reviewed in detail by the Executive Directors and are considered and approved by the relevant board. All boards also regularly review key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

All Board Members receive regular information on a range of topics plus Board and Committee papers and minutes.

Fraud reporting systems
The Group as a whole aims to prevent fraud and corruption by the following measures:

- Code of Conduct for Employees and Board Members
- Policies in respect of: Anti-fraud, Bribery and Corruption, Money Laundering and Whistleblowing
- Standing Orders and Financial Regulations
- Data Protection and Confidentiality Policies
- Internal Audit programmes

These policies and procedures are intended to minimise the opportunity for fraud and highlight any areas of potential fraud and corruption before they occur. Quarterly fraud update reports are provided to the Audit and Risk Committee. During the financial year covered by this report there has been one recorded case of fraud below £5k. The Audit and Risk Committee is monitoring implementation of the recommended changes to the internal control environment arising from the fraud investigation.

Monitoring and corrective action
A process of regular management reporting on control issues provides assurance to senior management and to the Boards across the group. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the senior management team and report to the Group Audit and Risk Committee. The Committee considers internal control and risk at each of its meetings during the year. The Internal Auditors undertook 16 reviews during the year, only one of which received an assurance level below 'adequate'. Substantial assurance was received in 6 areas, thus providing reasonable assurance to the Group on the effectiveness of the internal control framework.

REPORT OF THE BOARD (continued)

Statement of internal controls (continued)

Based on the Internal Auditors giving adequate assurance that the Group operates an effective internal control environment based on the areas they have audited in the year within the scope of those reviews, the Board confirms that the internal controls within the organisation meet the requirements.

The Group Audit and Risk Committee conduct an annual review of the effectiveness of the system of internal control. A report is prepared which has taken account of any changes needed to maintain the effectiveness of risk management and control process and this report is shared with Board members.

The Board confirms that there is an ongoing process for identifying, 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 financial statements, and is regularly reviewed by the Board.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements for the year ended 31 March 2018 and up to the date of approval of the financial statements.

Statement of the Board's Responsibilities

The Board is responsible for preparing the Report of the Board and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the Board is required to:

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

REPORT OF THE BOARD (continued)

Statement of the Board's Responsibilities (continued)

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the Group and Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Provision of information to auditors

The Group 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; the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

Independent auditors

A resolution to appoint External Auditors will be proposed at the next Annual General Meeting.

By Order of the Board:

Rolf Levesley
Chair

Sarah Boden
Director
26 July 2018

Irene Molyneux

Irene Molyneux
Company Secretary

GROUP STRATEGIC REPORT

Objectives and Strategy

The Housing Plus Group is a public benefit entity. The Group has a clear vision and priorities which are shared across the Group. Its members are committed to delivering good quality, affordable homes and services in Shropshire and Staffordshire.

Our vision, priorities and values are heartfelt statements of intent. The Group has the skills and expertise needed to deliver these in a difficult and ever changing operating environment.

Our ***vision*** is to be:

An excellent provider of homes and services, enhancing the quality of life for our customers.

Our priorities to achieve this vision are:

A Resilient & Growing **Business**	• Dynamic and strong; a group of growing perpetuity businesses • Developing more homes to meet a range of needs • Efficient, effective and compliant business
Focussed on **Customers, Communities and Homes**	• Providing excellent homes and services • Working with our partners and investing in our communities • Listening to, engaging and supporting customers
Developing and supporting our **People**	• Using technology to enhance communication and agile working • Knowledgable, trusted and caring staff • Enhancing the skills of our people

GROUP STRATEGIC REPORT (continued)

Our values

The Group is guided by a set of core values which are:

- Trust: ensuring we always communicate and act with respect, honesty and integrity.
- Partnerships: working creatively and collaboratively to excel.
- Innovation: learning and changing to continuously improve.
- Accountable: being transparent and responsible for our actions and performance.
- Inclusive: respecting and valuing diversity in our workplace and communities.

Our values are an expression of our culture and underpin everything we do. They provide guidance for the excellent staff across our Group and form the fabric of our relationships and partnerships.

Business & financial review

The Group is pleased to report a consolidated surplus for the financial year before actuarial gains/losses of £9,636k (2016/17 £6,442k) which delivered a favourable variance of £3,847k against the budget of £5,789k. This was comprised of the pre- consolidation individual subsidiary results as follows:

	2018 Actual £'000	2018 Budget £'000	2017 Actual £'000
The Housing Plus Group	(216)	148	149
SSHA	3,206	3,421	2,581
Severnside	5,036	4,276	3,868
Care Plus	121	30	148
Property Plus	669	451	(100)
AWE Electrical	1	-	(74)
Severn Homes	828	(151)	-
SCA	(6)	-	(1)
SSHA Developments	(5)	-	(7)
Total	**9,634**	**8,175**	**6,564**
Consolidation Adjustments	2	(2,386)	(122)
Consolidated	**9,636**	**5,789**	**6,442**

The Housing Plus Group

The parent organisation has continued to provide corporate services to the rest of the Group, achieving significant operational cost savings during the year. Work continued on the site for the new group Head Office in Telford, demolishing the existing building and preparing the site ready for construction to start in 2018. Ownership of the site was passed to SSHA during the year.

During the year the project to review and harmonise employee terms and conditions was completed, and office opening hours have been harmonised across the Group.

GROUP STRATEGIC REPORT (continued)

Business & financial review (continued)

SSHA

SSHA achieved an operating surplus of £10m, £1.03m ahead of prior year, which is an excellent performance that reflects the efficiencies made to counteract the 1% rent cut government policy. Despite a loss of six properties through Right to Buy, SSHA continued to reinvest by increasing its affordable rent portfolio from 47 to 107, and by developing 71 additional homes for LCHO. As described below, SSHA engaged Property Plus to undertake additional works ahead of budget, funded in part by outperformance against budget in other areas and by reductions in Group corporate service costs.

Severnside

Severnside achieved an operating surplus of £11.2m, £1m of which was from market and other non- social housing lets. In addition, £1.26m was generated from housing property sales however £1.14m of this was through 24 Right to Buy sales and one Right to Acquire sale. Severnside continued to reinvest its surpluses into new housing stock and, despite Right to Buy stock losses, ended the year with 5,585 social housing units, a net increase of 68 on the prior year.

Care Plus

Care Plus has continued to grow throughout the financial year, stabilising the domiciliary care part of the business and beginning to expand into Shropshire. The company achieved a surplus of £121k, significantly ahead of the budgeted surplus of £30k, with overall income 8.4% higher than prior year. All areas of the business have achieved a greater gross margin than expected, an excellent result considering the investment the business has made in recruiting and training permanent staff.

The business was inspected by the Care Quality Commission in December 2017, and they rated Care Plus as "good" in all five key lines of enquiry.

Property Plus

Property Plus has had an excellent year, undertaking more work for SSHA and Severnside than was originally planned. Both Severnside and SSHA required additional work in respect of electrical testing and remedial works; Severnside required additional fire door and balcony replacements; and SSHA extended the composite door programme by 150 units and replaced more back boilers than anticipated. In order to undertake this additional work the company had to supplement the workforce by spending £1.87m on subcontractors, however this did not impact adversely on the overall surplus for the company which was £668k compared to a loss of £100k in 2017 and a budgeted surplus of £451k.

The Board of Property Plus has resolved to gift aid some of its surplus to charitable members of the Group.

GROUP STRATEGIC REPORT (continued)

Business & financial review (continued)

AWEL

From 1st April 2017, the business completed the delivery of existing contracts but no longer provided services to new external customers whilst the focus for its future business operations is reviewed.

Severn Homes

During the year Severn Homes developed 26 properties for outright open market sale on the Group's development at Curlew Meadows in Baschurch, Shropshire. 25 were sold during the year, generating a profit before tax of £828k. The remaining one property sale completed in April 2018. The Board of Severn Homes has resolved to gift aid some of its surplus to charitable members of the Group.

Developing more homes to meet a range of needs

The Group is committed to developing and providing good quality affordable homes and facilities and creating attractive neighbourhoods where people aspire to live. One of the major motivations behind the decision to merge Severnside and Housing Plus was the ability to re-invest the forecast efficiencies that would be gained as a result, to increase the portfolio of properties delivered across all tenures.

For the period 2015-2018 the number of new units delivered by both landlords was:

	2014/15	2015/16	2016/17	2017/18
Severnside	83	127	176	112
SSHA	102	45	24	106
	185	**172**	**200**	**218**

For 2017/18 the tenure split of these units was:

	Severnside			SSHA		
	Units	Cost £'000	Grant £'000	Units	Cost £'000	Grant £'000
Developed:						
Social Rent	6	868	127	33	6,200	719
Affordable Rent	6	962	292	15	1,127	-
Shared ownership	14	1,126	-	3	284	-
Market Rent	4	541	-	-	-	-
Off the Shelf Purchases:						-
Social Rent	35	3,774	30	26	2,246	-
Affordable Rent	33	3,505	136	-	-	-
Shared ownership	-	-	-	29	2,111	980
Market Rent	14	1,620	-	-	-	-
Total	**112**	**12,396**	**585**	**106**	**11,968**	**1,699**

GROUP STRATEGIC REPORT (continued)

Developing more homes to meet a range of needs (continued)

The Board approved a business plan in May 2018 that demonstrates capacity to build a further 574 units by 2024 under the following tenures:

	Severnside	SSHA	Total
Committed units			
General needs	120	43	163
Shared ownership	27	33	60
Non committed units			
General needs	175	55	230
Shared ownership	43	25	68
Outright sale	3	50	53
Total units			
General needs	295	98	393
Shared ownership	70	58	128
Outright sale	3	50	53
	368	**206**	**574**

The Business Plan comprises total capital expenditure of £68 million, total grant income of £5.5 million and sales income from shared ownership and market sales of £18.4 million, leaving £44m to be funded from borrowings and reserves.

