YOUR HOUSING GROUP LIMITED

Report and Financial Statements

Year ended 31 March 2018

Co-operative and Community Benefit Society Registration Number: 30666R
Homes England Registration Number: L4203

CONTENTS

'YOUR HOUSING GROUP LIMITED
BOARD AND SENIOR OFFICERS

Non-Executive Directors

Mark Tattersall	Chair (Resigned 31 May 2018)
Kathy Doran	Chair (From 1 June 2018)
Val Aherne	
Alison Cambage	(Appointed 1 June 2018)
Paul Carhart	(Resigned 31 July 2018)
Derek Cash	
Phil Edgington	(Resigned 31 March 2018)
Roy Grant	
Richard Groome	
Alistair How	
Brenda Smith	
Paula Steer	(Appointed 1 June 2018)
Kevin Stewart	(Resigned 31 May 2017)

Executive Directors

Brian Cronin
Jeremy Earnshaw

Senior officers

John Cogbill	Chief Commercial Officer (Resigned 31 August 2018)
Steve Fensom	Chief Operating Officer (Appointed 8 April 2018)

Company Secretary

Nicola Blakeman (Resigned 31 July 2017)
Jeremy Earnshaw (Appointed 1 August 2017 – Resigned 1 November 2017)
Clare Oakley (Appointed 1 November 2017)

Registered office

602 Aston Avenue
Birchwood
Warrington
WA3 6ZN

External auditor

Grant Thornton UK LLP
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Internal auditor

KPMG LLP
One St. Peter's Square
Manchester
M2 3AE

Your Housing Group (YHG) is committed to playing its part in solving the national housing crisis, whilst continually investing in the homes and communities we serve.

Against a very uncertain political background, YHG has continued to pursue a clear and consistent strategy, creating a sustainable business model that prioritises the building of affordable, retirement, market rent and supported accommodation in a range of communities. The Board and Executives are totally committed to delivering this strategy, and over the past two years have implemented huge change throughout the organisation, cementing foundations in place that will facilitate achievement of our five strategic objectives for many years to come.

Create more places for people to thrive

Critical to YHG has been the ability to hold firm on our reasons for implementing such a large-scale change programme, with the primary objective remaining abundantly clear – "Creating More Homes in Which People Can Thrive". YHG recognises that housing needs and demands have changed dramatically in recent years. It is our intention at YHG to stand alongside our customers as their requirements change throughout the course of their lives. By offering a balanced portfolio of supported accommodation, mixed tenure rental, shared ownership and retirement villages, YHG aims to support our customers as a responsible, reliable and high-quality landlord for the duration of the life-journey.

Whilst an external environment of uncertainties will continue, YHG has put in place an internal structure which demonstrates resilience and solidity. As a result, YHG can embark on a progressive strategy of growth and investment, confident in the knowledge that our customers can rely on YHG to deliver and support their housing needs for the future.

Create value through our asset base

Central amongst our objectives has been to both preserve and create value, for the benefit of our customers. The transformation programme over the last two years has included substantial internal change, as well as facilitating the transfer of some subsidiaries and assets to more localised parent organisations. A streamlining of operating processes across the whole of the Group has included the creation of an in-house contracting business, the inception of a digital platform for customers, and a significant reduction in the office portfolio. The product of these initiatives has been to substantially reduce the overhead base of the organisation, and thus increase the capability of the Group to deploy cash and capital in front line services to customers and investment in new homes and existing assets.

The corporate structure of the business has also been hugely simplified, and this in turn has facilitated the securing of new treasury facilities which on their own have created additional investment capacity of over £ 150m. The benefit to internal cash flow of the transformation programme has been to generate substantial incremental free cash which over the next 10 years will deliver funds to build over many more new homes without recourse to additional lending.

As a business, YHG will continue to transform and improve, delivering strong financial and operational performance. By constantly re-investing in our existing homes for the benefit of our customers, YHG can commit to its principle of being a high-quality landlord, alongside the development of new homes to support the national demand.

Establish a thriving organisation to safeguard the future

An ambitious growth strategy for the future needs a solid platform, and the Board at YHG is committed to maintaining a resilient business that can continue to deliver on its investment and development plans whatever the economic or political hindrances. This commitment can be demonstrated during this last year by the awarding by the Regulator of Social Housing, after an In-Depth Assessment, of the highest possible Governance and Viability Ratings to YHG. This was a significant achievement that reflected the hard work and efforts of everybody within YHG, and confirms that the organisation is extremely well-placed to deliver on its commitments.

A growth strategy that has at its core a balanced portfolio of developments to serve the needs of a range of customers, will in turn deliver revenues which are counter cyclical, and resistant to economic and political influences that cannot be controlled by YHG. Ongoing streamlining of operational processes, in parallel with a culture of continuous performance improvement, will seek to further underpin a resilient business as it deploys substantial capital going forward.

Innovate and collaborate to create a progressive organisation our people are proud of

Supporting an outward-focused growth and development strategy, has been an intense focus on internal standards and statutory compliance for the benefit and protection of our customers. YHG continues to adopt the highest possible safety and compliance standards, and proactively engages with our Services Committee (made up of residents) at every opportunity.

YHG continues to see benefits of exploring new methods of housing development, and envisages at least some of the future developments to include off-site or modular building techniques. The reduction of the build cost of developments, whilst preserving, or enhancing build quality, is a principle held by the Board that further demonstrates its commitment to Value for Money.

As a responsible landlord managing thousands of homes, YHG is also totally committed to supporting our existing customers with the certainty they need from renting a home. Over the next 30 years, YHG has a financial plan to re-invest over £750m in maintaining the condition and standard of our existing affordable properties. Alongside this, YHG is introducing for our market rent homes, a tenancy agreement that offers far more protection and certainty to our customers, as a further demonstration of our commitment to our tenants at every stage of their life journey.

Innovate to establish sector-leading standards of efficiency and productivity

YHG seeks to integrate commercial principles with social responsibilities. In recent years, our Regeneration programme in Anfield in Liverpool has been a fantastic example of a number of private and public organisations working collaboratively to completely transform not just hundreds of homes, but the community itself. YHG consulted with local people, Councils, and customers to ensure that the significant financial investment was matched with the outcome needed by the community.

We aim to replicate this form of development, and thus further create more homes in which people can thrive.

YHG has a growth strategy in place for the next seven years which seeks to invest over £700m in building over 5,000 new homes alongside regeneration and community projects, and we aim to supplement this further by exploring new funding opportunities, whilst preserving the resilience of the YHG balance sheet going forward.

By continuing to explore partnerships and collaborations, YHG seeks to maximise its options in delivering new homes and reinvestment in assets. Our prospects remain solid, and we look forward to making our contribution to the national housing need.

Kathy Doran
Chair

Brian Cronin
Group Chief Executive

Who are we?

Your Housing Group (the Group or YHG) is one of the largest providers of affordable housing in the UK, managing over 27,000 homes across the North West, Yorkshire and the Midlands.

The Group provides:

- Affordable homes to rent
- Community regeneration schemes, creating sustainable neighbourhoods
- Hostels and Foyer accredited schemes, which support vulnerable people
- Specialist retirement solutions for older people
- Homes for sale, both outright and through shared ownership
- Key worker accommodation
- Private Rent Sector (PRS) lettings

Objectives and strategies

The Group strategy is overseen and directed by the Group Board. During the year the Group revised its business plan, which will see the Group become a progressive housing provider.

The housing sector is changing and we must evolve too, facing challenges from supply, demand, profitability and affordability. The Group's strategy will put it at the heart of finding innovative solutions to the issues faced, protecting and enhancing the communities the Group operates within and finding ways to continue to provide customers with quality affordable homes.

The Group's vision is: ***Creating more places to thrive***. Through an innovative approach YHG will finance, build and manage more homes to increase choice and drive value for customers.

The vision will be achieved by:

- Investing in our communities
- Investing in our employees
- Investing in new homes

The Group has five strategic objectives:

- Create more places for people to thrive
- Create value through our asset base
- Establish a thriving organisation to safeguard our future
- Innovate and collaborate to create a progressive organisation our people are proud of; and
- Innovate to establish sector-leading standards of efficiency and productivity;

Statement of Comprehensive Income (£m)	2017/18	2016/17	2015/16
Turnover	161.9	185.3	195.0
Operating surplus (excluding surplus on the sale of fixed assets)	52.1	50.1	42.9
Earnings before interest, depreciation, amortisation and sales (EBITDAS)	68.8	68.5	56.7
Earnings before tax (EBT)	(15.8)	36.7	27.2

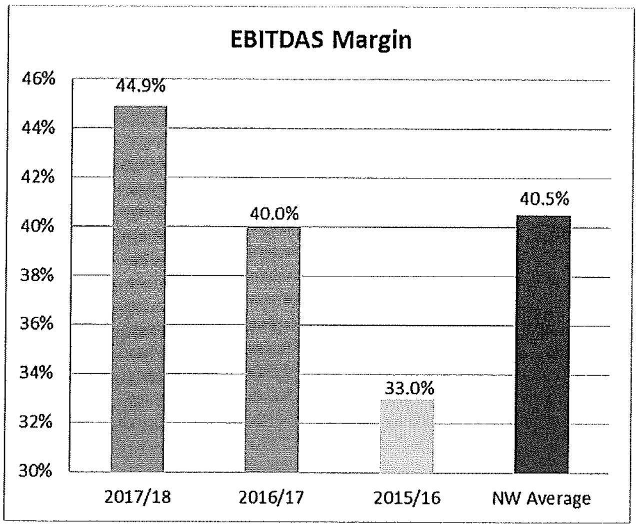
Statement of Financial Position (£m)	2017/18	Restated 2016/17	Restated 2015/16
Fixed assets	1,079.0	1,173.0	1,204.1
Net current (liabilities)/assets	(27.0)	13.7	18.7
Long term creditors – debt	327.0	393.3	457.8
Long term creditors – grants	411.1	458.2	462.9
Long term creditors – other and provisions	21.2	30.0	30.1
Reserves	292.5	304.5	271.9

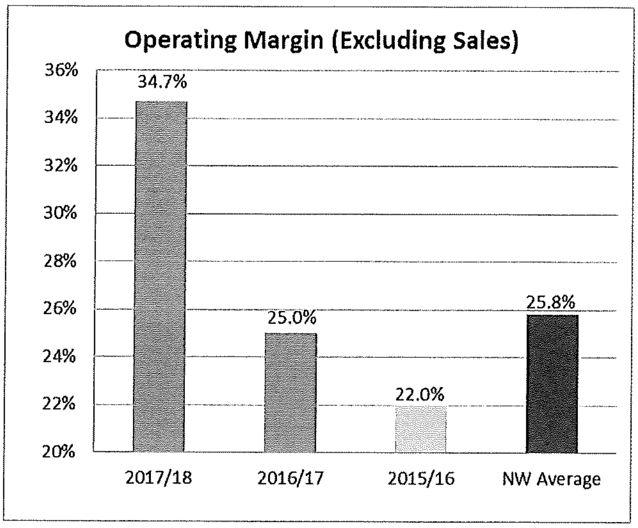
Further details of operating performance and the statement of financial position can be found on page 8.