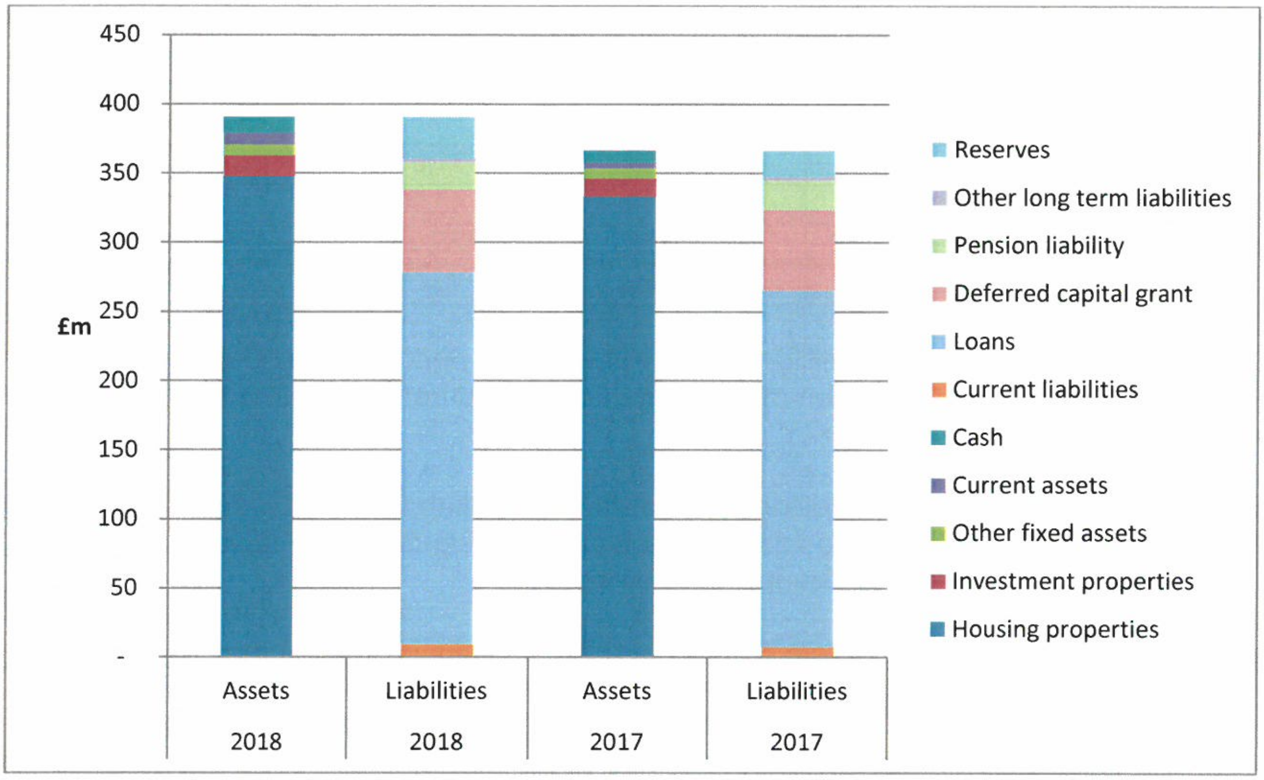
Cashflow

Cash inflows and outflows for the year under review are set out in the Consolidated Statement of Cash Flows. At 31 March 2018 The Housing Plus Group had total cash reserves of £11.477 million, an increase in the year of £3.243 million. This was predominantly driven by the timing of loan drawdowns and development expenditure. Cash flow generated from operations was £29.6 million, an increase of 3% on the prior year.

GROUP STRATEGIC REPORT (continued)

Statement of Financial Position

Group net assets have increased by £11.4 million this year, driven by total comprehensive income of £12 million less transfers out of restricted reserves. Changes in working capital have contributed to a £822k reduction in net current assets (excluding £4m pension bond debtor). Renegotiations of Nationwide loan repayment schedules have accelerated repayment dates and increased amounts repayable within the next financial year.



Treasury management

Treasury management responsibility is delegated by the Group Board to the Finance Director. The strategy is set annually, approved by the Board with quarterly review and monitoring reports.

On 26 January 2018 the Group entered into a £15m revolving credit facility with Clydesdale Bank plc. £3m was drawn to repay amounts owed to Nationwide, and an additional £3m was drawn to fund development expenditure. The facility is due to be repaid in full on 26 January 2023.

GROUP STRATEGIC REPORT (continued)

Treasury management (continued)

Total Group borrowing at the financial year end comprised:

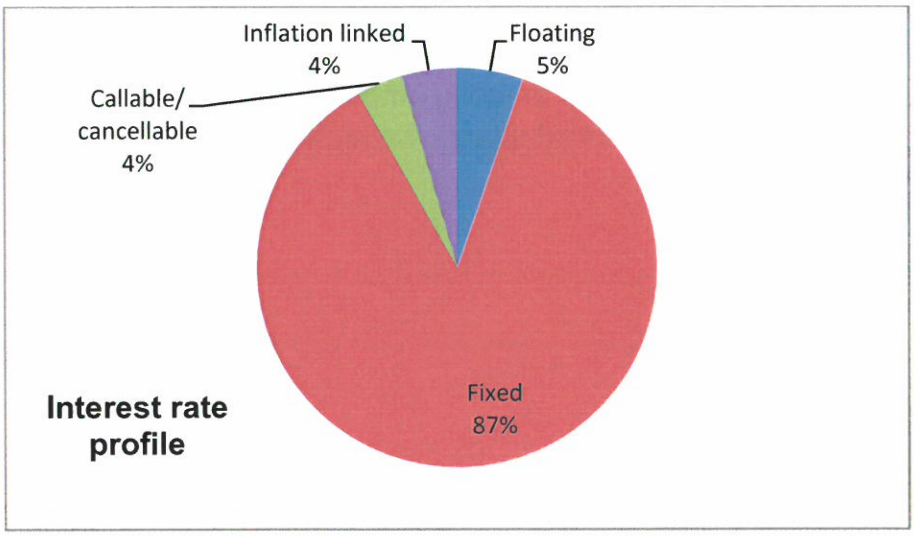
	Severnside	SSHA	Total
	£'000	**£'000**	**£'000**
Nationwide	94,000	90,000	184,000
Canada Life	35,000	-	35,000
BAE	-	35,000	35,000
Clydesdale Bank plc	-	6,000	6,000
Shropshire Council	9,458	-	9,458
Total drawn at 31 March 2018	**138,458**	**131,000**	**269,458**
Total facility at 31 March 2018	148,958	140,000	288,958
Total drawn at 31 March 2017	***133,104***	***125,000***	***258,104***
Total facility at 31 March 2017	*149,750*	*140,000*	*289,750*

The undrawn facilities of £19.5 million are fully securitised and available to draw down. In addition, the Group has £50 million of uncharged stock that can be used to support future borrowing requirements.

The Group has negotiated an additional £10 million of funding from BAE which will be drawn in the new financial year to contribute towards funding the future development programme included within the Group's business plan.

The Group's activities expose it to a number of financial risks including credit risk, cash flow risk and liquidity risk. The use of financial derivatives is governed by the Group's Treasury Strategy approved by the Board, which provides written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

The Group has pursued a strategy of fixing interest rates on loans to provide certainty of future interest payments. At the year end, 87% of loans were at fixed rates of varying lengths, with revolving loan facilities attracting interest at variable rates linked to LIBOR.



GROUP STRATEGIC REPORT (continued)

Treasury management (continued)

Cash flow risk: a number of the Group's borrowings are held at fixed rates to ensure certainty of cash flows.

Credit risk: The Group's principal financial assets are bank balances and cash, rent arrears and other receivables, and investments. The Group's credit risk is primarily attributable to its rent arrears. The amounts presented in the Statement of Financial Position are net of allowances for bad debts. The credit risk on liquid funds is limited because the counterparties are approved UK institutions with high credit ratings as stipulated by the Group's Treasury Management practices.

Liquidity risk: In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses a mixture of long-term and short-term debt finance.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within this Strategic Report. The Group has in place long-term debt facilities including £19.5m undrawn facilities at 31 March 2018 (2017: £31.6m), which, together with the additional £10 million to be drawn from BAE, provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations for the foreseeable future. The Group has a 30 year business plan which has been subject to robust stress testing and which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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

Risks and uncertainties

The Group understands the importance of a strong risk and assurance framework in growing and creating a perpetuity business that is able to continue to support our communities.

We recognise our assets, customers and staff are vital to the success of the Group, and we operate within a cautious risk range, set out in our risk tolerance matrix, which we consider to be appropriate for our business.

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

There are specific risks that we will not accept which include any course of action that will contribute or could reasonably be anticipated to contribute to the following occurrences:

- Risks that might threaten financial viability;
- Death, permanent personal injury to staff, contractors, agents and customers;
- Risks that impact on maintaining a resilient business (putting social assets at risk, landlord compliance);
- Failure to implement or comply with H&S obligations;
- Any breach of law; and
- Risks that bring intervention or sanction from regulators.

The Group believes that effective risk management is a tool which enables the successful and effective delivery of services, objectives and the promotion of innovation. Also, that identified risks can be reduced to an acceptable level by approaching the control of risks in a strategic and organised manner. In doing so, we are able to grasp and maximise opportunities, improve service delivery, provide a safer environment for staff and the general public and achieve a reduction in unnecessary expenditure.

All Boards within the Group recognise that risk and assurance is not an area for which Boards alone are responsible. The Group is mindful that risk should be understood, assessed and managed across all levels of the organisation. Regular meetings take place with staff to discuss risk management in their specialist areas which includes identifying emerging risks and how these will be either eliminated or controlled and enables the updating of group risk and assurance maps, that include key controls to manage the risk, set out who is responsible for the control and how assurance is gained over the control effectiveness.

All reports presented for discussion at all Board meetings include an assessment of risk and provide assurance on how this is or will be controlled. Specific risks that may prevent the Group achieving its objectives are considered and reviewed quarterly by the Audit and Risk Committee, the Board and Executive Officers. All risks are analysed according to their impact and likelihood as set out in our risk tolerance matrix.

The seven strategic key risk areas that the risk and assurance map covers are:

1. Not maintaining a resilient business
2. Not maintaining financial viability
3. Death or Personal injury to staff, contractors or customers
4. Failure to implement or comply with Health & Safety obligations
5. Government or Local Authority decisions adversely affecting business
6. Interventions by Regulators
7. Merger

GROUP STRATEGIC REPORT (continued)

Risks and uncertainties (continued)

The highest scoring risks for the Group as at 31 March 2018 are:

- An incident or a breach to the security leads to system unavailability and adversely affects the Group;
- High quality employees are not attracted, selected or retained;
- Death or injury is caused due to carrying out maintenance or construction works on the Group's assets;
- Death or injury is caused due to the condition of the property;
- An incident occurs to either the health or safety of an employee whilst working alone;
- Effective Health and Safety policies and procedures are not in place resulting in prosecution from the H&S Executive;
- The Group fails in its duty of care to employees both in relation to HR and Health & Safety (leading to enforcement action);
- The Group fails to manage the cumulative effect of Welfare Reform;
- Future rent increases significantly reduce income;
- Value for Money cannot be demonstrated and the Group is downgraded by the Regulator;
- The Group fails to maintain any of the consumer standards in line with the objectives and framework set out by the Government;
- The Group fails to scrutinise its activities in line with the expectations of the Regulator and is downgraded;
- The Board does not govern effectively in line with the Regulator's guidelines and the Group's governance rating is downgraded; and
- Business fails effectively to manage combining the Group's systems and culture.

The Group recognises the importance of not only identifying risks that are high scoring but also those that are inherently high risk but are mitigated by controls.

Controls in place to mitigate identified risks include Board review of Business Plans, stress testing, monitoring of delivery plans, key performance indicators, comprehensive health and safety policies and procedures and internal audit reviews.

The Group Audit & Risk Committee, in accordance with its delegated responsibilities, acts on behalf of all members of the Group, liaising with them and ensuring that each Board in the Group receives assurance that the controls that mitigate the risks can be relied upon through regular checks by the Internal Auditors or specialist independent companies.

Regular risk management assurance reports are provided to each Group Board and on an annual basis, by way of additional assurance, an overarching risk management/internal control report is provided to each Board from the Executive Team and the Group Audit and Risk Committee.

GROUP STRATEGIC REPORT (continued)

Corporate Plan and future projects

The Group Board has reviewed the 2016-2018 Corporate Plan and is looking to adopt a new Corporate Plan 2018-2023 which takes the Group to the next stage of its development. Key targets to be delivered by 2023 will include:

- Review Group Treasury Strategy and Group funding and security arrangements to fund the Group's growth ambition.
- Grow to be a landlord of 15,000 to 20,000 homes by 2023.
- Deliver 300 property starts on site per annum by 2020.
- Achieve post merger integration efficiencies and prioritise the reinvestment of savings to deliver corporate priorities.
- Retain regulatory ratings of G1 V1, and 'Good' from the CQC.
- 100% achievement of landlord statutory compliance standards.
- Provide £40m of quality improvements and repairs by 2023.
- Implement a new programme of social value measures.
- Fully embed model of customer involvement and engagement.
- Develop and implement new Group appraisal and bonus systems.
- Implement a 'Grow our own' programme for apprenticeships, graduates and other structured programmes for staff.