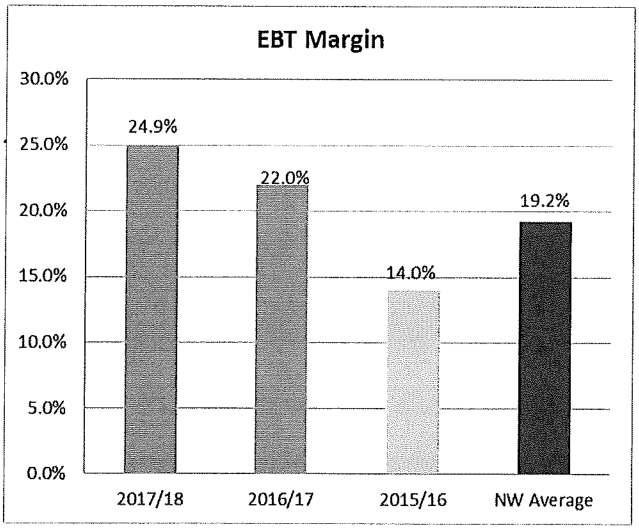
Accommodation figures	2017/18	2016/17	2015/16
Total owned and managed – during the year	27,818	33,277	34,385

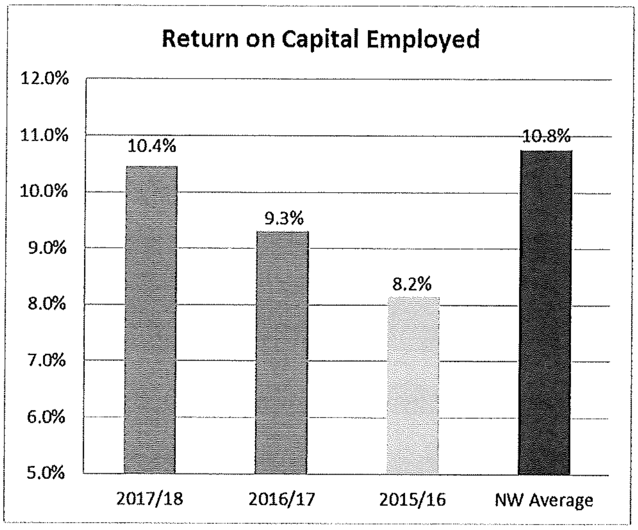
Ratios	2017/18	Restated 2016/17	Restated 2015/16
Operating margin (excluding sales)	35%	25%	22%
EBITDAS margin	45%	40%	33%
Interest cover	359%	358%	380%
EBT margin	25%	22%	14%
Gearing	30%	35%	36%
Return on Capital Employed (ROCE)	10.4%	9.3%	8.2%

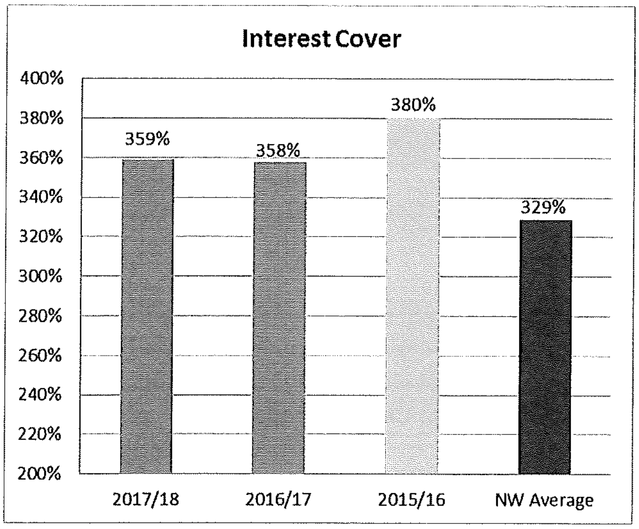
The calculations for interest cover, gearing and ROCE have been updated to reflect the terms of our new debt facilities, because of this, exceptional transactions in the Statement of Comprehensive Income have been excluded. Exceptional transactions include the disposal of Derwent and Solway and Leasowe, portfolio divestments and refinancing costs. Prior year numbers have also been restated to provide a like-for-like comparison.

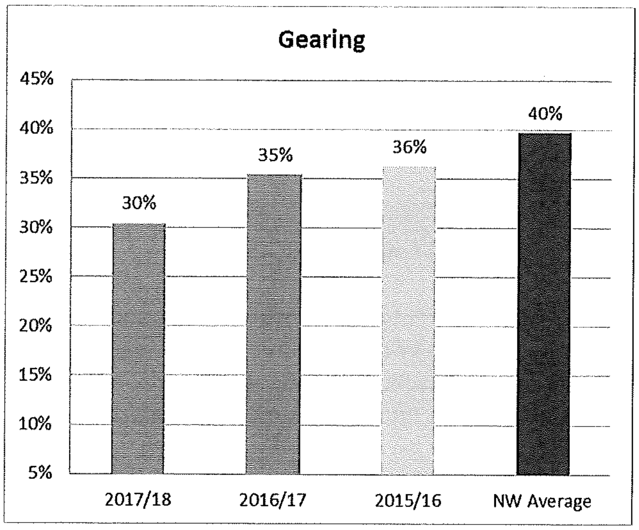

EBITDAS Margin
46%
44%
42%
40%
38%
36%
34%
32%
30%
44.9%
40.0%
33.0%
40.5%
2017/18
2016/17
2015/16
NW Average


Operating Margin (Excluding Sales)
36%
34%
32%
30%
28%
26%
24%
22%
20%
34.7%
25.0%
22.0%
25.8%
2017/18
2016/17
2015/16
NW Average


EBT Margin
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
24.9%
22.0%
14.0%
19.2%
2017/18
2016/17
2015/16
NW Average


Return on Capital Employed
12.0%
11.0%
10.0%
9.0%
8.0%
7.0%
6.0%
5.0%
10.4%
9.3%
8.2%
10.8%
2017/18
2016/17
2015/16
NW Average


Interest Cover
400%
380%
360%
340%
320%
300%
280%
260%
240%
220%
200%
359%
358%
380%
329%
2017/18
2016/17
2015/16
NW Average


Gearing
45%
40%
35%
30%
25%
20%
15%
10%
5%
30%
35%
36%
40%
2017/18
2016/17
2015/16
NW Average

Key achievements in the year

- **Building New Homes –** YHG continued to maintain an ambitious strategy to contribute to solving the national housing crisis by committing to provide a range of mixed tenure homes. At 31 March 2018, there were almost 700 homes at various stages of construction, with an associated investment value of over £100 million. A total of 997 new homes have been approved for immediate development in 2018/19, with 1332 expected units to be developed in the year. The Group aims to deliver at least this amount of homes on an annual basis going forward;
- **In-house Repairs** – During the year, YHG launched its own in-house contractor business, Fix 360. More than 20,000 repairs have subsequently been carried out, and, at 31 March 2018, Fix 360 had almost 100 employees;
- **Digital Customer** – "Your Home Hub", a digital portal for customers, was developed in the year, allowing customers to manage their relationship with YHG online;
- **Procurement Savings** – By working closely with, and consolidating, suppliers, the Group achieved Value for Money procurement savings of almost £2m in the year;
- **Capital Reinvestment** - Following a complete Group-wide housing stock assessment, YHG launched a five-year, £54m capital reinvestment programme with contracting partners to deliver improvements to all properties;
- **Statutory Compliance Standards** – YHG continued to invest heavily in all areas of statutory compliance for the welfare and health and safety of customers;
- **Asset Management** – YHG continued its stock rationalisation programme, transferring assets no longer meeting core objectives, and generating substantial cash receipts to reinvest in building more homes;
- **Office Rationalisation** – By adopting agile working methodology alongside improvements in ICT provision, the Group was able to dispense with the need for a number of corporate offices, with a consequential reduction in overheads and further enhancing Value for Money;
- **Regulator Upgrade** – Following an extensive In-Depth Assessment carried out by the Regulator of Social Housing, the Group was awarded the highest possible Governance and Viability ratings of G1 and V1;
- **Corporate Restructure** – In July 2017, YHG completed a Group-wide corporate entity restructure, consolidating assets into one main Registered Provider, and delivering substantial efficiencies and savings;
- **Treasury Facilities** - Alongside the Corporate Restructure, the Group vastly simplified its Treasury structure, but also, in doing so, created substantial new Treasury facilities, delivering an increase in available liquidity and investment potential of over £150 million;
- **Nuvu Living** – As part of the strategy to build as many new homes as possible, YHG launched a Private Rented Sector brand, Nuvu Living.

Operating performance

The Group's strategy is to drive performance to generate surpluses, which can be reinvested. Key performance measures for the year were:

- Turnover reduced to £161.9m (2017: £185.3m), a decrease due to the disposal of Leasowe, Derwent and Solway and the divestment of housing stock. Proceeds from the sale of development properties also reduced to £3.8m (2017: £8.9m).
- Earnings before interest, tax, depreciation, amortisation and sales (EBITDAS) margin increased to 45% (2017: 40%). This was due to the full year impact of cost savings in the prior year being recognise and further savings identified, resulting in a total reduction in expenditure of £17.1m.
- Earnings before tax margin increased to 25% (2017: 22%).

Statement of Financial Position

At 31 March 2018, the Group's Statement of Financial Position demonstrated strength, and that the Group remained financially robust. Key performance measures were:

- The Net Book Value (NBV) of fixed assets was £1,079m (2017: £1,173m). There was an overall reduction in fixed assets year-on-year due to the disposal of Leasowe and Derwent and Solway totalling £89.7m.
- The Group owned and managed 27,818 homes.
- The Group had £31.4m of cash and cash equivalents with £178m additional undrawn facilities, based on existing debt facilities.
- Gearing was 30%, compared to 35% for 2016/17. No new funds had been drawn down due to existing cash funds having been used for reinvestment and investment purposes. Repayments of loans have totalled £70.1m.
- The Group had reserves of £292.7m.

Debt structure and monitoring

The Group's Treasury Strategy is designed to ensure that there is sufficient funding in place for all developments for the next 12 to 24 months, and that refinancing risk is managed to ensure that there is no need to refinance significant amounts of debt in any one year.

A detailed three-year rolling cash flow forecast is prepared and reviewed each month as part of the management information provided to the Group Board and the Executive Leadership Team. These forecasts include short-term operational cash flows and the agreed and expected investment and reinvestment programmes.

As at 31 March 2018, the Group had total borrowings of £361.8m (2017: £463.7m) with a further £178.5m available to be drawn from existing agreed facilities (2017: £66.9m) principally in the form of revolving credit facilities. This ensures the Group is well placed to respond to future opportunities that meet the Group's desired returns.

The weighted average cost of funds for the Group at 31 March 2018 was 3.88%, this cost of funds is particularly low and compares favourably to peers in the sector.

Surplus funds are invested with counterparties meeting the terms of the Group's investment policy and these are regularly monitored to ensure compliance. The Group's investment policy is risk averse for counterparty risk and aims to minimise the risk of financial loss or liquidity exposure. The Group does not hold any financial instruments for speculative purposes.

The Group's loan covenants primarily consist of interest cover and gearing. All covenants within the year to 31 March 2018 had been met. Covenants are monitored monthly and through the 30-year forward-looking business planning process. The business plan shows that the Group is able to operate within its committed facilities under a number of stress tested scenarios. Stress testing is performed on a single and multi-variate basis to demonstrate break points in the plan in order that they can be managed.

Risks and uncertainties

The Group has a Risk Management Strategy in place and it has fully embedded its risk management process across the Group.

This includes the regular identification, management and review of risks at Board and Directorate level. Progress on risk management is reported to the Board as part of the Board Assurance Framework and via the Audit and Risk Committee.

The Group worked with its internal audit partner, KPMG, in the year to conduct a comprehensive programme of internal audits to help identify areas that were not robust from an internal control perspective or where risk needed to be mitigated. KPMG recommendations were implemented across the Group and progress was monitored by the Audit and Risk Committee to ensure that effective internal controls were in place to mitigate any identified risk.

The Group Board has identified the strategic risks that it considers a threat to the achievement of its strategic objectives. The Audit and Risk Committee ensures that appropriate mitigation plans and controls have been assigned against them. The key strategic risks identified were:

Risks	Mitigations
Financial viability There is a risk that the Group will not have sufficient working capital, which could result in the Group being unable to operate as a viable entity. The Group must also ensure that all activities are Value for Money (VFM).	Mitigation controls in place include a comprehensive strategic 30-year business plan approved by Group Board to assess capacity and requirements for growth. This includes multi-variate stress testing for the potential variables (including welfare reform and changes to the political environment), showing the breaking points in the plan. The Group's Financial Golden Rules provide minimum return rates for all activities to ensure the appropriate level of return is achieved. Monthly treasury reporting includes liquidity and working capital requirements both short and long term. Assessment and monitoring of VFM is done within the five strategic objectives. Reporting to Group Board and the Executive and Senior Leadership Teams is undertaken monthly via financial reporting, KPIs and project updates on a monthly basis.
People Our key people risk is the failure to attract, retain and deploy appropriate employees to deliver the Group's business plan.	Mitigation controls in place include assessments of the Group's people needs. Where needs change due to changes in the activities, skills are either developed internally or externally recruited. The Group has a development and talent management programme to support employee development. Bi-annual employee culture surveys are conducted, with agreed actions to support the creation of the Group's desired culture.

Risks	Mitigations
Operational There is a risk arising from internal processes and systems, such as the stability of our ICT infrastructure and the need for a more cohesive business continuity planning.	Mitigation controls in place include ongoing projects and investments to improve the Group's ICT and to protect against failures and attacks which effect the operation of the Group. The Group has a business continuity framework to support in the event of a business disaster.
Compliance and legal There is a risk from the external legal environment. The Group must ensure compliance with legislation and keep pace with changes in legal and regulatory requirements.	Mitigation controls in place include development, implementation and monitoring of detailed regulatory procedures. Horizon scanning throughout the business and at Group Board identifies issues which the Group will face in the short and medium-term. Task groups are formed to address areas identified.
Reputation There is a risk that the Group fails to maintain its good reputation as well as loses the trust and confidence of key external partners, customers and stakeholders.	The Group has internal policies and procedures to ensure that issues are minimised and the Group is compliant in all areas. These are subject to review and monitoring by management and internal audit, in key areas. The Group has a Communications Team to ensure if an issue does arise, all parties are effectively communicated with.
Growth There is a risk of not achieving targets for growth and not delivering the designed number of new homes in the growth strategy. There is a risk that new developments could affect the financial strength of the Group.	Mitigation controls in place include proactive relationships with local authorities, professional advisors, developers and contractors. All schemes are measured against the Golden Rules. Investment decisions are considered, validated and approved by the Group's Investment Committee, who act under a delegated authority from the Group Board.

Value for Money scorecard

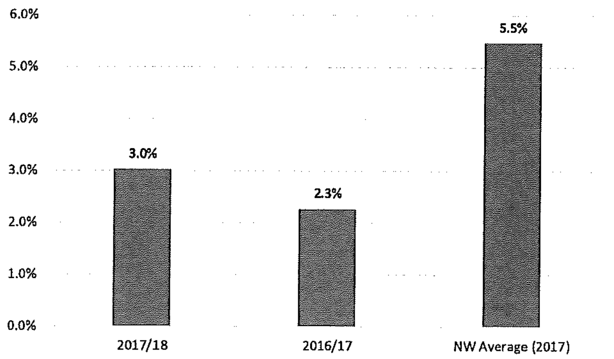
The Group has a Value for Money (VFM) strategy which defines what VFM is and the framework for how it is delivered, monitored and reported. The aim of the VFM strategy is to ensure that VFM is not regarded as something special or different, that it is embedded in the way the organisation operates and does business, and is an integral part of the Group's business plans. VFM is defined as the balance between Economy, Efficiency and Effectiveness.

In accordance with the new Regulatory Value for Money Standard, the Group reports on key metrics. The Group also benchmarks against others in the sector to measure its performance. In 2017/18 the Group undertook several activities which are designed to significantly improve VFM performance in the future.

The Group's full Value for Money statement can be found on the Group's Website, www.yourhousinggroup.co.uk

VFM SCORECARD

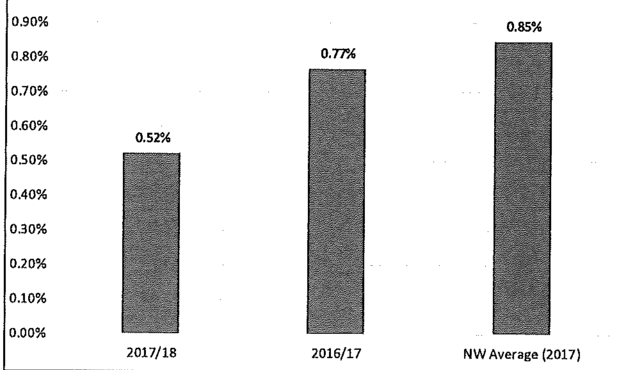
Reinvestment - Homes England definition (%)



This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the value of total properties held.

The year-on-year increase in the Group's reinvestment % to 3.0% was driven by the significantly higher new development spend in 2017/18 of £15.8m (2016/17: £2.7m).

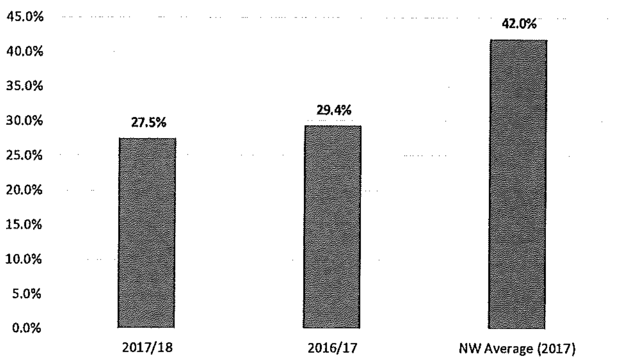
New supply delivered - Homes England definition (%)



The New supply metric sets out the number of new social housing units (owned/managed) that have been acquired or developed in the year as a proportion of total social housing units (owned/managed) at period end.

The decrease in the year to 0.52% is due to fewer social housing units developed or newly built in the year (145 in 2017/18, 255 in 2016/2017).

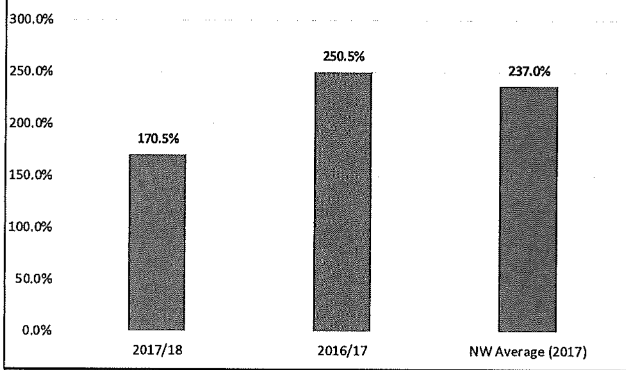
Gearing - Homes England definition (%)



This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance.

The Group has low gearing compared to the North West average and the trend has been reducing over time. No new funds have been drawn down in the year due to existing cash funds having been used for reinvestment and investment purposes. Repayments of loans in the current year have totalled £70.1m.

(EBITDA MRI) interest cover - Homes England definition (%)



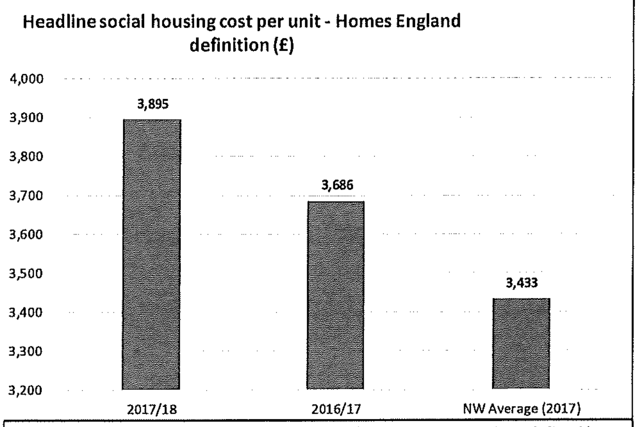
The (EBITDA MRI) interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates compared to interest payable.

The significant decrease in (EBITDA MRI) interest cover in 2017/18 is due to the exceptional one-off costs incurred relating to the Group's refinancing costs in July 2017. Excluding these exceptional costs the metric shows a steady year-on-year improvement with a comparative figure of 304.6% for 2017/18.

The refinancing has simplified lender covenants while creating £178m of liquidity for investment to enable the Group to further pursue and fulfil its objective to build more homes.

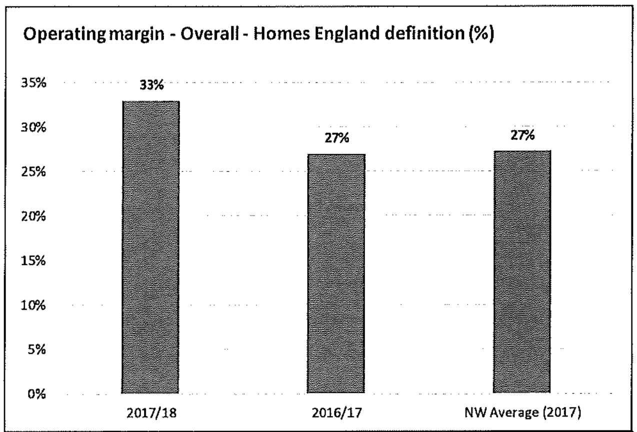
.YOUR HOUSING GROUP LIMITED
OPERATING AND FINANCIAL REVIEW – VALUE FOR MONEY SCORECARD

VFM SCORECARD



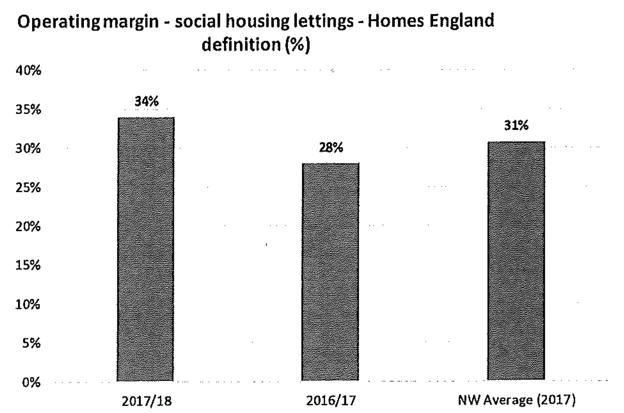
The unit cost metric assesses the headline social housing cost per unit as defined by the regulator.

Headline cost per unit is £3,895, which is an increase of £209 per unit compared to 2016/17. The metric has been prepared as per the Homes England definition taking the closing number of units. The disposal of Derwent and Solway, as well as the divestment program throughout has distorted the 2017/18 figure.



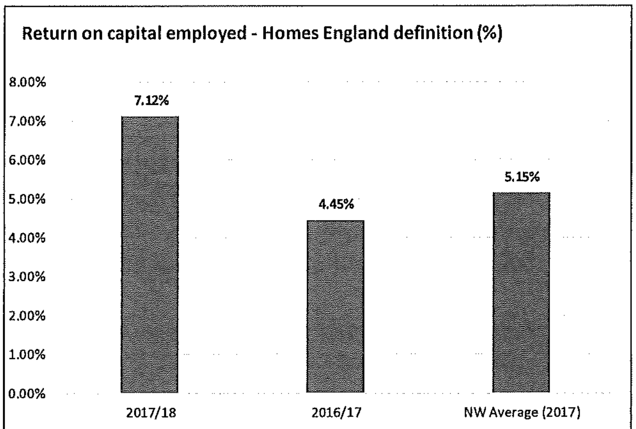
The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Any gains/(losses) on disposal of fixed assets are excluded in the above.

The Group recorded an improved Operating Margin (Overall) of 33% in 2017/18 compared to both the prior year and the North West average. Efficiencies have been realised through the Group's stock rationalisation & divestment programme, together with a substantial reduction in overheads.



The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Any gains/(losses) on disposal of fixed assets are excluded in the above.

The Group recorded an improved Operating Margin (social housing only) of 34% in 2017/18 compared to both the prior year and the North West average. Efficiencies have been realised through the Group's stock rationalisation & divestment programme, together with a substantial reduction in overheads.



This metric compares the operating surplus to total assets less current liabilities and is a common measure to assess the efficient investment of capital resources.

The Group has an improved return on capital employed compared to both the prior year and North West average. The 2017/18 return of 7.12% includes a surplus of £19.1m generated from portfolio divestments. Even when excluding this, the metric shows an improvement on the prior year and the North West average with a comparative figure of 5.31%.

The charts on this page reflect the set of metrics specified by the English Regulator to measure and compare VFM across the sector.

The HouseMark global accounts comparison tool has been used to obtain benchmark data for the North West regional group.

Governance
The Group Board is collectively responsible for the long-term strategy and viability of the Group and is constituted of up to ten non-executive directors and two executives (the Group Chief Executive and the Chief Financial Officer).

There is a formal schedule of matters reserved for the Board, which include:

- Setting and ensuring compliance with the vision, values and strategic objectives of the Group, ensuring its long-term success;
- Setting a positive culture with a strong customer focus;
- Satisfying itself as to the integrity of financial information, approving each year's budget, business plan and annual accounts prior to publication;
- Establishing and overseeing a risk management framework and setting the risk appetite in order to safeguard the assets and reputation of the Group; and
- Establishing, overseeing and reviewing a framework of delegation and systems of internal control.

Operational delivery of the strategy is delegated to the Executive Leadership Team (ELT). The ELT is made up of the Group Chief Executive, responsible for leading the development and execution of the Group's business plan, a Chief Operating Officer, responsible for the asset management and service delivery to customers, a Chief Commercial Officer responsible for the Group's growth strategy, procurement and the in-house contractor, Fix 360 Ltd and a Chief Financial Officer, responsible for all financial matters, funding, risk and governance of the Group.

The Group has a Senior Leadership Team (SLT) which works to deliver the Group business plan and objectives at an operational and functional level.

Group Structure
On 31 July 2017, the Group restructured its legal entities, transferring all charitable activities into Arena Housing Group Limited, renamed Your Housing Limited on 1 August 2017. This included transfers of engagements from subsidiaries Headrow Limited, Manchester and District Housing Association Limited, Moorlands Housing and Tung Sing Housing Association Limited. All four of these entities were removed from the Register of Housing Providers on 13 April 2018.

Two entities elected to demerge from the Group, Leasowe Community Homes on 1 April 2017 and Derwent and Solway Housing Association Limited on 31 July 2017.