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM")

In November 2017, the Homes and Communities Agency (now known as the Regulator of Social Housing) consulted on a revised Value for money (VFM) standard and code of practice, which was approved in March 2018.

The Housing Plus Group Board and Executive Team have been actively engaged in reviewing the new standard, and have established a VFM dashboard which will demonstrate performance against the 7 VFM metrics that the Regulator requires to be published in this statement, plus a further 7 indicators that reflect Housing Plus Group's strategic VFM objectives.

The table below summarises the Group's VFM performance for the past 3 years. Housing Plus Group was formed in October 2016. Figures for 2015/16 and the first half of 2016/17 consist of consolidated data from the two previous registered providers, Severnside Housing and South Staffordshire Housing Association.

The dashboard demonstrates excellent progress during a time where two organisations have come together. The case for the merger is demonstrated in the performance on these KPI's, social housing cost per unit has fallen by almost 10%, whilst reinvestment has doubled in the past 2 years.

VFM Dashboard

Key	
↑	Positive trend
→	Static trend
	Regulator of Social Housing VFM Metric
	Housing Plus Group VFM indicator

*consolidated figures from 2 HA's prior to merger

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
Operating efficiencies						
Headline social housing cost per unit	£3,314	£3,075	£3,131	£3,409	↑	10% reduction in cost per unit over 3 years.
% current tenant arrears	2.32%	1.27%	1.15%	1.23%	→	Arrears are relatively stable and high performing against our peers (*). This must be monitored to keep under control in an increasingly risky environment.
Integration plan savings	£1.9m	£1.33m	£132k	n/a	↑	Savings are £507k ahead of merger business case forecast.

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM") (continued)

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
Outcomes delivered						
Reinvestment %	7%	9%	9%	5%	↑	The Group has invested an extra £13.7m (47%) in 2016/17 & £15.1m (49%) in 2017/18 than in 2015/16.
Customer satisfaction	80%	81%	-	-	-	Customer satisfaction surveys were conducted for the Group in 2017/18 which will be a baseline for the future.
Learning Programme outcomes (no. of learners accessing the Learning Programme)	200	209	209	314	→	Focus has shifted towards accredited courses relating to employment skills and access to the internet. In 2015/16 attendance was higher but courses were broader in scope, so have been removed from the trend.
Development (capacity & supply)						
New supply delivered % (social housing)	1.45%	1.82%	1.70%	0.94%	↑	Number of homes increased from 109 in 2015/16 to 217 in 2017/18.
New supply delivered % (non-social housing)	0%	0.22%	0.03%	0%	↑	26 homes developed for outright sale in 2017/18, creating £828k profit for reinvestment.
Gearing %	80%	81%	80%	84%	→	This remains in line with our approved Business Plan.
Business Health						
Operating margin % (social housing lettings)	33%	35%	32%	29%	↑	Positive trend, demonstrating efficiencies that have been realised since merger.
Operating margin % (overall)	34%	32%	30%	28%	↑	Group target of 30% exceeded.
EBITDA MRI interest cover %	178%	146%	141%	129%	↑	Investment capacity is increasing year on year, but this figure is likely to fall over the coming years as we develop more.

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM") (continued)

Metric	Target 2018/19	2017/18	2016/17	2015/16*	Trend	Analysis
			Effective asset management			
Return on capital employed %	5.0%	6.1%	5.6%	5.3%	↑	Steady increase in return on capital employed.
Voids performance	£1.4m	£1.3m	£1.6m	£2.3m	↑	Expenditure on re-letting empty properties has reduced.
% sickness absence	3.39%	2.6%	-	-	-	Comparable figures for previous years are not available due to changes in the data considered since merger.
% voluntary staff turnover	20.53%	21.5%	-	-	-	

* comment based on review of Global Accounts data.

Benchmarking

Housing Plus Group merged in October 2016, half way through the financial year. The table below demonstrates the new Group's first year performance against the Regulator for Social Housing's VFM metrics for all registered providers, using the Global Accounts data for 2016/17. We will review whether there is a peer group that is more appropriate to compare our performance against for future years for these metrics and the VFM objectives specific to the Group.

Metric	Global Accounts Average 2016/17 (all registered providers (RP's)*	Housing Plus Group 2016/17	Quartile	Comments
Headline social housing cost per unit	£3,206	£3,131		Above average performance.
Reinvestment %	5.6%	9%		Top quartile investment in stock, whilst reducing costs per unit.
New supply delivered % (social housing)	1.38%	1.70%		Above average supply of affordable housing.
New supply delivered % (non-social housing)	0.21	0.03%		Only 74 out of 237 RP's delivered new non-social housing.
Operating margin % (social housing lettings)	30%	32%		Above average performance for both social housing and overall margin.
Operating margin % (overall)	29%	30%		

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM") (continued)

Metric	Global Accounts Average 2016/17 (all registered providers (RP's)*	Housing Plus Group 2016/17	Quartile	Comments
Gearing %	42%	80%		This is in line with our approved Business Plan.
EBITDA MRI interest cover %	224%	141%		This is in line with our approved Business Plan.
Return on capital employed (ROCE)	4%	5.6%		Top quartile performance.

Key	Quartile (source: Housemark)
	Upper quartile
	Middle upper quartile
	Lower quartile

Achieving value for money

The VFM dashboard and benchmarking above demonstrate a very positive performance for the new Group in the eighteen months since merger.

It is very encouraging to see that reinvestment has doubled, whilst unit costs have reduced. If these two indicators are considered together, Housing Plus Group are ranked 25th out of 234 English registered providers who report these metrics.

Savings related to merger in 2017/18 have exceeded expectations. Some of the highlights of the year include:

- Insurance re-tender - £50k saving since December, equating to £200k p.a.
- External audit - £34k savings
- Board restructuring - £24k savings
- Internal audit - £15k savings
- PR & marketing efficiencies - £13k
- Over £600k reduction in sub-contractor spend which has enabled an increase in spend focussing on H&S critical areas such as fire doors, balconies, electrical inspections and rewires and new boilers
- Kitchen and bathroom material procurement savings of £35k
- Office relocation - £70k savings

GROUP STRATEGIC REPORT (continued)

Value for Money ("VFM") (continued)

Housing Plus Group recognises that value for money is about creating more value, this defines the Plus in our name. Examples of this include investing in our staff with increased training in many areas of the business to ensure high levels of competence and regulatory compliance.

Innovative ways of working such as the introduction of the Fair Landlord and home MOT programmes to Shropshire which ensure a fair and equitable service is provided to all of our customers.

The Learning Programme initiative will be rolled out across Staffordshire, with a focus on supporting customers facing the challenges presented by welfare reform through Into Work support and access to the internet.

Future VFM plans include:

- Rolling out of new IT systems which will be more efficient and enable our staff to work in an agile way. Expected savings include:
    - New network - £50k
    - New anti-virus system - £20k
    - Disaster recovery - £20k
- Standardisation of heating installation materials across the Group is forecast to generate over £150k savings
- In-sourcing grounds maintenance in Staffordshire, training and developing 12 new employees. The new contract is forecast to make £145k savings and is already improving the quality of the service.

Self-assessment

After taking into account the information outlined above, we the Housing Plus Group board believe the Group complies with the VFM standard set by the Regulator of Social Housing.

In compiling this summary we feel that we have demonstrated our current and future plans and approaches to VFM which have produced some excellent results, and are well placed to continue to deliver further efficiencies in line with our merger integration plan.

GROUP STRATEGIC REPORT (continued)

Statement of compliance

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice for registered social housing providers 2014.

The Board confirms that the Group has complied with all relevant regulatory and legal requirements. The Board confirm this for the Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Statement of Internal Controls). The Board also reviews the effectiveness of the control framework and the assurance received from it including receiving external reviews from the Internal Auditor.

This Group Strategic Report was approved by order of the Board:

Rolf Levesley
Chair

Sarah Boden
Director

Irene Molyneux
Company Secretary

26 July 2018

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

Opinion

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

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2018 and of the Group's and the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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

Conclusions relating to going concern

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUSING PLUS GROUP LIMITED (continued)

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE HOUSING PLUS GROUP LIMITED (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Two Snowhill
Birmingham
B4 6GA
Date: 7 August 2018

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

CONSOLIDATED AND PARENT STATEMENT OF COMPREHENSIVE INCOME for the year ended 31 March 2018

	Note	Year Ended 31 March 2018		Year Ended 31 March 2017	
		Group £'000	Parent £'000	Group £'000	Parent £'000
Turnover	3	66,292	9,260	62,399	13,100
Cost of sales	3	(5,532)	-	(2,143)	-
Operating costs	3	(37,887)	(9,350)	(40,236)	(12,882)
Operating surplus/(deficit)		**22,873**	**(90)**	**20,020**	**218**
Surplus on disposal of housing properties	4	1,558	-	1,397	-
Surplus on disposal of tangible fixed assets	4	34	31	13	26
Deficit on disposal of subsidiary		-	-	(117)	-
Interest receivable and similar income	5	7	-	61	-
Interest and financing costs	6	(14,607)	(73)	(14,087)	(82)
Movement in fair value of investment properties		(121)	-	(832)	-
Surplus/(deficit) before taxation	7	**9,744**	**(132)**	**6,455**	**162**
Taxation on surplus/(deficit)	8	(108)	(84)	(13)	(13)
Surplus/(deficit) for the financial year		**9,636**	**(216)**	**6,442**	**149**
Actuarial gain/(loss) in respect of pension schemes	21	2,425	444	(3,066)	322
Total comprehensive income for the year		**12,061**	**228**	**3,376**	**471**

The accompanying notes form part of these financial statements.

All the Group and Parent turnover and surplus disclosed above are derived from continuing activities.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

Group	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2017	**16,034**	**2,688**	**18,722**
Total surplus from Statement of Comprehensive Income	**8,274**	**1,362**	**9,636**
Actuarial gains on defined benefit pension schemes	2,425	-	2,425
Other Comprehensive Income for the year	**2,425**	**-**	**2,425**
Capital spend in the year	-	(690)	(690)
Reclassification	(4)	58	54
Balance at 31 March 2018	**26,729**	**3,418**	**30,147**

Group	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2016	**13,995**	**2,142**	**16,137**
Total surplus from Statement of Comprehensive Income	**5,105**	**1,337**	**6,442**
Actuarial losses on defined benefit pension schemes	(3,066)	-	(3,066)
Other Comprehensive Income for the year	**(3,066)**	**-**	**(3,066)**
Capital spend in the year	-	(791)	(791)
Balance at 31 March 2017	**16,034**	**2,688**	**18,722**

PARENT STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

Parent	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2017	**(2,368)**	**-**	**(2,368)**
Total surplus from Statement of Comprehensive Income	**(216)**	**-**	**(216)**
Actuarial gains on defined benefit pension scheme	444	-	444
Other Comprehensive Income for the year	**444**	**-**	**444**
Balance at 31 March 2018	**(2,140)**	**-**	**(2,140)**