These changes to the Group structure resulted in a more flexible organisation with simplified governance arrangements, providing clear oversight for the Board of all housing activity. It reduced the number of restrictive covenants across different legal entities, increasing the Group's capacity for borrowing to achieve funding for large scale development, and improved risk oversight by establishing one operational Board across all stock holding entities.

The Group operates a Common Board structure for the parent and two stock-owning entities in the Group, Your Housing Limited and Frontis Homes Limited. There is an established Governance Framework which determines how the Group is governed and sets out the relationships and delegated authorities and responsibilities for parent and subsidiaries.

The Group Board
During the year, the Group Board continued to focus on providing effective leadership and oversight of the Group's strategic objectives.

In May 2018 the Chair, Mark Tattersall, retired, having reached his maximum term of office. In anticipation of his retirement and following a thorough recruitment process, the Board appointed Kathy Doran as Chair Designate in December 2017, allowing a handover period and an orderly transition to taking over as Chair on 1 June 2018.

During the year Board members undertook a skills appraisal allowing them to identify areas of strength and any potential gaps. The result of the analysis was reviewed by the Board in the light of the Corporate Strategy and guides Board member recruitment and also Board training and development.

In addition to the skills analysis every Board member also undergoes an annual appraisal which supports their personal development.

During the year, the Remuneration Committee also commissioned an independent Collective Effectiveness Review carried out by an external consultant. The review concluded that, overall, the Board demonstrated good strategic foresight and leadership, upheld the Group's mission, vision and values, had a robust procedure for identifying and assessing key risks and that the Board featured an appropriate mix of skills, knowledge and experience.

Information from the skills analysis, Board member appraisals and collective effectiveness review has been used to develop individual and collective training and development activity.

During the year, the Board held seven formal meetings and four strategy days.

Attendance

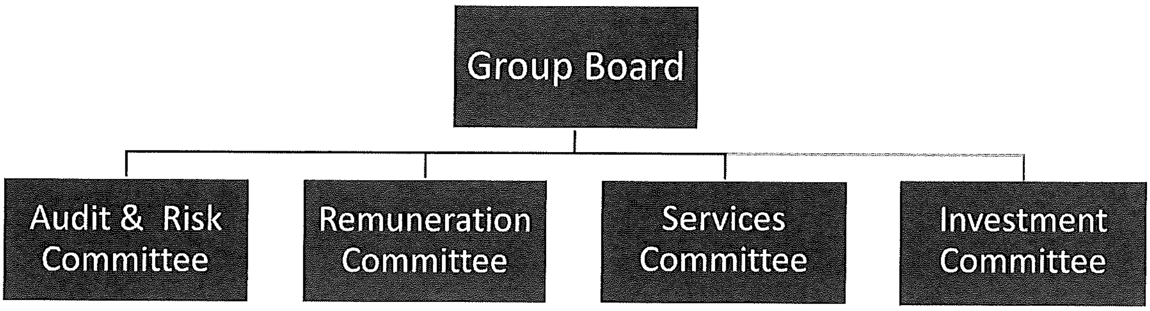
Brian Cronin	92%
Jeremy Earnshaw	92%
Mark Tattersall	100%
Kathy Doran	85%
Alistair How	69%
Brenda Smith	92%
Derek Cash	92%
Paul Carhart	100%
Phil Edgington	91%
Roy Grant	92%
Richard Groome	69%
Val Aherne	85%

Non-Executive Directors Paula Steer and Alison Cambage joined the Board on 1 June 2018.
Phil Edgington resigned on 31 March 2018, Mark Tattersall reached the end of his term of office on 31 May 2018 and Paul Carhart reached the end of his term of office on 31 July 2018.

Board Remuneration

Group Board members are paid for their services, which increases the Group's ability to attract and retain high-calibre members. Current Non-Executive Director remuneration is detailed in note 11 to the financial statements on page 46.

Board Committees



The Group Board delegates authority in certain matters, according to their specific terms of reference, to four Committees, as shown above.

Minutes of the meetings of all Committees are circulated to all Board members for information.

Committee Activity

Audit and Risk Committee
During the year the Audit and Risk Committee consisted of nine Non-Executive Directors and it is set out in the terms of reference that the Chair of the Group Board cannot be a member.
The Committee met six times during the year and an example of its work includes considering the following:

- The tender process for the appointment of the Group's external auditor;
- The scope and findings of the Annual Report and Financial Statements;
- Internal Audit reports and management responses throughout the year presented by the Internal Auditors, KPMG;
- Accounting policies;
- Annual declarations and the Group's gifts and hospitality register;
- Risk referrals in specific areas of the business to gain assurance on matters of concern to the Board and / or the Committee; and
- All whistleblowing allegations.

Remuneration Committee
The Remuneration Committee consisted of nine members and met six times during the year.
The Committee:

- Reviewed and made recommendations on the remuneration of the Non-Executive Directors, the Group Chief Executive and the Chair;
- Reviewed the roles and salary structure across the Group;
- Oversaw detailed pay analysis and pay modelling Group wide;
- Led the appointment of the Group Chair, the Chair of the Services Committee and recruitment of two Non-Executive Directors;
- Oversaw the implementation of the Culture Change Strategic Plan; and
- Led the Board's Collective Effectiveness Review with external advisors, Campbell Tickell.

Investment Committee
The Investment Committee consisted of four Non-Executive Directors and considers matters relating to the development and investment strategy and major capital expenditure.

During the year the Committee:

- Undertook a major review of the Group's growth strategy;
- Reviewed the principles and methodology underpinning the Group's Golden Rules;
- Approved five schemes for development and recommended a further two schemes to the Board for approval (as they were in excess of the Committee's delegated authority);
- Approved a new fully integrated back office system for Payroll and Finance; and
- Approved a range of stock disposals in accordance with the Group's Divestment Strategy.

Services Committee
The Committee met seven times during the year, and attended two Board strategy days. It consisted of eight customer members and one of the Group Board's Non-Executive Directors, who was the Chair.

The Committee is responsible for considering all matters relating to the delivery of effective services to customers, providing assurance to the Board in relation to the appropriate discharge of legal and regulatory duties in respect of core landlord and specialist support services.

During the year the Committee:

- Engaged with customer service development projects and procurement activity;
- Expanded its suite of key performance indicators to assist in monitoring service delivery and satisfaction;
- Commissioned scrutiny reports by the Customer Assurance Panel, monitoring actions arising from scrutiny activity; and
- Reviewed and approved new and existing operational policies.

Governance Compliance Statement
The Group Board has adopted the National Housing Federation's (NHF) Code of Governance 2015 (the Code) and received an annual report on compliance with the Code in May 2018, and the Board confirms that the Group is fully compliant.

The Regulator of Social Housing carried out an In-Depth Assessment of YHG in 2017, where the Group was able to demonstrate the highest standards of governance, together with a robust financial plan, leading to the highest possible governance and viability ratings of G1 and V1 respectively.

Regulatory Compliance Statement
The Board recognises the impact that any legislative or regulatory breaches can have on YHG and its customers, and so monitors and co-ordinates compliance activities through its Risk and Assurance Team and each year assesses itself against the Regulator of Social Housing's Regulatory Standards.

During 2017/18, issues were identified in respect of rent setting in Your Housing Limited (YHL) for approximately 500 secure tenancies (representing 1.6% of YHL's stock) which raised concerns about YHL's compliance with the Welfare Reform and Work Act 2016. The issues were reported to the Regulator, and the Board, supported by the Executive, have fully investigated the matter with the benefit of external legal advice. Corrective action has been taken with rent adjustments being made to affected tenants' accounts, and an action plan to address the root cause of the errors has been put in place. The financial outcomes are included in the accounts and are not material for the purposes of these accounts. As a result, however, the Board has determined that, for the 2017/18 year, YHG was not fully compliant with the Governance & Viability Standard. YHG is fully compliant with all other Regulatory Standards.

Fire Safety Review
Following the Grenfell Tower tragedy, YHG undertook an incremental comprehensive review of fire safety across the whole asset portfolio, supplementary to the existing statutory compliance procedures and assurances already in place. The conclusions were that no further remedial work was necessary, and that existing mitigations such as full alarms and evacuation policies were entirely appropriate. These conclusions were shared and supported by YHG's own Fire Safety Panel, comprising senior employees and third-party experts. In response to the Hackitt Review, the Fire Safety Panel has commissioned further assessments for guidance, and in the event that additional mitigations become mandatory, it can be confirmed that YHG has more than adequate cash and liquidity to meet such costs.

Directors' and Officers' Liability Insurance
The Group has maintained Directors' and Officers' liability insurance throughout the year and up to the date of approval of the financial statements.

Statement of Internal Control

The Board is ultimately responsible for Your Housing Group's system of internal control and for reviewing the effectiveness of the system. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance regarding the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

The Board has adopted a risk-based approach to internal controls, which are embedded within the day to day management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and meets the principle of the National Housing Federation's Code of Governance, Section C (Provisions regarding the Board) which includes a requirement that the Boards functions must include:

- Satisfying itself as to the integrity of financial information.
- Establishing, overseeing and reviewing a framework of delegation and systems of internal control.
- Establishing and overseeing a risk management framework to safeguard the assets and reputation of the organisation.

The Board has a zero-tolerance policy to fraud, and in addition to the normal checks and balances to prevent fraud, the employee code of conduct clearly sets out employee's responsibilities and standards of conduct. A whistleblowing policy is also in place and employees are encouraged to report any wrongdoing they become aware of. All suspected frauds are investigated, recorded in the fraud register, and are presented to the Audit and Risk Committee. No significant frauds have occurred during the year.

The Audit and Risk Committee, on behalf of the Board has received the report of the Risk & Assurance Manager and has conducted its annual review of the effectiveness of the system of internal control. The Board has a number of policies in place to support the Group's systems of internal control. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud detection and prevention. Financial control is exercised through the setting of detailed budgets each year which feed into the financial planning process, coupled with a reporting and monitoring system that is driven by key performance indicators.

The Group's internal audit partner reports directly to each meeting of the Audit and Risk Committee and all recommendations for improvement are followed up. Based on the work undertaken by KPMG during the year we can confirm that there are no signs of material weaknesses in the framework of control.

Conclusion

It should be noted that assurance can never be absolute, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. It does confirm that, based on the evidence from internal audit, risk and assurance arrangements internal controls, there were no signs of material weaknesses in the framework of control in 2017/18.

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group continues to be affected by uncertainty from the regulatory environment, government policy and economic factors. These include a reduction in social rents of 1% per annum between 2016/17 and 2019/20, a direct and indirect impact from Brexit, potential inflationary pressures and reductions in demand for some of the Group's stock.

The Group has long-term business plans addressing the factors affecting its activities. The business plans take into account a number of different variables to support the headroom within the facilities. They have also been subject to multi-variate stress testing. The business plans and long-term debt facilities demonstrate that the Group has adequate resources to provide the finance required to support committed reinvestment and development programmes, along with the Group's day-to-day operations. Bank covenants have been met in all plans and forecasts.

On this basis, the Board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 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.

On 31 July 2017, Your Housing Group Limited restructured its legal entities, transferring all charitable activities into Arena Housing Group Limited, via a transfer of engagement. This included; Headrow Limited, Manchester and District Housing Association Limited, Moorlands Limited and Tung Sing Housing Association Limited. On the same date Arena Housing Group Limited changed its name to Your Housing Limited

The Group results for the year show a loss on ordinary activities before taxation of £15.8m, which is due to the exceptional costs incurred in the year. This includes a £62.3m loss on disposal of two subsidiaries in Leasowe Community Homes on 1 April 2017 and Derwent and Solway Housing Association Limited on 31 July 2017, as well as £11.2m of break costs and fees relating to the corporate Treasury refinance.

Responsibilities of the Board for the Report and Financial Statements

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland. Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the association and Group for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing (April 2015). It is also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent Auditor

Grant Thornton UK LLP has indicated its willingness to continue in office. A resolution concerning the appointment of the auditor will be proposed at the Annual General Meeting.

The report of the Board of Management was approved on 6 September 2018 and signed on its behalf by:

Kathy Doran

Kathy Doran	Brian Cronin	Clare Oakley
Chair	Group Chief Executive	Group Company Secretary

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

Opinion

We have audited the financial statements of Your Housing Group Limited (the 'parent Society') and its subsidiaries (the 'Group') for the year ended 31 March 2018 which comprise the Group and Association Statement of Comprehensive Income, Group and Association Statement of Financial Position, Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including 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 parent Society's affairs as at 31 March 2018 and of the Group's and parent Society's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We have been appointed as auditor under the Co-operative and Community Benefit Societies Act 2014 and report in accordance with regulations made under that Act. 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 Society 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.