Parent	Income and Expenditure Reserve	Restricted Reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2016	**(2,839)**	**-**	**(2,839)**
Total surplus from Statement of Comprehensive Income	**149**	**-**	**149**
Actuarial gains on defined benefit pension scheme	322	-	322
Other Comprehensive Income for the year	**322**	**-**	**322**
Balance at 31 March 2017	**(2,368)**	**-**	**(2,368)**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Note	As at 31 March 2018		As at 31 March 2017	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Fixed assets					
Intangible assets and goodwill	11	61	61	75	75
Tangible fixed assets					
Housing properties	12	348,020	-	333,484	-
Other tangible fixed assets	12b	7,900	382	7,110	2,006
Investment properties	12c	14,821	-	12,953	-
		370,802	**443**	**353,622**	**2,081**
Current assets					
Stocks	12e	1,908	-	2,090	84
Debtors	13	6,596	938	2,436	774
Investments		7	-	7	-
Cash and cash equivalents		11,477	327	8,234	888
Less: Creditors: Amounts falling due within one year	14	(13,840)	(2,026)	(9,857)	(2,178)
Net current assets/(liabilities)		**6,148**	**(761)**	**2,910**	**(432)**
Total assets less current liabilities		**376,950**	**(318)**	**356,532**	**1,649**
Creditors: Amounts falling due after more than one year	15	(326,987)	(679)	(316,689)	(2,857)
Pension liability	21	(19,816)	(1,143)	(21,121)	(1,160)
Total net assets		**30,147**	**(2,140)**	**18,722**	**(2,368)**
Reserves					
Income and expenditure reserve		26,729	(2,140)	16,034	(2,368)
Restricted reserve		3,418	-	2,688	-
Total reserves		**30,147**	**(2,140)**	**18,722**	**(2,368)**

The financial statements on the pages 32 to 85 were approved by the Board and authorised for issue and are signed on its behalf by:

Rolf Levesley	**Sarah Boden**	**Irene Molyneux**
Chair	**Director**	**Company Secretary**

26th July 2018

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

	Note	Year Ended 31 March 2018		Year Ended 31 March 2017	
		£'000	£'000	£'000	£'000
Cash from operations	23		**29,559**		**28,664**
Taxation paid			(108)		(13)
Net cash generated from operating activities			29,451		28,651
Cash flows from investing activities					
Purchase of tangible fixed assets		(26,976)		(32,844)	
Proceeds from sale of tangible fixed assets		2,811		2,154	
Grants received		1,611		1,530	
Interest received		7		62	
Net cash from investing activities			**(22,547)**		**(29,098)**
Cash flows from financing activities					
Interest paid		(14,870)		(13,508)	
Loan drawdown/new loans		12,000		7,549	
Repayments of borrowings		(791)		-	
Net cash used in financing activities			**(3,661)**		**(5,959)**
Net increase/(decrease) in cash and cash equivalents		3,243		(6,406)	
Cash and cash equivalents at beginning of the year		8,234		14,640	
Cash and cash equivalents at the end of the year	25		**11,477**		**8,234**

NOTES TO THE FINANCIAL STATEMENTS

1. Legal status

The Parent, The Housing Plus Group Limited, is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is a non housing asset holding company registered with the Regulator of Social Housing. Housing Plus is a public benefit entity as described by FRS102.

2. Accounting policies

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below.

a) Basis of accounting

The financial statements have been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102), and the Statement of Recommended Practice for registered social housing providers 2014 (SORP). The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015.

The financial statements have been prepared under the historic cost convention except for investment properties which are stated at their fair value.

The Directors have prepared trading and cash flow forecasts for the Group and based on this, appropriate sensitivities, current trading and available facilities have a reasonable expectation that the Group has adequate resources to continue trading for at least one year from the date of signing these financial statements. The Group has therefore prepared its financial statements with Group and subsidiaries continuing as going concern.

The financial statements have been prepared using Merger Accounting as per FRS102. Severnside Housing joined the Housing Plus Group from 1st October 2016. Severnside Housing has been consolidated into the Group since 1st April 2015 with relevant intercompany transactions accounting from the date of merger. The decision to use merger accounting means that transactions have been consolidated and combined based on previously stated costs and not fair value at the point of merger.

b) Basis of consolidation

The Group financial statements consolidate the financial statements of The Housing Plus Group Limited parent entity and its wholly owned subsidiaries: South Staffordshire Housing Association Limited (SSHA), Severnside Housing, Severn Homes Limited, Care Plus Staffordshire Limited, SSHA Developments Limited (formerly Acton Gate Limited), A Walters Electrical Limited, Severnside Community Association Limited and Property Plus (Midlands) Limited at 31 March 2018.

Intercompany transactions and balances within group companies have been eliminated in full on consolidation.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Housing Plus Group Limited meets the definition of a qualifying entity under FRS102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside these consolidated financial statements. Exemptions have been taken in relation to the following:

- A Statement of Cash Flows has not been presented for the parent company.
- Certain disclosures in respect of the parent company's financial statements have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.

c) Turnover
Turnover represents rental and service charge income receivable net of voids, sales of first tranche shared ownership properties, grant amortisation and care services income for the year. Turnover (representing those items listed above) in the financial statements notes are analysed to identify General Needs, Supported Housing, Care Housing and Shared Ownership properties.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from Low Cost Home Ownership sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Service charges, Supporting People Income and care services are recognised when the service has been performed and expenditure incurred.

d) Value Added Tax (VAT)
The Group's main income stream, being rent, is exempt for value added tax (VAT) purposes. The majority of expenditure is subject to VAT, which the Group and subsidiaries are unable to reclaim – this expenditure is therefore shown inclusive of VAT.

VAT can be reclaimed under the partial exemption method for certain other activities.

The balance of VAT payable to or recoverable at the year end is included in the financial statements as a current liability or asset.

e) Interest and finance costs
Interest and finance costs represents the cost of financing the purchase of those properties transferred and property acquisitions as well as new development. Loans are secured on the majority of SSHA and Severnside housing assets.

Interest and finance costs are charged to the Statement of Comprehensive Income in the year in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS (continued)

f) Pensions

The Group participates in four funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS), Severnside Housing Defined Contribution scheme (SHDCS) - provided for Severnside by Scottish Widows, .the Staffordshire County Council Local Government Pension Scheme (Staffordshire LGPS) and the Shropshire County Council Local Government Pension Scheme (Shropshire LGPS). The assets of the funds are kept separately from those of the Group being invested in independently managed superannuation funds.

The Group has accounted for the LGPS as a defined benefit scheme and SHPS and SHDCS as a defined contribution scheme as the assets and liabilities cannot be separately identified for the Group. A liability for the contributions payable in relation to the deficit for SHPS has been included in the Statement of Financial Position.

g) Holiday pay accrual

A current liability is recognised for any unused holiday pay entitlement which has accrued at the Statement of Financial Position date. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial position date.

h) Housing properties

Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes costs of acquiring land and buildings, development costs incurred during the development period and other directly attributable costs. Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing properties are split between their land and structure costs. Freehold land is not depreciated. Housing properties are depreciated on a straight line basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

The Group's housing assets are depreciated as follows:

- Depreciation is charged from the date of acquisition or practical completion of works.
- Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.
- Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

o	Structure	50-120 years
o	Roof	60 years
o	Kitchens	20 years
o	Bathrooms	30 years
o	Heating System/Boilers	15 years
o	Wiring System	30 years
o	Lifts	30 years
o	UPVC External Doors	30 years
o	UPVC Windows	30 years
o	Porches	30 years
o	Solar Panels	30 years

i) Capitalisation
Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

Major improvements and renovation of housing properties which extend the life of the asset, increase the rent or considerably reduce future routine maintenance are capitalised and depreciated over the useful economic life of the asset.

Staff and other costs that are directly attributable to bringing housing properties to practical completion are capitalised. Development costs not capitalised are shown as other activities in the Statement of Comprehensive Income.

Interest costs relating to new development are capitalised. The interest charged reflects the net interest paid over the period of the developments.

j) Accounting for grants
The Group receives Social Housing Grant and grants from Local Authorities. Any grants provided to reduce the capital cost of housing properties held at cost or specific components of housing properties, are recognised by the Group using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

NOTES TO THE FINANCIAL STATEMENTS (continued)

If an asset (housing property or its component) is disposed of, for which grant was received, and there is no obligation to repay the grant, any grant remaining within liabilities on the Statement of Financial Position is released to the Statement of Comprehensive Income. If the grant is available to be recycled it is credited to a Recycled Capital Grant Fund and included as a liability in the Statement of Financial Position.

Any grants received in respect of revenue expenditure are recognised in the Statement of Comprehensive Income as they become receivable.

Donations of land or other tangible assets acquired below market value from a government source are treated as a non-monetary grant. The difference between the fair value of the tangible asset donated or acquired and the consideration paid is recognised as a liability in the Statement of Financial Position. Once the terms of the donation have been met it is released to the income, to the Statement of Comprehensive Income.

k) Sale of housing property

Under shared ownership arrangements, the Group sells a long term leasehold interest of Shared Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 100% of open Market Value. Proceeds of sale of first tranches are accounted for as turnover in the Statement of Comprehensive Income. The total property cost is apportioned between the shared ownership element and the element remaining in the Group's ownership based on the percentage tranche sold or estimated to be sold. The estimated first tranche value of properties that are developed for sale and are either unsold or work in progress are included in current assets. Subsequent tranches ('Staircasing') are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements SSHA and Severnside sells properties to qualifying tenants. For SSHA - due to the nature of the transfer with South Staffordshire Council it is not possible to separately identify the value of each property sold. An average value is eliminated from the property assets following each sale and charged to the Statement of Comprehensive Income. Receipts from Right to Acquire sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipt less eligible expenses are held in a disposal proceeds fund, which is held in creditors (either current or long term dependent on when it is anticipated to be used).

l) Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. The Group's intangible assets include licences, warranties and software. These are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost includes cost of asset purchase and other directly attributable costs.

Intangible assets are amortised on a straight line basis over the useful economic life of the assets as follows:

Software Warranties & Licences	4 years	(25.00% per annum)

NOTES TO THE FINANCIAL STATEMENTS (continued)

m) Other tangible fixed assets

Other tangible assets are depreciated on a straight-line basis over the useful economic life of the asset as follows:

o Office Structure	60 years
o Vehicles	4 years
o IT Software	4 years
o Furniture & Equipment	5 years
o Photocopiers	3 years
o IT Hardware	2 years

The threshold for capitalisation is £500 for a single asset or group of assets.

n) Impairment

The Group carries out an annual impairment review of individual tangible fixed assets and cash generating units. The review takes into account internal and external indicators of impairment including obsolescence, physical damage, expected cashflows, replacement values, market factors and government policy. The Group considers cash generating units to be schemes or geographical areas depending on size.

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the recoverable amount then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

o) Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease. Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date.

The capital element of lease obligations is recorded as a liability on inception of the arrangement. Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS (continued)

Payments received when the Group is acting as a lessor (Commercial Offices) are treated as rental revenue in the Statement of Comprehensive Income and the leased asset is a fixed asset on the Statement of Financial Position.

p) Goodwill
Goodwill arising from the purchase of A Walters Electrical represents the difference between the consideration paid and the fair value of the net assets acquired. The goodwill was amortised over 3 years with no charge in the year ended 31 March 2018 or 2017.

q) Stocks
Stocks are stated at the lower of cost and the estimated sales price less costs to complete and sell.

r) Debtors and creditors
Debtors and creditors 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.

s) Financial instruments
A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

The Group's financial instruments are all currently classified as basic and include rent receivable, trade creditors, cash and loans.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the Statement of Comprehensive Income.

t) Cash and cash equivalents
Cash and cash equivalents consists of cash at bank, cash in hand, deposits and short term investments with an original maturity of three months or less.

u) Taxation
The Parent, SSHA, Care Plus and Severnside are all exempt charities. SSHA Developments, Severn Homes and Property Plus are liable for Corporation Tax and an annual provision is made to meet any assessed tax liability.

NOTES TO THE FINANCIAL STATEMENTS (continued)

v) Provisions

The Group only provides for when:

- there is a present legal or constructive obligation, resulting form a past event, at the Statement of Financial Position date;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date.

The Group sets a provision against rent arrears of current and former tenants based upon historic trends relating to write offs. All other receivables including trade receivables are provided for on a case by case basis.

w) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent liability exists on grant repayment which is dependent on the disposal of the related property.

x) Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds.

y) Key estimates and judgements

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed overleaf:

NOTES TO THE FINANCIAL STATEMENTS (continued)

i). Impairment of assets

The Group assesses whether there is any indicator of impairment. Where an indication of impairment exists then an estimate must be made of the recoverable amount of the cash generating unit (CGU). This can require estimation of future cash flows from the CGU or costs of constructing/replacing the CGU if it is not held solely for its cash flows but for its service potential. Estimations are also made in relation to the selection of appropriate discount rates in order to calculate the net present value of those cash flows or costs.

ii). Defined benefit pension scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, asset valuations and the discount rate on corporate bonds. Management relies on the estimates made by actuaries and the pension fund in these areas.

During the year ended 31 March 2018 the assumptions relied upon from the actuary are outlined in Note 20 of the financial statements.

iii). Classification of Financial Instruments

The Group must make judgements over the classification of Financial Instruments as either basic or other. The implication of this is that if treated as 'other', the loan would have to be shown at fair value with any movements in fair value reflected in the Statement of Comprehensive Income. All of these adjustments are non-cash and would have no impact on the Group's loan covenants.

The Group's financial instruments are all currently classified as basic and measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS (continued)

iv). Merger Accounting

The Group has made a judgement that the creation of the new Group on 1 October 2016 should be accounted for using merger accounting as it meets the definition of a merger per FRS102:

- No party to the combination is portrayed as either acquirer or acquiree, either by its own board or management or by that of another party to the combination - It was always portrayed as a merger by both sides internally and externally. Both organisations were of a similar size (both in turnover and social housing units) and make up with no dominant party identifiable.

- There is no significant change to the classes of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination - There was no change to the beneficiaries of either party (people in housing need) and the merger has not changed the purpose of the organisation (housing for those in need).

- All parties to the combination, as represented by the members of the board, participate in establishing the management structure of the combined entity and in selecting the management personnel, and such decisions are made on the basis of a consensus between the parties to the combination rather than purely by exercise of voting rights – A new Board and Executive Management Team was created which has expertise from both historic organisations. The selection process was rigorous and externally supported by consultants.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, cost of sales, operating costs and operating surplus

Group	Note	Year Ended 31 March 2018				Year Ended 31 March 2017			
		Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	55,973	-	(36,352)	19,621	55,768	-	(37,935)	17,833
Other social housing activities									
1st Tranche LCHO sales		2,608	(1,829)	(16)	763	1,653	(1,289)	(17)	347
Leaseholders		130	-	(78)	52	95	-	(25)	70
Tenant garages		215	-	-	215	275	-	(1)	274
External activities		994	-	(992)	2	833	-	(964)	(131)
Other activities		144	-	(61)	83	276	-	(68)	208
		4,091	(1,829)	(1,147)	1,115	3,132	(1,289)	(1,075)	768
Activities other than social housing activities									
Shops		60	-	-	60	68	-	-	68
Private garages		405	-	(3)	402	396	-	(1)	395
Market and commercial rent		934	-	(108)	826	884	-	(106)	778
Market sales		4,767	(3,703)	(211)	853	1,063	(854)	(7)	202
Commercial sales		62	-	(60)	2	1,088	-	(1,109)	(21)
Charitable activity		-	-	(6)	(6)	-	-	(3)	(3)
		6,228	(3,703)	(388)	2,137	3,499	(854)	(1,226)	1,419
Total		**66,292**	**(5,532)**	**(37,887)**	**22,873**	**62,399**	**(2,143)**	**(40,236)**	**20,020**

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. Particulars of turnover, operating costs and operating surplus (continued)

Parent	Note	Year Ended 31 March 2018				Year Ended 31 March 2017			
		Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)	Turnover	Cost of Sales	Operating Expenditure	Operating Surplus/ (Deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings									
Income and expenditure from social housing lettings	3a	-	-	-	-	-	-	-	-
Other social housing activities									
Charges for support services		9,260	-	(9,350)	(90)	4,006	-	(4,047)	(41)
External activities		-	-	-	-	54	-	(77)	(23)
Intra group		-	-	-	-	9,040	-	(8,758)	282
		9,260	-	(9,350)	(90)	13,100	-	(12,882)	218
Total		**9,260**	**-**	**(9,350)**	**(90)**	**13,100**	**-**	**(12,882)**	**218**

All social housing activities are undertaken by SSHA and Severnside as the owners of the housing assets within the Group. Other housing activities are undertaken by the Parent and all subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3a. Income and expenditure from social housing activities

	Year Ended 31 March 2018						Year Ended 31 March 2017	
	General Housing	Supported Housing	Low Cost Home Ownership	Care Housing	Group Total	Parent Total	Group Total	Parent Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	41,800	4,711	749	3,888	51,148	-	50,734	-
Service charges income	363	2,044	339	1,415	4,161	-	4,095	
Amortised government grants	439	46	47	115	647	-	939	
Other income	12	5	-	-	17	-	-	
Turnover from social housing lettings	**42,614**	**6,806**	**1,135**	**5,418**	**55,973**	**-**	**55,768**	**-**
Management	(9,128)	(2,717)	(380)	(945)	(13,170)	-	(13,729)	-
Service charge costs	(67)	(977)	(14)	(1,416)	(2,474)	-	(2,852)	-
Routine maintenance	(2,611)	(198)	(5)	(122)	(2,936)	-	(5,460)	-
Planned maintenance	(8,005)	(834)	(5)	(656)	(9,500)	-	(7,131)	-
Bad debts	(94)	(12)	(1)	(7)	(114)	-	(133)	-
Impairment of housing properties	-	-	-	-	-		(62)	
Depreciation of housing properties	(6,737)	(727)	(178)	(516)	(8,158)	-	(8,568)	-
Operating costs on social housing lettings	**(26,642)**	**(5,465)**	**(583)**	**(3,662)**	**(36,352)**	**-**	**(37,935)**	**-**
Operating surplus on social housing lettings	**15,972**	**1,341**	**552**	**1,756**	**19,621**	**-**	**17,833**	**-**
Void losses	(248)	(131)	(1)	(49)	(429)	-	(366)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

3b. Classes of accommodation in management and development

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	Units	Units	Units	Units
General housing				
- Social rent	9,159	-	9,140	-
- Affordable rent	541	-	473	-
Supported housing and housing for older people	1,168	-	1,134	-
Low cost home ownership	369	-	325	-
Care housing				
- Social rent	198	-	198	-
- Affordable rent	50	-	50	-
Total social housing units	11,485		11,320	-
Market rent	124	-	106	-
Other	1	-	1	-
Leasehold	451	-	428	-
Total owned and managed	**12,061**	**-**	**11,855**	**-**
Accommodation in development at the year end	231	-	261	-

4. Surplus on disposal of housing properties

Group	Year Ended 31 March 2018				Year Ended 31 March 2017
	LCHO	RTB	Other Properties	Total	Total
	£'000	£'000	£'000	£'000	£'000
Disposal proceeds	282	1,922	140	2,344	2,091
Cost of sales	(121)	(519)	(120)	(760)	(681)
Selling costs	(2)	(22)	(2)	(26)	(13)
Net surplus on disposal of housing properties	**159**	**1,381**	**18**	**1,558**	**1,397**

Housing Plus as a parent disposed of no housing properties (2017 none).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4b. Surplus on disposal of other tangible fixed assets

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Net receipts on sale				
Other tangible fixed assets	34	31	65	28
	34	**31**	**65**	**28**
Less: cost of sales	-	-	(52)	(2)
Surplus on sale of tangible fixed assets	**34**	**31**	**13**	**26**

5. Interest receivable and similar income

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Interest received from current asset investments	7	-	61	-
Interest receivable and other income	**7**	**-**	**61**	**-**

6. Interest payable and financing costs

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Other loans from group undertakings	-	(25)	-	(4)
Bank loans and overdraft	(14,003)	-	(13,476)	-
Loan commission and commitment fees	(178)	-	(290)	-
Renegotiation fees	(85)	-	(74)	-
Capitalised interest	205	-	405	-
Net interest on pension liability	(546)	(48)	(652)	(78)
Interest payable and similar charges	**(14,607)**	**(73)**	**(14,087)**	**(82)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Surplus on ordinary activities before taxation

	Note	Year Ended 31 March 2018		Year Ended 31 March 2017	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Depreciation & impairment:					
Housing assets		8,158	-	8,630	-
Other fixed assets		722	176	680	158
Amortisation:					
Intangible fixed assets	11	41	41	37	37
Grants		(647)	-	(939)	-
Surplus on disposal of housing properties	4a	(1,558)	-	(1,397)	
Surplus on disposal of other fixed assets	4b	(34)	(31)	(13)	(26)
Revaluation loss		121	-	832	-
Operating lease rentals	20	442	261	167	128
External auditors' remuneration (incl. expenses, excl. VAT):					
Fees for the audit of the financial statements		72	14	51	10
Fees for other services		8	-	6	-

8. Taxation

The difference between the total tax charge and the amount calculated by applying the standard rate of UK corporation tax to surplus before tax is as follows:

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Surplus on ordinary activities before tax	9,744	(132)	6,455	162
Tax on surplus on ordinary activities at standard UK corporation tax rate of 20% (2017: 20%)	1,949	-	1,291	-
Effects of:				-
Income not taxable in determining taxable surplus	(1,949)	-	(1,291)	-
Adjustments to tax charge in respect of previous periods	(108)	-	-	-
Total	**(108)**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Employees

The average number of persons employed during the financial year expressed as full-time equivalents was:

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	Number	Number	Number	Number
Administration and management	295	102	271	77
Property services	116	64	143	56
Housing support and care	88	25	94	7
Other	19	19	16	10
Total	**518**	**210**	**524**	**150**

Employees' costs:

		Year Ended 31 March 2018		Year Ended 31 March 2017	
	Note	Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Wages and salaries		13,941	6,191	14,547	5,009
Social security costs		1,251	620	1,327	489
Other pension costs	20	1,232	615	1,204	540
Total		**16,424**	**7,426**	**17,078**	**6,038**

10. Directors' emoluments

The Directors of the Group are its Board Members. Board Members are not members of any Housing Plus pension scheme. Below are the emoluments paid to the Board Members.