Who we are reporting to

This report is made solely to the Society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society'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 Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

Other information

The Board is responsible for the other information. The other information comprises the information included in the Report and Financial Statements, set out on pages 24 to 73 other than the primary financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of the Board for the financial statements

As explained more fully in the Statement of Board's Responsibilities set out on page 20, 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 determines 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 is responsible for assessing the Group's and parent society'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 parent society or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
11 September 2018

YOUR HOUSING GROUP LIMITED
GROUP STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Notes	2018 £'000	Restated 2017 £'000
Turnover: Group and share of associates		163,795	201,112
Less: share of associates turnover		(1,933)	(15,808)
TURNOVER	3.1	161,862	185,304
OPERATING EXPENDITURE	3.1	(109,629)	(134,931)
GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	5	22,877	2,663
GROUP OPERATING SURPLUS		75,110	53,036
Share of associates operating (loss)		(155)	(209)
TOTAL OPERATING SURPLUS	7	74,955	52,827
Loss on disposal of subsidiaries		(62,571)	-
Interest receivable and other income	8	502	384
Share of associates interest receivable		2,941	2,134
Interest payable and similar costs	9	(30,505)	(19,622)
Share of associates interest payable		(2,465)	(1,631)
Movement in fair value of investments		1,390	2,585
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		(15,753)	36,677
Tax on surplus on ordinary activities	12	(472)	(821)
SURPLUS ON ORDINARY ACTIVITIES AFTER TAXATION		(16,225)	35,856
Attributable to non-controlling interests		83	92
SURPLUS FOR THE FINANCIAL YEAR		(16,142)	35,948
Movement in hedging reserve		811	96
Actuarial gain/(loss) in respect of pension schemes	29	3,216	(3,293)
Prior period adjustment		200	-
TOTAL COMPREHENSIVE INCOME		(11,915)	32,751

All amounts relate to continuing activities. The notes form an integral part of the financial statements.

Approved and authorised for issue by the Board on 6 September 2018 and signed on its behalf by:

Kathy Doran
Chair

Brian Cronin
Group Chief Executive

Clare Oakley
Group Company Secretary

Notes for the financial statements including accounting policies can be found on pages 29 to 73.

	Note	2018 £'000	Restated 2017 £'000
TURNOVER	3.2	28,250	35,430
OPERATING EXPENDITURE	3.2	(31,602)	(36,783)
GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT	5	5	22
OPERATING LOSS	7	(3,347)	(1,331)
Interest receivable and other income	8	8	14
Interest payable and similar costs	9	-	-
LOSS ON ORDINARY ACTIVITIES AFTER INTEREST		(3,339)	(1,317)
Gift aid received		2,000	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,339)	(1,317)
Tax on surplus on ordinary activities	12	-	(6)
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME		(1,339)	(1,323)

All amounts relate to continuing activities. The notes form an integral part of the financial statements.

Approved and authorised for issue by the Board on 6 September 2018 and signed on its behalf by:

Kathy Doran
Chair

Brian Cronin
Group Chief Executive

Clare Oakley
Group Company Secretary

Notes for the financial statements including accounting policies can be found on pages 29 to 73.

YOUR HOUSING GROUP LIMITED
STATEMENT OF FINANCIAL POSITION – GROUP AND ASSOCIATION
For the year ended 31 March 2018

	Notes	Group 2018 £'000	Group Restated 2017 £'000	Association 2018 £'000	Association Restated 2017 £'000
FIXED ASSETS					
Tangible fixed assets	13	1,025,628	1,122,962	31	-
Investments	14.1	50,354	47,234	-	-
Share of associates	14.3	3,009	2,841	-	-
		1,078,991	1,173,037	31	-
CURRENT ASSETS					
Inventories	15	904	39,918	-	-
Trade and other debtors	16	15,696	11,869	6,349	5,651
Cash and cash equivalents		31,385	77,185	2,520	4,503
		47,985	128,972	8,869	10,154
CREDITORS: amounts falling due within one year	17	(74,971)	(115,251)	(7,591)	(7,488)
NET CURRENT (LIABILITIES)/ASSETS		(26,986)	13,721	1,278	2,666
TOTAL ASSETS LESS CURRENT LIABILITIES		1,052,005	1,186,758	1,309	2,666
CREDITORS: amounts falling due after more than one year	18	(738,145)	(851,450)	-	-
PROVISIONS FOR LIABILITIES	24	(15,569)	(20,996)	(98)	(116)
PENSION LIABILITY	29	(5,744)	(9,767)	-	-
TOTAL NET ASSETS		292,547	304,545	1,211	2,550
CAPITAL AND RESERVES					
Share capital	25	-	-	-	-
Revaluation reserve		10,147	8,757	-	-
Hedging reserve		(943)	(1,754)	-	-
Revenue reserve		283,624	297,740	1,211	2,550
Attributable to non-controlling interests		(281)	(198)	-	-
GROUP'S/ASSOCIATION'S FUNDS		292,547	304,545	1,211	2,550

The notes form an integral part of the financial statements.

These financial statements were approved and authorised for issue by the Board on 6 September 2018 and signed on its behalf by:

K Doran

Kathy Doran	Brian Cronin	Clare Oakley
Chair	Group Chief Executive	Group Company Secretary

Notes for the financial statements including accounting policies can be found on pages 29 to 73.

STATEMENT OF CHANGES IN RESERVES – GROUP AND ASSOCIATION
For the year ended 31 March 2018

	Revaluation reserve £'000	Hedging reserve £'000	Revenue reserves £'000	Attributable to non controlling interest £'000	Total £'000
Balance as at 1 April 2016 (restated)	6,172	(1,850)	267,670	(106)	271,886
Total Comprehensive Income for the year (restated)	-	-	32,751	(92)	32,659
Reserves transfer (restated)	2,585	96	(2,681)	-	-
Balance as at 31 March 2017 (restated)	8,757	(1,754)	297,740	(198)	304,545
Total Comprehensive Income for the year	-	-	(11,915)	(83)	(11,998)
Reserves transfer	1,390	811	(2,201)	-	-
Balance as at 31 March 2018	10,147	(943)	283,624	(281)	292,547

ASSOCIATION STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2018

	Revenue reserves £'000
Balance as at 1 April 2016 (restated)	3,873
Total Comprehensive Income for the year	(1,323)
Balance as at 31 March 2017 (restated)	2,550
Total Comprehensive Income for the year	(1,339)
Balance as at 31 March 2018	1,211

Notes for the financial statements including accounting policies can be found on pages 29 to 73.

	Notes	2018 £'000	2017 £'000
Net cash generated from operating activities	27	109,902	82,293
Cash flow from investing activities			
Purchase of housing properties		(26,147)	(18,871)
Purchase of other fixed assets		(11,089)	(11,007)
Grants received		192	-
Purchase of investments		(4,315)	(2,154)
Proceeds from the sale of investments		2,514	-
Dividends received from associates		96	-
		(38,749)	(32,032)
Cash flow from financing activities			
Interest received		502	360
Interest paid		(18,812)	(17,925)
Refinancing costs		(11,250)	-
Loan repayments		(70,147)	(23,036)
		(99,707)	(40,601)
Cash flow from disposal of subsidiaries			
Derwent and Solway Housing Association		(8,734)	-
Leasowe Community Housing		(8,480)	-
		(17,214)	-
Net change in cash and cash equivalents		(45,768)	9,660
Cash and cash equivalents at the beginning of the year		77,153	67,493
Cash and cash equivalents at the end of the year		31,385	77,153

The notes form an integral part of the financial statements.

1. LEGAL STATUS

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider.

The principal activity includes the provision of affordable homes to rent, homes for sale, sheltered and supported accommodation for older people, and hostels and foyer accredited schemes which support vulnerable people.

The Group includes a number of smaller entities which help to support principal activities. These include a repairs and maintenance company, a development company and non-social housing providers.

2. ACCOUNTING POLICIES

Basis of accounting
The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP), including Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

In accordance with the provisions of FRS102 no Statement of Cash Flows is prepared for the parent on the basis a Consolidated Statement of Cash Flows is provided.

The functional and presentational currency is Sterling (£).

On 31 July 2017, Your Housing Group Limited restructured its legal entities, transferring all charitable activities into Arena Housing Group Limited, via a transfer of engagement. On the same date Arena Housing Group Limited changed its name to Your Housing Limited.

In accordance with the provisions of FRS102, the merger accounting method has been adopted and the comparative figures have been restated by combining the total comprehensive income and statement of financial position of the merged entities at the previous reporting date, adjusted where necessary to achieve uniformity.

Two further restatements have been made, details are below:

- For the Association, the Social Housing Pension Scheme liability held by the association transferred to Your Housing Limited following the Group restructure. Due the size and nature of the transfer, prior year numbers have been restated for provisions, reserves, operating costs and interest payable. At the 1 April 2016 this resulted in an increased provision of £13,742,000 and a reduction in reserves of the same amount. There is no net impact on the Group's results.
- For the Group, 172 properties were identified as investment properties during the year that had previously been classified as housing properties held for let. Prior year numbers have been restated for operating costs, movement in fair value of assets, tangible fixed assets, investments, revenue reserves and revaluation reserves. At 1 April 2016 this resulted in an increased in investments of £10,504,000, a reduction in tangible fixed assets of £5,682,000 and an increase in revaluation reserves of £4,822,000.

Going concern
The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group continues to be affected by uncertainty from the regulatory environment, government policy and economic factors. These include a reduction in social rents of 1% per annum between 2016/17 and 2019/20, a direct and indirect impact from Brexit, potential inflationary pressures and reductions in demand for some of the Group's stock.

2. ACCOUNTING POLICIES (CONTINUED)

The Group has long term business plans addressing the factors affecting its activities. The business plans take into account a number of different variables to support the headroom within the facilities. They have also been subject to multi-variate stress testing. The business plans and long-term debt facilities demonstrate that the Group has adequate resources to provide the finance required to support committed reinvestment and development programmes, along with the Group's day-to-day operations. Bank covenants have been met in all plans and forecasts.

On this basis, the Board has reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 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.

On 31 July 2017 Your Housing Group Limited restructured its legal entities, transferring all charitable activities into Arena Housing Group Limited, via a transfer of engagement. This included; Headrow Limited, Manchester and District Housing Association Limited, Moorlands Housing and Tung Sing Housing Association Limited. On the same date Arena Housing Group Limited changed its name to Your Housing Limited.

The Group results for the year show a loss on ordinary activities before taxation of £12.0m, which is due to the exceptional costs incurred in the year; including a £62.3m loss on disposal of two subsidiaries in Leasowe Community Homes on 1 April 2017 and Derwent and Solway Housing Association Limited on 31 July 2017, as well as £11.2m of break costs and fees relating to the corporate Treasury refinance.

Significant judgements and estimates
The following are the significant management judgements and estimates made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

- **Useful economic lives** – Useful economic lives are based on management's expectation of the lives of assets. The rates are such to depreciate the cost of assets to their residual value over their expected lives. Management review the Association's estimate of the useful lives of depreciable assets at each reporting date, based on the expect utility of the assets. Uncertainties in these estimates relate to technological advances, changes in the expected use and changes to decent homes standards.
- **Capitalisation of property development costs** – Qualifying costs which directly relate to the assets are capitalised from the start of the construction of an asset. Costs are agreed at the start of a project and monitored throughout development. Capitalisation of costs ceases when the asset comes into use. If an asset changes fundamentally during construction or the project is terminated the costs and recoverability are revaluated and provisions are made if required.
- **Fair value of investment properties** – Investment properties are held at fair value, based on external valuers assessments. The valuations are updated on a regular basis to ensure the properties remain at fair value. In years when a valuation is not performed an assessment is undertaken by management to confirm the valuations for properties remain appropriate. Disclosure is provided in the notes of the financial statements of the most recent valuation.
- **Government grants** – Government grants are held against structure and amortised over the expected life of structure, 100 years, using the accruals method.
- **Impairment** – Impairment assessments are performed annually considering impairment triggers. If an impairment trigger is identified a full impairment review is conducted, considering whether the recoverable value is higher than carrying value. Impairment reviews are based on cash generating units, these are not set, but depend on the area of the business under review.
- **Bad debts** – Arrears and other debtors are provided for based on the age of debt, as this is considered to indicate recoverability.
- **Fair value of financial derivatives** – Financial derivatives are included at the year end at their fair value, provided by external sources.

2. ACCOUNTING POLICIES (CONTINUED)

- **Basic/Non-basic debt categorisation** – The Group has certain fixed loans with the potential that if the loan was exited early and market rates were in the Group's favour this could result in the loan being repaid for less than the capital amount of the loan. None of these loans at the year-end if exited would result in a gain. The Group has considered these loans and concluded they meet the definition of basic under Section 11 of FRS102. This treatment is considered to reflect the risk profile and nature of the loans.
- **Defined Benefit Obligations (DBO)** – Management's estimate of the DBO is based on a number of critical underlying assumptions such as rates of inflation, mortality, discount rate and future salary increases. Variations in these assumptions may significantly impact the DBO amount and the annual defined benefit expense.