Summary of Board Members Pay	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Pay	137	137	139	75
National insurance	1	1	1	1
Total	**138**	**138**	**140**	**76**

NOTES TO THE FINANCIAL STATEMENTS

10. Directors' emoluments (continued)

Details of Board Members Pay	31 March 2018 £'000	Group Board	Homes Board	Property Plus Board	Care Plus Board	Audit Committee	Nominations Committee	Integration Committee
Alan Hawkesworth	5			♦				♦
Mary Griffiths	5				♦			♦
Paul Smith	10	♦	♦					
Gareth Evans	11	♦					♦	♦
Malcolm Price	6		♦			♦		
Alyson Lanning	6		♦					
Rory O'Byrne	6		♦				♦	♦
Peter Price	5			♦		♦		
Susan Ganderton	5			♦				
Rolf Levesley	16	♦					♦	
Andrew Mason	9	♦		♦				
Anthony Pate	6		♦					
Peter Bell	3		♦					
Pam Smith	5				♦			
Julie Smith	5				♦	♦		
Mike Roughan	5				♦			♦
Rachel Bowden	10	♦				♦		
Lionel Haynes (co-optee)	2					♦		
Peter Phillips	6	♦	♦					
William McCarthy	4	♦			♦			
Catherine Dass	3		♦					
Steve Jennings	3		♦					
Total	**137**							

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Directors' emoluments (continued)

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the seven (2017: eight) Executive Officers of the Group and of the seven (2017: five) of the Parent during the year was made up as follows:

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Emoluments (including Benefits in Kind)	977	977	977	587
Compensation for loss of office	-	-	135	135
Pension contribution	124	124	115	96
Total	**1,101**	**1,101**	**1,227**	**818**

The emoluments (including benefits in kind and pension contributions) paid to the Chief Executive, and Executive Officers and other higher earners were in the following range:

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
More than £60,000 but not more than £70,000	6	5	5	3
More than £70,000 but not more than £80,000	2	2	8	3
More than £80,000 but not more than £90,000	1	1	2	1
More than £90,000 but not more than £100,000	2	1	2	1
More than £100,000 but not more than £110,000	1	1	-	-
More than £110,000 but not more than £120,000	-	-	1	1
More than £120,000 but not more than £130,000	-	-	-	-
More than £130,000 but not more than £140,000	-	-	2	2
More than £140,000 but not more than £150,000	1	1	1	-
More than £150,000 but not more than £160,000	1	1	1	1
More than £160,000 but not more than £170,000	2	2	-	-
More than £170,000 but not more than £180,000	-	-	-	-
More than £180,000 but not more than £190,000	1	1	1	-
More than £200,000 but not more than £260,000	1	1	1	1

The emoluments paid to the current Chief Executive, Mrs Sarah Boden, who was also the highest paid director, (excluding benefits in kind and pension contributions) were £216k (2017: £162k). The Chief Executive was an ordinary member of the LGPS pension scheme until the 30th September 2016. The Chief Executive left the LGPS pension scheme on the 30th September 2016 and since then has taken the contributions as payment in line with the flexible pension policy.

The emoluments paid to the previous Chief Executive, Mrs Deborah Griffiths (excluding benefits in kind and pension contributions) were £nil (2017: £259k). The previous Chief Executive left the organisation on 30th September 2016.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Intangible assets and goodwill

	As at 31 March 2018		As at 31 March 2017	
	Group Total	Parent Total	Group Total	Parent Total
	£'000	£'000	£000	£000
Cost				
At 1 April	559	209	521	171
Additions	27	27	38	38
At 31 March	**586**	**236**	**559**	**209**
Accumulated amortisation				
At 1 April	(484)	(134)	(447)	(97
Charge for the year	(41)	(41)	(37)	(37)
At 31 March	**(525)**	**(175)**	**(484)**	**(134)**
Net book value				
At 31 March	61	61	75	75
At 1 April	75	75	74	74

NOTES TO THE FINANCIAL STATEMENTS (continued)

12. Housing properties at cost

Group	As at 31 March 2018				
	Houses for Letting		Low Cost Home Ownership		
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Group Total
	£'000	£'000	£'000	£'000	£'000
COST					
At 1 April	372,340	10,291	19,552	823	403,006
Reclassification	(1,325)	-	1,325	-	-
Additions	7,607	14,565	250	4,765	27,187
Disposals	(1,778)	-	(121)	-	(1,899)
Transfers (note 12a)	18,531	(20,642)	3,521	(5,245)	(3,835)
At 31 March	**395,375**	**4,214**	**24,527**	**343**	**424,459**
LESS ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 April	(67,752)	-	(1,770)	-	(69,522)
Depreciation charge for year	(7,643)	-	(184)	-	(7,827)
Eliminated in respect of disposals	908	-	2	-	910
At 31 March	**(74,487)**	**-**	**(1,952)**	**-**	**(76,439)**
Net book value					
At 31 March	320,888	4,214	22,575	343	348,020
At 1 April	304,588	10,291	17,782	823	333,484

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £335k (2017: £378k).

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost

Transfers	As at 31 March 2018					As at 31 March 2017
	Houses for Letting		Low Cost Home Ownership			
	Complete for Letting	Under Construction	Complete for Letting	Under Construction	Group Total	Group Total
	£'000	£'000	£'000	£'000	£'000	£'000
Complete properties	18,531	(18,531)	3,521	(3,521)	-	-
Write-off to income & expenditure (aborted schemes)	-	-	-	-	-	(218)
Transfer to investment properties	-	(2,111)	-	-	(2,111)	-
Transfer to current assets	-	-	-	(1,724)	(1,724)	(1,382)
Transfers	**18,531**	**(20,642)**	**3,521**	**(5,245)**	**(3,835)**	**(1,600)**

SSHA and Severnside hold all housing assets within the Group. The ultimate controlling party, the parent, is a non-housing assets holding company.

Capitalised interest

	As at 31 March 2018	As at 31 March 2017
Amount of interest capitalised during the year	205	405
Cumulative interest capitalised to date	1,175	770
Total interest capitalised	**1,380**	**1,175**
Rate used for capitalisation	**5%**	**5%**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12a Housing properties at cost (continued)

Charges against properties

	As at 31 March 2018	As at 31 March 2017
Number of properties on which there is a fixed charge	9,984	10,165
Number of properties not charged	1,501	1,155
Total number of properties	**11,485**	**11,320**

SSHA and Severnside have received government grants in order to acquire and develop housing properties. Grants are amortised through the Statement of Comprehensive Income over the useful economic life of the structure of the property. Any unamortised grant is held as deferred income. A breakdown of this grant is shown below:

	As at 31 March 2018	As at 31 March 2017
	£'000	£'000
Deferred capital grant at 1 April	58,207	57,347
Grants received during the year	1,592	1,046
Grants recycled (to) the recycled capital grant fund	-	(44)
Transfers from reserves	690	797
Releases to income during the year	(648)	(939)
Deferred capital grant at 31 March	**59,841**	**58,207**

Housing properties book value, net of depreciation and impairments

	As at 31 March 2018	As at 31 March 2017
	£'000	£'000
Freehold land and buildings	347,411	332,918
Long leasehold land and buildings	609	566
Total	**348,020**	**333,484**

NOTES TO THE FINANCIAL STATEMENTS (continued)

12b. Other tangible fixed assets

Group	As at 31 March 2018				
	Fixtures, Fittings, Tools & Equipment				
	Vehicles	Furniture & Equipment	Computer Equipment & Software	Land & Buildings	Total
	£000	£000	£000	£000	£000
COST					
At 1 April	760	2,839	5,446	6,841	15,886
Additions	83	373	392	664	1,512
Reclassifications	-	(37)	1	36	-
Disposals	(138)	-	-	-	(138)
At 31 March	705	3,175	5,839	7,541	17,260
Accumulated depreciation & impairment					
Depreciation at 1 April	(620)	(2,104)	(4,953)	(1,099)	(8,776)
Depreciation charge for year	(95)	(254)	(289)	(84)	(722)
Reclassifications	-	8	(2)	(6)	-
Impairment	-	-	-	-	-
Eliminated in respect of disposals	138	-	-	-	138
At 31 March	(577)	(2,350)	(5,244)	(1,189)	(9,360)
Net book value					
At 31 March	128	825	595	6,352	7,900
At 1 April	140	735	493	5,742	7,110

NOTES TO THE FINANCIAL STATEMENTS

12b. Other tangible fixed assets (continued)

Parent	As at 31 March 2018				
	Fixtures, fittings, Tools & Equipment				
	Vehicles	Furniture & Equipment	Computer Equipment & Software	Freehold Land & Buildings	Total
	£000	£000	£000	£000	£000
COST					
At 1 April	525	259	1,137	1,627	3,548
Additions	72	-	357	103	532
Disposals	(215)	(250)	-	(1,730)	(2,195)
At 31 March	382	9	1,494	-	1,885
Accumulated depreciation & impairment					
Depreciation at 1 April	(464)	(32)	(1,046)	-	(1,542)
Depreciation charge for year	(29)	-	(147)	-	(176)
Eliminated in respect of disposals	191	24	-	-	215
At 31 March	(302)	(8)	(1,193)	-	(1,503)
Net book value					
At 31 March	80	1	301	-	382
At 1 April	61	227	91	1,627	2,006

There is no charge on any of these assets.

NOTES TO THE FINANCIAL STATEMENTS (continued)

12c. Investment properties

Group	As at 31 March 2018	As at 31 March 2017
	£'000	£'000
Balance at 1 April	12,953	13,472
Additions	2,109	325
Disposals	(120)	-
Transfers to other tenures	-	(12)
Net (loss) from fair value adjustments	(121)	(832)
Balance at 31 March	**14,821**	**12,953**
Historical Net Book Value	**15,788**	**13,750**

All investment properties were valued as at 31st March 2018 using the valuation methodology – market value subject to tenancies (MV-STT). The valuations were performed by independent valuers with recognised and relevant qualifications (Savills and Towler Shaw Roberts Surveyors). There are no restrictions on the investment property and there are no contractual obligations to purchase, construct or develop investment property.

12d. Investments in group undertakings

The Parent and Group have investments in the following subsidiary undertakings, which principally affected the surpluses or net assets of the Group.

	Principal activity	Holding	%
Severnside Housing Ltd	Registered Provider of social housing	Non-equity shares	100%
South Staffordshire Housing Association Ltd	Registered Provider of social housing	Non-equity shares	100%
Property Plus (Midlands) Ltd	Property repairs and maintenance	Equity shares	100%
Care Plus Staffordshire Ltd	Care and support services	Non-equity shares	100%
Severn Homes Ltd	Developing and selling properties for outright sale	Equity shares	100%
A Walters Electrical Limited	Electrical contractor	Equity shares	100%
SSHA Developments Ltd	Generation of income from photovoltaic panels	Equity shares	100%
Severnside Community Association Ltd	Supporting charitable activities relating to housing	Non-equity shares	100%

NOTES TO THE FINANCIAL STATEMENTS (continued)

12e. Stocks

Group	As at 31 March 2018	As at 31 March 2017
	£'000	£'000
LCHO completed properties	1,408	1,363
LCHO properties under construction	331	613
Total low cost home ownership	**1,739**	**1,976**
Open market sale completed properties	130	-
Other stocks	39	114
Total Stocks	**1,908**	**2,090**

Stock is held at the lower of actual cost and estimated selling price less costs to complete and sell. There have been no impairments in the year (2017: none).

13. Trade and other debtors

	As at 31 March 2018		As at 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Due within one year				
Rent and service charges receivable	1,336	-	1,112	-
Leaseholders	(2)	-	7	-
Less: Provision for bad and doubtful debts	(194)	-	(142)	-
	1,140	-	977	-
Care service receivable	69	-	76	-
Less: Provision for bad and doubtful debts	(18)	-	(19)	-
	51	-	57	-
Amounts due from group undertakings	-	469	-	497
Pension bond debtor	4,060	-	-	-
Other debtors	530	69	822	23
Less: Provision for bad and doubtful debts	(76)	(31)	(96)	(16)
	4,514	507	726	504
Prepayments & accrued Income	891	431	666	260
Total due within one year	**6,596**	**938**	**2,426**	**764**
Due after more than one year	-	-	10	10
Total Debtors	**6,596**	**938**	**2,436**	**774**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. Trade and other debtors (continued)

Pension Bond
At transfer, Severnside entered into a Pension Guarantee Bond Agreement with Shropshire County Pension Fund and Nationwide Building Society, whereby Shropshire County Pension Fund could, if Severnside Housing failed to make appropriate pension scheme payments, seek recovery from Nationwide Building Society. In October 2017 this was replaced by a Guarantee Bond between Severnside, Shropshire Council and Clydesdale Bank plc for £4,060,000. The bond amount was initially deposited in cash with Clydesdale Bank plc, being repaid in full on 16 April 2018 after being substituted with charged properties.

14. Creditors: Amounts falling due within one year

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Loans payable within one year	(2,100)	-	(292)	-
Trade creditors	(543)	(254)	(597)	(105)
Rents and service charges received in advance	(1,372)	-	(1,145)	-
Amounts owed to group undertakings	-	(737)	-	(871)
Taxation and social security	(224)	(79)	(226)	(3)
Obligations under hire purchase contracts	(9)	-	(25)	-
Other creditors	(68)	-	(43)	-
Deferred grant income	(2,314)	-	(1,837)	-
Accruals and deferred income	(4,470)	(391)	(3,291)	(838)
SHPS pension deficit	(331)	(181)	(317)	(173)
Accrued interest	(1,870)		(1,733)	-
Employees	(539)	(384)	(351)	(188)
Total Creditors: Amounts falling due within one year	**(13,840)**	**(2,026)**	**(9,857)**	**(2,178)**

The average number of days for the parent between the invoice date and payment is 43 days (2017: 29 days).

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Year Ended 31 March 2018		Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Amounts falling due between one and five years				
Loans and borrowings	(267,359)	-	(257,812)	-
Loan arrangement fees	274	-	-	-
Obligations under hire purchase contracts	-	-	(9)	-
Deferred grant income	(57,547)	-	(56,370)	-
Recycled capital grant and disposal proceeds fund	(302)	-	(153)	-
Intra Group Loan (SSHA)	-	-	-	(2,000)
SHPS pension deficit contribution	(1,484)	(679)	(1,813)	(857)
Other designated funds	(569)	-	(532)	-
Total Creditors: Amounts falling due after more than one year	**(326,987)**	**(679)**	**(316,689)**	**(2,857)**

Movements in Recycled Capital Grant Fund

	As at Year Ended 31 March 2018		As at Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Balance as at 1 April	153	-	109	-
Recycled grant input	1	-	75	-
Withdrawal	-	-	(31)	-
Balance as at 31 March	**154**	**-**	**153**	**-**

Movements in Disposal Proceeds Fund

	As at Year Ended 31 March 2018		As at Year Ended 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Balance as at 1 April	-	-	-	-
Inputs arising from disposals	148	-	-	-
Balance as at 31 March	**148**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: Amounts falling due after more than one year (continued)

Repayment of debt

Group	Bank Loans 2018	Other Loans 2018	Hire Purchase 2018	Total 2018
	£'000	£'000	£'000	£'000
In one year or less	1,800	300	9	2,109
In more than one year but not more than two years	2,300	308	-	2,608
In more than one year but not more than five years	16,400	976	-	17,376
	20,500	**1,584**	**9**	**22,093**

Group	Bank Loans 2017	Other Loans 2017	Hire Purchase 2017	Total 2017
	£'000	£'000	£'000	£'000
In one year or less	-	292	25	317
In more than one year but not more than two years	1,300	300	9	1,609
In more than one year but not more than five years	9,675	950	-	10,625
	10,975	**1,542**	**34**	**12,551**

Security, terms of repayment and interest rates

The Nationwide Syndications loan is secured by the properties that SSHA and Severnside owns. The loan repayments are scheduled to commence from October 2018 until 2045. During the loan period decisions are made to fix the rate of interest for periods within the overall loan period. The fixed rates of interest range between 4.29% and 7.712%.

The BAE loan is secured against properties that SSHA owns. The loan is repaid between August 2038 and August 2042 in equal instalments of £7m. It has a fixed interest rate of 5.0%.

The Canada Life loan is secured by the properties that Severnside owns. The interest rate is fixed at 4.54%.

The Shropshire Council loans are secured by the properties that Severnside owns. The interest rates are fixed at 4.32% and 2.3%.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors: Amounts falling due after more than one year (continued)

On 26 January 2018 the Group entered into a 5 year £15m revolving credit facility with Clydesdale Bank plc. The Group drew £6m during the year at interest rates of between 1.68% and 1.70%. The facility is repayable in full on 26 January 2023. The loan is secured on SSHA properties.

At 31 March 2018 the Group had undrawn loan facilities of £19.5 million (2017: £31.5 million).

16. Financial instruments

	Note	Year Ended 31 March 2018		Year Ended 31 March 2017	
		Group	Parent	Group	Parent
		£'000	£'000	£'000	£'000
Financial assets measured at historical cost					
Rent & service charge receivable	13	1,140	-	977	-
Care service receivable	13	51	-	57	-
Amounts owed from group undertakings	13	-	398	-	497
Other debtors	13	454	38	726	7
Pension bond receivable		4,060	-	-	-
Investments in short term deposits		7	-	7	-
Cash and cash equivalents		11,477	327	8,234	888
TOTAL FINANCIAL ASSETS		**17,189**	**763**	**10,001**	**1,407**
Financial liabilities measured at amortised cost					
Loans	14/15	(269,459)	-	(258,104)	-
Finance leases and hire purchase	14/15	(9)	-	(34)	-
		(269,468)	**-**	**(258,138)**	**-**
Financial liabilities measured at historical cost					
Trade creditors	14	(543)	(254)	(597)	(105)
Accruals	14	(6,340)	(391)	(5,024)	(838)
Amounts owed to group undertakings	14	-	(738)	-	(871)
Other creditors	14	(68)	-	(2,869)	-
		(6,951)	**(1,383)**	**(8,490)**	**(1,814)**
TOTAL FINANCIAL LIABILITIES		**(276,419)**	**(1,383)**	**(264,720)**	**(1,814)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Called up non equity share capital

Each member of the Board of Management holds one non equity share of £1 each. These shares carry the right to vote at General Meetings on the basis of one share one vote. The shares are not transferable, non redeemable and carry no right to receive income or capital payments.

Parent:	Year Ended 31 March 2018	Year Ended 31 March 2017
Number of Shareholders as at 1 April	5	7
Returned shares	-	(2)
Shares issued during the year	1	
Number of Shareholders as at 31 March	**6**	**5**

18. Capital commitments

The following describes the way the Group funds development:

	As at 31 March 2018		As at 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Expenditure contracted but not provided in the financial statements	22,129	-	12,806	-
Expenditure authorised by the Board but not contracted	52,305	-	45,330	5,000
Total capital commitments	**74,434**	**-**	**58,136**	**5,000**

The expenditure will be funded as follows:

	As at 31 March 2018	As at 31 March 2017
Group	£'000	£'000
Operating surpluses	46,800	28,004
SHG	4,757	213
Other grant funding	1,030	948
Forecast sales	21,847	28,971
Total gross expenditure	**74,434**	**58,136**

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Leases

19.1 Operating leases

The Group holds vehicles, offices, coin operated washing machines, printers and lone working safety devices on non-cancellable operating leases. At 31 March 2018 the total of future minimum lease payments under non cancellable operating leases for each of the following periods was:

	As at 31 March 2018		As at 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Leases for vehicles:				
Not later than one year	120	4	116	-
Later than one year and not later than five years	673	557	703	587
Later than five years	-	-	116	-
Leases for buildings:				
Not later than one year	19	-	-	-
Later than one year and not later than five years	36	-	105	105
Leases for equipment:				
Not later than one year	55	-	18	-
Later than one year and not later than five years	93	50	29	4
Later than five years	-	-	18	-
	996	**611**	**1,105**	**696**

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £442k for the Group (2017: £167k) and £261k for the Parent (2017: 128k).

19.2 Finance leases and hire purchase

The total of Group future minimum lease payments under finance leases and hire purchase is as follows:

	As at 31 March 2018		As at 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Not later than one year	9	-	25	-
Later than one year and not later than five years	-	-	9	-
Total	**9**	**-**	**34**	**-**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions

The Housing Plus Group, as a group, participates in three multi-employer pension schemes, the Social Housing Pension Scheme, the Staffordshire County Council Scheme, and the Shropshire Council Scheme. The Housing Plus Group Limited, the parent organisation, participates in the Social Housing Pension Scheme and the Staffordshire County Council Scheme.

a) Social Housing Pension Scheme

The Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

a) Social Housing Pension Scheme (continued)

Deficit contributions

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

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

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

	31 March 18 £'000	31 March 17 £'000
Present value of provision		
Group	1,815	2,130
Parent	860	1,030

	31 March 18	31 March 17	31 March 16
Rate of discount	1.72%	1.33%	2.06%

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

a) Social Housing Pension Scheme (continued)

Movements in provision	Group	Parent
	£'000	£'000
At 1 April 2017	**2,130**	**1,030**
Charged to income and expense:		
- Re-measurements	(23)	(10)
Unwinding of discount	25	13
Contributions paid	(317)	(173)
Balance as at 31 March 2018	**1,815**	**860**

	As at 31 March 2018		As at 31 March 2017	
	Group	Parent	Group	Parent
	£'000	£'000	£'000	£'000
Due within one year	331	181	317	173
Due after more than one year	1,484	679	1,813	857
Provision at end of period	**1,815**	**860**	**2,130**	**1,030**

b) Staffordshire County Council Scheme

The parent and SSHA participate in the Staffordshire County Council Pension Scheme which is a multi employer defined benefit Scheme, is funded and is contracted out of the state scheme. Both organisations' net liabilities can be summarised as:

	As at 31 March 2018			As at 31 March 2017		
	Group	SSHA	Parent	Group	SSHA	Parent
	£'000	£'000	£'000	£'000	£'000	£'000
Fair value of employer assets	28,371	8,107	20,264	27,114	8,315	18,799
Present value of defined benefit obligations	(36,436)	(15,029)	(21,407)	(35,168)	(15,209)	(19,959)
Provision at end of period	**(8,065)**	**(6,922)**	**(1,143)**	**(8,054)**	**(6,894)**	**(1,160)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

The disclosures necessary in respect of FRS102 are shown in various tables below.

Assumptions as at	31 Mar 2018 %p.a.	31 Mar 2017 %p.a.
Salary increases	2.8%	2.8%
Pension increases	2.4%	2.4%
Discount Rate	2.6%	2.6%

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	24.4 years
Future Pensioners*	24.1 years	26.4 years

* Figures assume members aged 45 as at the last formal valuation date

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2018	Assets at 31 Mar 2017
	%	%
Equities	73	74
Bonds	14	13
Property	8	8
Cash	5	5

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

Group

Net pension liability as at	31 Mar 2018	31 Mar 2017
	£'000	£'000
Fair value of employer assets	28,371	27,114
Present value of funded obligations	(36,369)	(35,100)
Net (under)funding in funded plans	(7,998)	(7,986)
Present value of unfunded liabilities	(67)	(68)
Net pension liability	**(8,065)**	**(8,054)**

Information about the defined benefit obligation - Group	31 Mar 2018	31 Mar 2017
	£'000	£'000
Active members	16,480	14,836
Deferred members	8,583	8,610
Pensioner members	11,306	11,654
Net pension liability	**36,369**	**35,100**

Parent

Net pension liability as at	31 Mar 2018	31 Mar 2017
	£'000	£'000
Fair value of employer assets	20,264	18,799
Present value of funded obligations	(21,407)	(19,959)
Net (under)funding in funded plans	(1,143)	(1,160)
Net pension liability	**(1,143)**	**(1,160)**

Information about the defined benefit obligation - Parent	31 Mar 2018	31 Mar 2017
	£'000	£'000
Active members	15,303	13,847
Deferred members	3,315	3,316
Pensioner members	2,789	2,796
Net pension liability	**21,407**	**19,959**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent	Year to 31 Mar 2017 Group	Year to 31 Mar 2017 Parent
Amount charged to operating surplus	£'000	£'000	£'000	£'000
Current service cost*	(1,420)	(1,248)	(748)	(648)
Past service cost	(64)	(64)	(326)	(326)
Total operating charge	**(1,484)**	**(1,312)**	**(1,074)**	**(974)**
Amount charged to financing costs				
Expected return on employer assets	705	502	708	463
Interest on pension scheme liabilities	(913)	(537)	(951)	(519)
Total net interest	**(208)**	**(35)**	**(243)**	**(56)**
Total defined benefit cost recognised in surplus for the year	**(1,692)**	**(1,347)**	**(1,317)**	**(1,030)**

* The Service Cost figures include an allowance for administration expenses of 0.5% of payroll.