Basis of consolidation
The Group financial statements consolidate the financial statements of the Association and all of its subsidiaries at 31 March 2018 using the purchase method.

The consolidated financial statements incorporate the financial statements of the Association and entities controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where the Group does not control 100% of a subsidiary, the entire results for the year are included in the Group financial statements and the non-controlling interests are shown in the Statement of Financial Position.

Where the Group has disposed of subsidiaries during the year the results up to the point of disposal are shown in the Statement of Comprehensive Income.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

Associates
Undertakings that are not subsidiaries but where the Group has significant influence, associates (i.e. the power to participate in the financial and operating policy decisions) are accounted using the equity method of accounting, accounting for the Group's share of assets and liabilities.

Turnover and revenue recognition
Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT, where recoverable) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Interest payable
Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents:

a) Interest on borrowing specifically financing the development programme after deduction of related grants in advance; or
b) A fair amount of interest on borrowings of the Association as a whole after deduction of Government Grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the Statement of Comprehensive Income in the year.

Taxation

Current tax is recognised for the amount of income tax payable in respect of the taxable surplus for the current or past reporting period using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

If and when all conditions for retaining tax allowances for cost of a fixed asset have been met, the deferred tax is reversed.

Deferred tax is recognised when income and expenses from a subsidiary or associate have been recognised, and will be assessed for tax in a future period, except where:

- The Group is able to control the reversal of the timing difference, and
- It is probable that the timing difference will not reverse in the foreseeable future.

Deferred tax relating to investment property that is measures at fair value is measured using the tax rates and allowances that apply to the sale of the asset, except for investment property that has a limited useful life and is held in a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time.

Deferred tax is calculated using the tax rates and law that have been enacted or substantively by the reporting date that are expected to apply to the reversal of the timing difference.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and liabilities are only off set where there is a legal right to do so.

VAT

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

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

Expenditure on shared ownership properties are split proportionally between current and fixed assets based on the elements relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

2. ACCOUNTING POLICIES (CONTINUED)

Donated land and other assets
Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration is paid as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Investment properties
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are initially measured at cost and subsequently at fair value as at the year end, with changes in fair value recognised in the Statement of Comprehensive Income.

Government grants
Government grants include grants receivable from the Homes England, local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure under the accruals model, being 100 years.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

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

Government grants received for housing properties are subordinated to the repayment of loans by agreement with Homes England. Government grants released on the sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial positions in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any amortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specific future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the Association is recognised when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

2. ACCOUNTING POLICIES (CONTINUED)

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Group depreciates the major components of its housing properties over the following annual rates:

Structure	100 Years
Roofs	60 Years
Kitchens	20 Years
Bathrooms	25 Years
Electrical Systems	30 Years
Doors	30 Years
Windows	30 Years
Boilers	15-20 Years
Central Heating	40 Years
Loft Insulation	30 Years
Renewable technology	20 Years

Freehold land is not depreciated.

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment

Housing properties are annually assessed for impairment indicators. Where indicators are identified any assessment for impairment is undertaken comparing the carrying amount to its recoverable amount. Where carrying amount is deemed to exceed its recoverable amount, the assets are written down to recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where assets are currently deemed not to be providing service potential to the Group, recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on the freehold land.

The principal annual rates used for other assets are:

Freehold office buildings	40 years
Leasehold property	Lower of life of lease or 40 years
Communal assets	15, 20, 30 years
Garages	25 years
Furniture, fixtures, fittings & office equipment	5 years
Mobile technology	2 years
Computer software	5 years
Computer hardware and telephony equipment	4 years
Motor vehicles	4 years

2. ACCOUNTING POLICIES (CONTINUED)

Leased Assets
Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership of the leased assets to the Group. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised at the fair value of the leased asset (or, if lower, the present value of minimal lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring the surplus or deficit. Assets held under finance leases are included in tangible fixed assets and deprecation and assessed for impairment in the same ways as owned assets.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight-line basis.

Investments
Investments in listed securities within fixed assets are shown in the Statement of Financial Position at fair value. Changes in value are taken to the Statement of Comprehensive Income. Other investments within fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at lower of cost and net realisable value.

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

Debtors and creditors
Short term debtors and creditors are measured at transaction price. Debtors are shown less any impairment. Where deferral of payment terms has been agreed below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

Financial instruments – debt
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS102 are accounted for under an amortised cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique. For non-basic financial instruments FRS 102 section 12 has been applied.

2. ACCOUNTING POLICIES (CONTINUED)

Hedging arrangements
The Group applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the Statement of Comprehensive Income.

The gain or loss recognised in other comprehensive income is reclassified to the Statement of Comprehensive Income when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Loan issue costs
Costs incurred on the issue of loan finance are initially recorded as a deduction from the gross proceeds of the loan and included in creditors greater than one year. The costs are then subsequently amortised to the Statement of Comprehensive Income over the term of the loans.

Provisions for liabilities
Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the presentation obligation at the end of the reporting period, taking into account the risk and uncertainties surrounding it.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at its present value, using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the Statement of Comprehensive income, in the period it arises.

The Group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Contributions payable from the Group to the Social Housing Pension Scheme (SHPS) under the terms of its funding agreement for past deficits are recognised as a liability within other provisions in the Group's financial positions.

2. ACCOUNTING POLICIES (CONTINUED)

Pension costs

The Group participates in the following pension schemes; two multi-employer defined benefit schemes: the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Pension Fund, a defined benefit pension scheme: the Arena Group Pension Scheme and a number of defined contribution arrangements.

For the SHPS, it has not been possible to identify the share of underlying assets and liabilities which belong to individual participating employers. The charge to the Statement of Comprehensive Income represents to the employer contribution payable to the scheme for the accounting period.

For the Staffordshire County Council Pension Fund, it is possible to identify the share of underlying assets and liabilities. The Group's share of pension scheme assets is measured at fair value. The Group's share of pension scheme liabilities is measured using the projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency. A pension scheme asset is recognised only to the extent that the surplus may be recovered by reduced future contributions or to the extent that the trustees have agreed a refund from the scheme at the Statement of Financial Position date. A pension scheme liability is recognised to the extent that the company has a legal or constructive obligation to settle the liability. Current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income. The Group is no longer an active member of the scheme.

For the Arena Group Pension Scheme, the scheme is closed to future accrual. The pension scheme assets and liabilities are valued using the same methodology as the Staffordshire County Council Pension Fund, recognising the fair value of the pension scheme assets and the liabilities using a projected unit credit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency.

The current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Net interest costs are calculated by applying the discount rate to the net defined benefit liability and are recognised in the Statement of Comprehensive Income as a finance cost. Re-measurements are reported in other comprehensive income.

For the defined contribution arrangements, the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Reserves

The revenue reserves are unrestricted and available for use within the Group's activities. The Hedging reserve is the hedging transaction asset or liability at the year end. The revaluation reserve is the difference between fair value and historic costs for the affected assets.

3.1 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – GROUP

	2018			2017		
	Turnover £'000	Operating Expenditure £'000	Operating surplus/ (deficit) £'000	Turnover £'000	Operating expenditure £'000	Operating surplus/ (deficit) £'000
Social housing lettings (note 4.1)	148,748	(97,718)	51,030	167,150	(120,440)	46,710
Other social housing activities						
Shared ownership first tranche sales	2,028	(1,745)	283	4,140	(3,006)	1,134
Shared equity property sales	865	(803)	62	1,997	(1,813)	184
Outright property sales	885	(714)	171	2,766	(2,033)	733
Supporting People contract income	2,126	(1,733)	393	2,155	(1,505)	650
Neighbourhood regeneration	-	(518)	(518)	-	(3)	(3)
Cheshire PFI	-	-	-	-	(9)	(9)
Development costs not capitalised	-	(1,032)	(1,032)	-	(709)	(709)
Management services	1,659	(2,089)	(430)	1,622	(1,843)	(221)
Other	939	(1,648)	(709)	991	(1,868)	(877)
	8,502	(10,282)	(1,780)	13,671	(12,789)	882
Non-social housing activities						
Lettings (note 4.2)	4,612	(1,629)	2,983	4,483	(1,811)	2,672
	4,612	(1,629)	2,983	4,483	(1,811)	2,672
	161,862	(109,629)	52,233	185,304	(135,040)	50,264

3.1 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – GROUP (continued)

Operating surplus analysed:	2018 £'000	2017 £'000
Lettings	54,107	49,926
Shared ownership first tranche sales	284	1,134
Management services	152	168
Sale of properties	233	917
Other	(2,543)	(1,881)
	52,233	50,264

3.2 TURNOVER, OPERATING EXPENDITURE AND OPERATING RESULT – ASSOCIATION

	2018			Restated 2017		
	Turnover £'000	Operating expenditure £'000	Operating deficit £'000	Turnover £'000	Operating expenditure £'000	Operating deficit £'000
Other income and expenditure						
Management services to group undertakings	28,250	(31,602)	(3,352)	35,430	(36,783)	(1,353)

4.1 INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP

Group	General Housing £'000	Supported housing & housing for older people £'000	Low cost home Ownership £'000	Care Homes £'000	Key Worker £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Income from social housing lettings								
Rent receivable net of identifiable service charges	90,897	18,579	4,614	93	1,781	226	116,190	132,608
Service charges receivable	5,315	12,189	3,447	540	231	295	22,017	23,290
Charges for support services	29	299	18	-	-	-	346	908
Facility fee	-	-	-	-	303	-	303	337
Government grant taken to income	3,310	1,139	295	12	-	1	4,757	5,225
Other income	712	4,352	58	19	(6)	-	5,135	4,782
	100,263	36,558	8,432	664	2,309	522	148,748	167,150

4.1 INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP (CONTINUED)

Group	General Housing £'000	Supported housing & housing for older people £'000	Low cost home ownership £'000	Care Homes £'000	Key Worker £'000	Other £'000	Total 2018 £'000	Total 2017 £'000
Expenditure on social housing letting activities								
Management	(21,729)	(10,681)	(2,248)	(176)	(846)	1	(35,679)	(49,126)
Routine maintenance	(10,598)	(1,816)	(202)	(37)	(83)	(31)	(12,767)	(16,293)
Planned maintenance	(5,418)	(1,787)	(93)	(44)	(75)	(8)	(7,425)	(8,753)
Major repairs expenditure	(844)	(139)	(12)	-	-	-	(995)	(1,942)
Decommissioning costs	-	-	-	-	-	-	-	(6)
Services	(5,187)	(9,604)	(725)	(127)	(699)	(60)	(16,402)	(16,683)
Cost of support services	(134)	(461)	(36)	(624)	-	-	(1,255)	(1,583)
Rent losses from bad debts	(698)	(64)	(13)	23	(29)	(3)	(784)	(1,695)
Housing property depreciation	(12,874)	(3,062)	(670)	(36)	(148)	(7)	(16,797)	(18,980)
Ground rent	(512)	(5)	(13)	-	-	-	(530)	(535)
Impairment	-	-	-	-	-	-	-	(1,348)
Cheshire PFI – lease rentals	-	(4,220)	(864)	-	-	-	(5,084)	(3,496)
Other costs (net)	-	-	-	-	-	-	-	-
Total expenditure on social housing lettings	(57,994)	(31,839)	(4,876)	(1,021)	(1,880)	(108)	(97,718)	(120,440)
Operating surplus/(deficit) on social housing lettings	42,269	4,719	3,556	(357)	429	414	51,030	46,710
Void losses	(807)	(951)	(63)	(438)	(292)	(77)	(2,628)	(3,921)

4.2 PARTICULARS OF TURNOVER FROM NON-SOCIAL HOUSING LETTINGS – GROUP

	2018 £'000	2017 £'000
Full market rent	1,894	1,671
Intermediate market rent	785	1,036
Key worker	1,328	1,564
Other	605	212
	4,612	4,483

5. GAIN ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

Group	2018 £'000	2017 £'000
Proceeds of sales	50,566	8,132
Cost of sales	(27,689)	(5,469)
(Deficit)/Surplus for year	22,877	2,663

Association – During the year the Association incurred a gain of £5,000 on disposal of assets (2017: £22,000 gain).

6. ACCOMMODATION IN MANAGEMENT

The number of units in management at 31 March for each class of accommodation is as follows:

	Group		Association	
	2018 No.	2017 No.	2018 No.	2017 No.
General needs	17,002	21,309	-	-
Housing for older people	5,460	6,526	-	-
Low cost home ownership	1,938	1,974	-	-
Supported housing	824	794		
Market rented	392	232	-	-
Intermediate market rented	57	103	-	-
Other	-	65	-	-
Care homes	91	199	-	-
Key worker	713	665	-	-
Accommodation managed on behalf of other associations	1,341	1,410	-	-
	27,818	33,277	-	-
Managed by others	-	-	-	-
Total owned and managed	27,818	33,277	-	-

7. OPERATING SURPLUS/LOSS

	Group		Association	
Operating surplus/loss is stated after charging:	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Depreciation of housing properties	17,716	17,353	-	-
Depreciation of other tangible fixed assets	3,760	3,856	-	-
Impairment	(25)	1,348	-	-
Bad and doubtful debts	796	1,719	-	-
Operating lease rentals				
- land and buildings	3,612	3,568	-	-
- other	-	21	-	-
Auditor's remuneration audit services (excluding VAT)				
- for audit services (parent)	10	10	10	10
- for audit services (subsidiaries)	93	109	-	-
	103	119	10	10
Auditor's remuneration non-audit services (excluding VAT)				
- for non-audit services (tax compliance)	29	21	29	21
- for non-audit services (advisory services)	23	50	23	50
	52	71	52	71

8. INTEREST RECEIVABLE AND OTHER INCOME

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Interest receivable	502	384	8	14
	502	384	8	14

9. INTEREST PAYABLE AND SIMILAR COSTS

	Group		Association	
				Restated
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	30,299	18,663	-	-
Interest payable capitalised on assets	(76)	(142)	-	-
Defined Benefit Obligation charge (note 29)	-	725	-	-
Unwinding of discount factor – SHPS (note 24 and 29)	(165)	281	-	-
Pension interest	349	-	-	-
Finance leases	98	95	-	-
	30,505	19,622	-	-

Interest is capitalised using an average monthly interest rate, ranging from 2.61% to 4.03% (2017: 2.59% to 3.77%).

Included in interest payable is £11,250,000 (2017: £nil) in relation to the one-off costs associated with the refinancing of the Company and the transfers of engagement which completed in July 2017. Of these costs £8,618,000 (2017: £nil) related to break costs incurred in relation to certain fixed rate loans. Also included in interest payable are break costs amounting to £2,215,000 (2017: £nil) in relation to the early prepayment of one of the Company's lenders.

10. EMPLOYEES

	Group		Association	
Average monthly number of employees expressed as full time equivalents	2018 No.	2017 No.	2018 No.	2017 No.
Administration	367	460	188	219
Housing, support and care	492	548	160	195
Development	52	49	20	23
	911	1,057	368	437

Staff costs:	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Wages and salaries	26,485	31,067	14,007	17,213
Social Security costs	2,266	2,582	1,320	1,569
SHPS pension re-measurement (note 24 and 29)	(2,853)	-	-	-
Other pension costs	988	1,372	602	591
	26,886	35,021	15,929	19,373

As part of the disposal of Derwent and Solway Housing Association Limited on the 31st July 2017 it was agreed that an apportionment of the Social Housing Pension Scheme (SHPS) deficit liability would be taken. This has resulted in a £3,002,000 reduction in the groups scheduled payments and a release of the provision of £2,853,000.

The Group participates in the following pension schemes; two multi-employer defined benefit schemes, the SHPS and the Staffordshire County Council Pension Fund, a defined benefit pension scheme, the Arena Group Pension Scheme and a number of defined contribution arrangements. Further details are provided in note 24 and 29.

10. EMPLOYEES (continued)

The full time equivalent number of Directors and senior staff who received emoluments (excluding pension contributions):	2018 No	2017 No
£60,001 to £70,000	15	10
£70,001 to £80,000	6	9
£80,001 to £90,000	6	7
£90,001 to £100,000	2	2
£100,001 to £110,000	1	5
£110,001 to £120,000	2	3
£120,001 to £130,000	4	2
£130,001 to £140,000	2	1
£140,001 to £150,000	1	1
£150,001 to £160,000	-	1
£160,001 to £170,000	-	2
£170,001 to £180,000	1	4
£180,001 to £190,000	1	-
£190,001 to £200,000	1	-
£210,001 to £220,000	1	-
£220,001 to £230,000	-	1

11. KEY MANAGEMENT PERSONNEL

The emoluments of the highest paid executive, the Group's Chief Executive, are; basic salary £168,640 (2017: £168,640), car allowance £16,864 (2017: £16,864), target based remuneration £25,296 (2017: £33,728), payment in lieu of annual leave nil (2017: £3,243) and Benefits in Kind £2,349 (2017: £2,009). The Group's Chief Executive is an ordinary member of the Social Housing Pension Scheme, he receives no enhanced or special terms.

The Executive directors include all the senior executive team of the Group. They are all ordinary members of the Social Housing Pension Scheme and do not receive any enhancements or special terms.

The emoluments of the Executive and Non-executive directors' members were:

	Salary £'000	Benefits in kind £'000	Pension contributions £'000	2018 Total £'000	2017 Total £'000
Executive directors	582	5	34	621	1,031
Non-executive directors	122	-	-	122	116
	704	5	34	743	1,147

11. BOARD MEMBERS AND EXECUTIVE MANAGEMENT TEAM (CONTINUED)

Your Housing Group operates a Common Board structure, the Common Board operates on behalf of the following entities – Your Housing Group Limited, Your Housing Limited and Frontis Homes Limited.

All the Common Board members have a role in addition to their Board role; they either chair a Committee, Subsidiary or are a Committee member. Their level of remuneration reflects these additional responsibilities.

	2018 £'000	2017 £'000
Mark Tattersall	25	19
Kathy Doran	15	12
Val Aherne	9	9
Paul Carhart	9	9
Derek Cash	9	-
Kathy Cowell OBE DL	-	12
Phil Edgington	9	9
Roy Grant	13	11
Richard Groome	9	2
Alistair How	9	9
Brenda Smith	13	11
Kevin Stewart	2	13
	122	116

12. TAX ON SURPLUS ON ORDINARY ACTIVITIES

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Taxation charge for the year	340	518	-	6
Adjustment for prior periods	(24)	12	-	-
Total current tax	316	530	-	6
Share of associates tax charge	56	60	-	-
	372	590		6
Deferred taxation – Origination and reversal of timing differences	100	231	-	-
Total tax on results on ordinary activities	472	821	-	6

The standard rate of tax for the year based on the UK standard rate of corporation tax is 20% (2017: 20%). The actual tax charge for the current and previous year differs from the standard rate for the reasons set out in the reconciliation below.

	Group 2018 £'000	Group Restated 2017 £'000	Association 2018 £'000	Association Restated 2017 £'000
Surplus/(deficit) on ordinary activities before tax	(15,753)	36,677	-	(1,317)
Theoretical tax at 19% (2017: 20%)	(2,993)	7,335	-	(263)
Effects of:				
Expenditure adjusted in tax computation	(204)	2	-	-
Difference between capital gain for accounts and tax purposes	(147)	161	-	-
Roll over claim	-	-	-	-
Non-charitable income	-	6	-	6
Adjustment for prior periods	(24)	12	-	-
Timing differences	-	-	-	-
Charitable activities	3,684	(6,986)	-	263
Total tax charge	316	530	-	6

13. TANGIBLE FIXED ASSETS

13.1 NET BOOK VALUE (NBV)

	Group		Association	
		Restated		
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Housing Properties (Note 13.2)	996,485	1,098,951	-	-
Other Fixed Assets (Note 13.5)	29,143	24,011	-	-
Other Fixed Assets (Note 13.6)	-	-	31	-
	1,025,628	1,122,962	31	-

13.2 HOUSING PROPERTIES – GROUP

	Housing properties held for letting £'000	Housing properties under construction £'000	Low cost home ownership held for letting £'000	Total £'000
Cost				
At 1 April 2017 (Restated)	1,232,491	5,510	78,712	1,316,713
Reclassifications	(1,053)	622	431	-
Additions – works to existing properties	16,575	-	-	16,575
Additions – new properties developed	1,051	10,571	75	11,697
Schemes completed in year	3,878	(3,878)	-	-
Transfer from/to current assets	(129)	-	(2,024)	(2,153)
Disposals	(137,717)	(179)	(4,072)	(141,968)
At 31 March 2018	1,115,096	12,646	73,122	1,200,864
Depreciation				
At 1 April 2017 (Restated)	206,639	-	6,666	213,305
Reclassifications	(344)	-	(27)	(371)
Charge for year	17,050	54	612	17,716
Schemes completed in year	54	(54)	(63)	(63)
Disposals	(30,215)	-	(292)	(30,507)
At 31 March 2018	193,184	-	6,896	200,080
Impairment				
At 1 April 2017	3,980	347	130	4,457
Charge for year	(25)	-	-	(25)
Disposals	(88)	(45)	-	(133)
At 31 March 2018	3,867	302	130	4,299
Net Book Value				
At 31 March 2018	918,045	12,344	66,096	996,485
At 31 March 2017 (Restated)	1,021,872	5,163	71,916	1,098,951

13.2 HOUSING PROPERTIES – GROUP (continued)

Reclassification – During the year the categorisation of Housing Properties has been reviewed. This has resulted in a reclassification within the note.

13.3 MAJOR REPAIRS EXPENDITURE ON EXISTING PROPERTIES – GROUP

	2018 £'000	2017 £'000
Capitalised major repairs works	17,158	17,130
Revenue major repairs works	995	1,942
	18,153	19,072

13.4 IMPAIRMENT

During the year an impairment review has been undertaken to consider whether there are any impairment triggers, which would require a wider impairment review. Impairment triggers consider known issues, long term void performance and other economic factors.

No impairment triggers or material impairments were identified from the impairment review performed.

13.5 OTHER TANGIBLE FIXED ASSETS – GROUP

	Freehold Office property £'000	Short Leasehold property £'000	Furniture, fixtures, fittings, office equipment £'000	Computer and telephone equipment £'000	Motor Vehicles £'000	Scheme Assets £'000	Assets Under Construction £'000	Total £'000
Cost								
At 1 April 2017	11,748	2,755	4,803	10,065	36	2,388	6,719	38,514
Additions	31	-	66	8,129	-	3,026	(162)	11,090
Disposals	(1,861)	(878)	(1,081)	(552)	-	(1,141)	-	(5,513)
Reclassification	287	-	(2,993)	4,539	-	4,687	(6,520)	-
Transfers	-	-	-	-	-	-	57	57
At 31 March 2018	10,205	1,877	795	22,181	36	8,960	94	44,148
Depreciation								
At 1 April 2017	3,052	829	1,606	6,511	36	769	-	12,803
Charge for year	240	152	197	2,542	-	629	-	3,760
Disposals	(748)	-	(627)	(383)	-	(334)	-	(2.092)
Reclassification	6	-	(624)	(513)	-	666	-	(465)
At 31 March 2018	2,550	981	552	8,157	36	1,730	-	14,006
Impairment								
At 1 April 2017	1,274	-	-	45	-	-	-	1,319
Reclassification	(320)	-	-	-	-	-	-	(320)
At 31 March 2018	954	-	-	45	-	-	-	999
Capital Grant								
At 31 March 2017	381	-	-	-	-	-	-	-
Disposals	(381)	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Net book value								
At 31 March 2018	6,701	896	243	13,979	-	7,230	94	29,143
At 31 March 2017	7,041	1,926	3,152	3,554	-	1,619	6,719	24,011

13.6 OTHER TANGIBLE FIXED ASSETS – ASSOCIATION

	Short Leasehold property £'000	Total £'000
Cost		
At 1 April 2017	-	-
Additions	31	31
Disposals	-	-
At 31 March 2018	31	31
Depreciation		
At 1 April 2017	-	-
Charge for year	-	-
Disposals	-	-
At 31 March 2018	-	-
Net book value		
At 31 March 2018	31	31
At 31 March 2017	-	-

14.1 FIXED ASSET INVESTMENTS – GROUP

	Investments £'000	Gilts £'000	Associates Investment fund £'000	Market Rented Properties held for letting £'000	Other £'000	Total £'000
Cost/Valuation						
At 1 April 2017 (restated)	12	466	3,441	39,916	3,399	47,234
Additions	-	-	-	4,315	-	4,315
Disposals	-	-	-	(1,898)	(130)	(2,028)
Repayments	-	(450)	(58)	-	(49)	(557)
Unrealised	-	(16)	-	1,406	-	1,390
At 31 March 2018	12	-	3,383	43,739	3,220	50,354

14.1 FIXED ASSET INVESTMENTS – GROUP (continued)

Investments

The Group had an interest in the following entities as at 31 March 2018:

Name of undertaking	Country of registration	Description of shares held	Proportion of nominal value of issued shares held
Avantage (Cheshire) Holdings Limited	England	Ordinary £1 shares	33.3%
Grove Village Holdings Limited	England	Ordinary £1 B shares	25.5%
Sapphire Extra Care (Holding) Limited	England	Ordinary £1	25%

Avantage (Cheshire) Holding Limited, Grove Village Holding Limited and Sapphire Extra Care (Holdings) Limited are considered to be associate undertakings.