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

Re-measurements measured in other comprehensive income	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent	Year to 31 Mar 2017 Group	Year to 31 Mar 2017 Parent
	£'000	£'000	£'000	£'000
Change in financial assumptions	748	502	(5,847)	(3,364)
Change in demographic assumptions	-	-	121	(28)
Other experience	-	-	(610)	(688)
Return on assets (excluding amounts included in net interest)	(74)	(58)	5,472	4,402
Total re-measurements recognised in other comprehensive income	**674**	**444**	**(864)**	**322**

Reconciliation of defined benefit obligation	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent	Year to 31 Mar 2017 Group	Year to 31 Mar 2017 Parent
	£'000	£'000	£'000	£'000
Opening defined benefit obligation	**35,168**	**19,959**	**27,237**	**14,334**
Current service cost	1,420	1,248	748	648
Interest cost	913	537	951	519
Contributions from members	283	254	222	195
Actuarial (gains)/losses	(748)	(502)	6,336	4,080
Past service costs	64	64	326	326
Estimated unfunded benefits paid	(3)	-	(3)	-
Estimated benefits paid	(661)	(153)	(649)	(143)
Closing defined benefit obligations	**36,436**	**21,407**	**35,168**	**19,959**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

b) Staffordshire County Council Scheme (continued)

	Year to 31 Mar 2018 Group	Year to 31 Mar 2018 Parent	Year to 31 Mar 2017 Group	Year to 31 Mar 2017 Parent
	£'000	£'000	£'000	£'000
Opening fair value of employer assets	**27,114**	**18,799**	**19,968**	**12,571**
Interest income on plan assets	705	502	708	463
Contributions from members	283	254	222	195
Contributions from employer	1,004	920	1,393	1,311
Contributions in respect of unfunded benefits	3	-	3	-
Actuarial gains	(74)	(58)	5,472	4,402
Unfunded benefits paid	(3)	-	(3)	-
Benefits paid	(661)	(153)	(649)	(143)
Closing fair value of employer assets	**28,371**	**20,264**	**27,114**	**18,799**

c) Shropshire County Council Scheme

Severnside participates in the Local Government Pension Scheme which is a multi employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The disclosures necessary in respect of FRS102 are shown in various tables below. The actuary has estimated that the net pension asset/liability as at 31 March 2018 is a liability of £11,751,000 (2017: £13,067,000).

Assumptions as at	31 Mar 2018 %p.a.	31 Mar 2017 %p.a.
Salary increases	3.6%	3.8%
Pension increases	2.2%	2.3%
Discount rate	2.6%	2.5%

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	23.1 years	26.3 years
Future Pensioners*	25.3 years	28.6 years

* Figures assume members aged 45 as at the last formal valuation date.

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2018	Assets at 31 Mar 2017
	%	%
Equities	53	55
Bonds	23	21
Property	5	5
Alternatives	17	17
Cash	2	2

Net pension liability as at	31 Mar 2018	31 Mar 2017
	£'000	£'000
Fair value of employer assets	36,791	36,774
Present value of funded obligations	(48,263)	(49,551)
Net (under)funding in funded plans	(11,472)	(12,777)
Present value of unfunded liabilities	(279)	(290)
Net pension (liability)	**(11,751)**	**(13,067)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

	Year to 31 Mar 2018	Year to 31 Mar 2017
Amount charged to operating surplus	**£'000**	**£'000**
Current service cost	(816)	(780)
Administration expense	(15)	(20)
Total operating charge	**(831)**	**(800)**
Amount charged to financing costs		
Interest income on plan assets	912	1,080
Interest cost on defined benefit obligation	(1,229)	(1,444)
Losses on curtailments and settlements	(8)	(-)
Total net interest	**(325)**	**(364)**
Total defined benefit cost recognised in surplus for the year	**(1,156)**	**(1,164)**

Re-measurements recognised in other comprehensive income	Year to 31 Mar 2018	Year to 31 Mar 2017
	£'000	£'000
Change in financial assumptions	2,025	(9,776)
Change in demographic assumptions	-	736
Other experience	-	1,069
Return on assets (excluding amounts included in net interest)	(274)	5,769
Total re-measurements recognised in other comprehensive income	**1,751**	**(2,202)**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

Reconciliation of defined benefit obligation	Year to 31 Mar 2018	Year to 31 Mar 2017
	£'000	£'000
Opening defined benefit obligation	**49,841**	**40,643**
Current service cost	816	780
Interest cost	1,229	1,444
Contributions from members	158	229
Actuarial (gains)/losses	(2,025)	7,971
Result on curtailments	8	-
Estimated benefits paid	(1,485)	(1,226)
Closing defined benefit obligation	**48,542**	**49,841**

Reconciliation of fair value of employer assets	Year to 31 Mar 2018	Year to 31 Mar 2017
	£'000	£'000
Opening fair value of employer assets	**36,774**	**30,064**
Expected return on assets	(274)	5,769
Interest income on plan assets	912	1,080
Contributions from members	158	229
Contributions from employer	721	878
Administration expenses	(15)	(20)
Benefits paid	(1,485)	(1,226)
Closing fair value of employer assets	**36,791**	**36,774**

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Pensions (continued)

c) Shropshire County Council Scheme (continued)

History of gains and losses	Year to 31 Mar 2018	Year to 31 Mar 2017
	£'000	£'000
Fair value of employer assets	36,791	36,774
Present value of defined benefit obligations	(48,542)	(49,841)
Deficit	**(11,751)**	**(13,067)**

Pension bond
Severnside has entered into a Pension Guarantee Bond Agreement with Shropshire County Pension Fund and Nationwide Building Society, whereby Shropshire County Pension Fund may, if Severnside Housing fails to make appropriate pension scheme payments, seek recovery from Nationwide Building Society. The pension bond, not to exceed £5,240k, (2017: £5,240k) is based on actuarial assessments of the scheme's liability.

21. Pension liability

As detailed in note 20, the Group had the following provisions during the year:

	Shropshire LGPS	Staffordshire LGPS	Total
	£000	£000	£000
At 1 April 2017	13,067	8,054	21,121
Additions dealt within surplus	110	477	587
Actuarial (gain)	(1,751)	(674)	(2,425)
Interest costs	325	208	533
At 31 March 2018	**11,751**	**8,065**	**19,816**

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Pension liability (continued)

The Parent had the following liabilities during the year:

	Staffordshire LGPS
	£000
At 1 April 2017	1,160
Additions dealt within surplus	392
Actuarial (gain)	(444)
Interest costs	35
At 31 March 2018	**1,143**

Pension liability - LGPS
The LGPS pension scheme is a multi employer defined benefit scheme. Each year the actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty.

22. Restricted reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy. The receipts are to be used solely for the provision of new housing or disabled facility grants, subject to approval by the relevant local authority.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Reconciliation of surplus to net cash flow from operating activities

Group	Year Ended 31 March 2018	Year Ended 31 March 2017
	£'000	£'000
Surplus for the year	**9,744**	**6,455**
Adjustments for non cash items:		
Amortisation	(633)	37
Depreciation & Impairment	8,549	9,314
Decrease/(increase) in stock	75	473
Decrease/(increase) in trade and other debtors	(3,745)	(222)
Increase/(Decrease) in trade and other creditors	1,051	(1,425)
Market Sale/LCHO Cost of Sale	-	1,282
Clawback	-	(54)
Disposal of Subsidiary	-	117
Pension costs less contributions payables	805	330
Valuation movements	121	832
Movement in sinking fund	36	-
Non cash amount of tangible fixed asset disposals	-	528
	6,259	**11,212**
Adjustments for investing or financing activities		
Surplus from the sale of tangible fixed assets	(1,590)	(2,090)
Government grants realised in the year	-	(939)
Interest payable	15,153	14,087
Interest receivable	(7)	(61)
	13,556	**10,997**
Cash from operations	**29,559**	**28,664**

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Analysis of changes in net debt during year

Group	31 March 2018	Cash Flow	31 March 2017
	£'000	£'000	£'000
Cash at bank and in hand	11,477	3,243	8,234
Short Term Deposits	7	-	7
	11,484	3,243	8,241
Housing loans due within one year	(2,100)	(1,808)	(292)
Housing loans due after one year	(267,359)	(9,547)	(257,812)
Loan arrangement fees	274	274	-
Total changes in net debt	**(257,701)**	**(7,838)**	**(249,863)**

25. Related party transactions

The Board of the parent does not have any resident members. SSHA and Severnside also do not have any members that are also residents (2017: none).

All related party transactions within the group are provided on an arms length basis.

During the financial year Housing Plus purchased services in the ordinary course of business from SSHA at a total cost of £53,619 (2017: £23,482). Housing Plus provided services to SSHA at a total cost of £3,733,201 (2017: £13,945,504).

Housing Plus paid interest to SSHA of £25,195 (2017: £4,454) following a £2,000,000 loan from SSHA that was repaid during the year. At the year end Housing Plus was owed £99,194 (2017: £464,530) and owed £242,484 (2017: £765,299) to SSHA.

Housing Plus provided services in the ordinary course of business to Care Plus Staffordshire Ltd at a cost of £520,547 (2017: £352,078) and received services at a cost of £20,308 (2017: £nil). As at the year end Housing Plus was owed £8,852 from Care Plus (2017: £nil) and owed Care Plus £41,343 (2017: £12,377).

Housing Plus provided services to SSHA Developments Limited at cost of £113 (2017: £427). As at the year end Housing Plus was owed £113 from SSHA Developments (2017: £nil).

Housing Plus provided services in the ordinary course of business to Severnside Housing at a cost of £4,139,425 (2017: £263,821) and purchased services at a cost of £1,724,150 (2017: £nil). At the year end Housing Plus was owed £30,164 (2017: £93,552) and owed £391,301 (2017: £6,045) to Severnside.

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Related party transactions (continued)

Housing Plus provided services to Property Plus at cost of £6,318,231 (2017: £26,115); and purchased services at a cost of £20,855 (2017: £nil). At the year end Housing Plus was owed £259,789 (2017: £26,115) and owed £63,057 (2017: £nil).

Housing Plus provided services to Severn Homes at a cost of £155,326 during the year (2017: £nil) and was owed £71,398 at the year end (2017: £nil).

Housing Plus provided services to AWE Electrical at a cost of £84 (2017: £nil).

Amounts owed by and to the Housing Plus are disclosed in notes 13, 14 and 15. These amounts are related to intragroup balances both in creditors and in debtors.

26. Group companies

The immediate parent undertaking is The Housing Plus Group Limited (The Parent) which is a charitable Co-operative and Community Benefit Society (30224R). It is a registered provider with the Regulator of Social Housing (L4491).

The parent, Housing Plus, provides all subsidiaries with services such as finance, payroll, human resources advice and recruitment, development advice and management legal service and information technology services.