Gilts

This relates to funds invested and held on the Group's behalf by Funding for Homes Limited and invested in 8¾% gilt 2017. The historic cost of this investment was £450,000, which has now been repaid.

Associates

The Group holds a 25.5% interest in the ordinary share capital of Grove Village Holdings Limited, a company registered in England and Wales. The principal activity of the company is that of designing, refurbishing, financing, maintaining property and providing housing management services on the A6 Plymouth Grove social housing estate in Manchester, under a contract under the Government's Private Finance Initiative (PFI). During the year 2007 the Group provided a long-term investment fund to Grove Village Limited of £952,000, the balance on this fund at 31 March 2018 was £464,000.

The Group holds a 33.3% interest in the ordinary share capital of Avantage (Cheshire) Holdings Limited, a company registered in England and Wales. The principal activity of the company is that of design, finance, build and provision of management and maintenance services of extra care housing facilities under a Private Finance Initiative ('PFI') contract with Cheshire County Council. During the year 2010 the Group provided a long-term investment fund to Avantage (Cheshire) Limited of £1,711,000, the balance on this fund at 31 March 2018 was £1,238,000.

During 2015 the Group made an investment in Sapphire Extra Care (Holding) Limited of £1,718,000, the balance on this fund at 31 March 2018 was £1,706,000. The Group holds a 25.0% interest in the ordinary share capital of Sapphire Extra Care (Holding), a company registered in England and Wales. The principal activity of the company is that of design, finance, build and provision of management and maintenance services of extra care housing facilities under a Private Finance Initiative ('PFI') contract with Stoke City Council.

Market rented properties

In accordance with the Association's accounting policy, full market rented properties held for their investment potential are included at their open market value. The properties held by Your Housing Limited were revalued as at March 2018, using external valuers, Savills. This resulted in a valuation of £11,886,000 (2017: £11,500,000). The historic cost of the properties is £16,383,000. The properties held by Frontis Homes Limited were revalued as at March 2018, by external valuers, Cushman & Wakefield, Chartered Surveyors. This resulted in valuation of £11,993,000. (2017: £12,195,000). The historic cost of the properties is £7,478,000. Both valuations were carried out in accordance with the Royal Institution of Chartered Surveyors Valuation Standards.

14.2 FIXED ASSET INVESTMENTS – GROUP (continued)

Market rented properties (continued)

In addition, the Association has £153,000 for commercial units. The commercial units are held at historic cost, not fair value, as the difference between historic cost and fair value is not considered to be material to the financial statements.

124 properties let on assured tenancies have been revalued at £8,550,000 resulting in an increase in fair value during the year of £106,000. The properties were revalued as at June 2018, by external valuers, Cushman & Wakefield, Chartered Surveyors.

The difference between investments held at historic cost and fair value is not considered to be material to the financial statements.

Other

At 31 March 2018 "Other" fixed asset investments comprise of £3,220,000 (2017: £3,399,000) of costs relating to the retained equity secured against properties sold under the shared equity initiative.

14.3 FIXED ASSET INVESTMENTS – ASSOCIATION

All investments are held at cost. Details of investments are provided in note 28.

14.4 ASSOCIATES – GROUP

The Group had the following aggregate interests in associates:	2018 £'000	2017 £'000
Share of net assets	3,009	2,841

15. INVENTORIES – GROUP

	Outright Sale properties £'000	Repairs Stock Held £'000	Shared Ownership Properties £'000	2018 £'000	2017 £'000
Cost	699	147	58	904	39,918
	699	147	58	904	39,918

16. TRADE AND OTHER DEBTORS

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Due within one year				
Arrears of rent and service charges	8,696	9,257	-	-
Less: provisions for bad and doubtful debts	(4,020)	(4,300)	-	-
	4,676	4,957	-	-
Amounts due from group undertakings (note 28)	-	-	2,086	2,903
Corporation tax debtor	51	-	-	-
Grants Due	3,880	-	-	-
Other debtors and prepayments	7,089	6,912	4,263	2,748
	15,696	11,869	6,349	5,651

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank overdraft	-	32	-	32
Bank loans	14,904	51,407	-	-
Other loans	19,000	19,000	-	-
Amounts due to group undertakings (note 28)	-	-	1,154	248
Rent and service charges received in advance	5,449	5,791	-	-
Trade Creditors	1,930	5,017	224	1,167
Social Housing Grant received in advance	-	472	-	-
Recycled Capital Grant Fund (note 21)	2,170	1,769	-	-
Disposal Proceeds Fund (note 22)	1,219	1,069	-	-
Corporation tax	-	223	-	6
Deferred grant income (Note 20)	4,867	5,196	-	-
Other taxation and social security	830	794	830	619
Other creditors and accruals	23,664	22,815	5,318	5,379
Cheshire PFI – Deferred Income	425	737	-	-
Deferred income – services	513	929	65	37
	74,971	115,251	7,591	7,488

Other loans relate to a loan from Staffordshire Moorlands District Council (SMDC). SMDC own 49% of the voting rights of Ascent Housing LLP. The loans include terms which allow either party to request repayment with 3 months' notice. The Group has received confirmation that the loans will not be requested for repayment within 12 months of the approval of the financial statements. The loans have been disclosed within short term liabilities.

18. CREDITORS: AMOUNTS DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Bank loans	341,786	443,798	-	-
Debt issue costs	(1,823)	(1,908)	-	-
Bank loans – due after more within one year	(14,904)	(51,407)	-	-
Bank loans – due after more than one year (note 19)	325,059	390,483	-	-
Financial derivatives	943	1,754	-	-
Disposals Proceeds Fund (note 22)	131	1,144	-	-
Recycled Capital Grant Fund (note 21)	7,728	2,342	-	-
Deferred Grant Income (note 20)	403,238	454,674	-	-
Finance Lease obligations (note 19)	1,046	1,053	-	-
	738,145	851,450	-	-

19. DEBT ANALYSIS

Bank debt is repayable as follows:

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Due within one year	14,904	51,407	-	-
Between one and two years	3,985	10,327	-	-
Between two and five years	42,210	37,964	-	-
After five years	278,864	342,192	-	-
	339,963	441,890	-	-
Plus debt issue costs	1,823	1,908	-	-
	341,786	443,798	-	-

The loans are secured by fixed charges on individual properties.

The loans are payable at varying rates of interest from 0.82% to 12.60% with a weighted average of 3.88%. The maturity range is between 2022 and 2045.

Finance leases are repayable as follows:	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
After five years	1,046	1,053	-	-
	1,046	1,053	-	-

The finance leases are secured over individual assets.

19. FINANCIAL ASSETS AND LIABILTY

The Board policy on financial instruments is explained in the Operating and Financial Review. The Treasury Strategy is designed to ensure that the Group has sufficient funding in place for all developments for the next 12 to 24 months, and that refinancing risk is managed to ensure that the Group does not need to refinance material amounts of debt in any one year. The Group does not hold any financial instruments for speculative purposes.

The Treasury Strategy manages short term cash flows by depositing facilities until they are required. Returns are maximised using money market deposits for free cash balances.

Financial assets and liabilities are categorised as follows:	**2018 £'000**	**2017 £'000**
Cash and cash equivalents	31,385	77,185
Overdraft	-	(32)
Financial instruments measured at fair value – under hedge accounting	(30,000)	(50,000)
Financial instruments measured at amortised cost – debt	(341,786)	(391,890)
Financial instruments measured at amortised cost – other loans	(19,000)	(19,000)
Financial derivatives	(943)	(1,754)
Finance leases	(1,046)	(1,053)
	(361,390)	(386,544)

The Group holds £30,000,000 of financial derivative swaps to protect against interest rate risk. Hedge accounting has been applied to these financial instruments. The terms of the hedged item and hedged instrument have been assessed, using the critical terms methodology, to confirm the effectiveness of the hedge. The hedge relationship is deemed to be 100% effective. Hedge accounting is applied using the terms of FRS102 section 12. Gains and losses on these are reported after Surplus/(Deficit) for the year.

20. DEFERRED GRANT INCOME – GROUP

	2018 £'000	**2017 £'000**
At 1 April	459,870	464,594
Additions	2,548	3,330
Government grants taken to income	(4,797)	(5,226)
Disposals	(36,125)	(2,828)
Disposal of subsidiaries	(13,391)	-
At 31 March	408,105	459,870
Due in less than one year (note 17)	4,867	5,196
Due in greater than one year (note 18)	403,238	454,674
	408,105	459,870

The grant value above is shown net of amortisation, the gross value is £472,387,000 (2017: £525,948,000).

21. RECYCLED CAPITAL GRANT FUND – GROUP

	2018 £'000	2017 £'000
At 1 April	4,111	5,198
Grants recycled	6,813	1,658
Interest accrued	18	12
Purchase/development of properties	(982)	(2,757)
Transfer from DPF (note 22)	54	-
Disposal of subsidiaries	(116)	-
At 31 March	9,898	4,111
Due in less than one year (note 17)	2,170	860
Due in greater than one year (note 18)	7,728	3,251
	9,898	4,111

22. DISPOSAL PROCEEDS FUND – GROUP

	2018 £'000	2017 £'000
At 1 April	2,213	1,836
Net sale proceeds recycled	-	255
Grants recycled	48	185
Acquisitions	-	(63)
Transfer to RCGF (note 21)	(54)	-
Disposal of subsidiaries	(857)	-
At 31 March	1,350	2,213
Due in less than one year (note 17)	1,219	851
Due in greater than one year (note 18)	131	1,362
	1,350	2,213

23. PROVISIONS FOR LIABILITIES

Deferred taxation

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
At 1 April	1,011	780	-	-
Charge to the Statement of Comprehensive Income	100	231	-	-
At 31 March	1,111	1,011	-	-

Analysis of deferred tax balances

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Accelerated capital allowances	469	471	-	-
Provision for rollover relief	642	540	-	-
Discounted provision for deferred tax	1,111	1,011	-	-

SHPS obligations

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association Restated 2017 £'000
At 1 April	19,785	21,620	-	-
Deficit contributions paid	(2,579)	(2,600)	-	-
Re-measurement charge	(3,018)	-	-	-
Unwinding of the discount factor	105	765	-	-
At 31 March	14,293	19,785	-	-

The SHPS obligation provision is based on the net present value of payments agreed at the year end. The provision will be adjusted following the triennial valuations in the pension scheme, either increasing or decreasing the provision with the opposite entry being shown as operating costs within income and expenditure. The unwinding of the discount is shown as a finance cost. Further details are provided in note 29.

Holiday pay

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
At 1 April	199	222	117	126
Statement of Comprehensive Income movement	(34)	(23)	(19)	(9)
At 31 March	165	199	98	117

The Holiday pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

24. PROVISIONS FOR LIABILITIES (continued)

Total provision	**Group**		**Association**	
				Restated
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Deferred taxation	1,111	1,011	-	-
SHPS obligations	14,293	19,785	-	-
Holiday pay	165	199	98	117
At 31 March	15,569	20,995	98	117

25. NON-EQUITY SHARE CAPITAL

	2018	**2017**
Shares of £1 each issued and fully paid	**£**	**£**
At 1 April	9	4
Issued During the year – at par	2	6
Redeemed	(2)	(1)
At 31 March	9	9

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of the Association.

26. FINANCIAL COMMITMENTS

	Group		Association	
	2018	2017	2018	2017
Capital commitments	£'000	£'000	£'000	£'000
Expenditure authorised but not yet contracted	26,214	43,447	-	-
	26,214	43,447	-	-
Financed by				
Loans / cash funds	26,214	43,447	-	-
	26,214	43,447	-	-

Operating lease commitments

The future minimum payments of leases are set out below.

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Land and buildings				
Within one year	773	880	-	-
Between two and five years	3,092	3,092	-	-
More than five years	4,642	5,415	-	-
	8,507	9,387	-	-
Land and buildings (PFI contracts)				
Within one year	2,846	2,732		
Between two and five years	11,683	11,342	-	-
More than five years	105,261	108,313	-	-
	119,790	122,387	-	-

27. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES – GROUP

	2018 £'000	2017 £'000
Operating surplus	74,955	52,927
Share of associates operating result	155	(209)
Depreciation of tangible fixed assets	21,476	21,318
Grant amortisation	(4,797)	(5,016)
Impairment	(25)	1,348
Pension adjustment	(6,484)	(4,176)
Asset disposal adjustment	30,882	13,647
Taxation paid	(390)	(11)
	115,772	79,828
Working capital movements		
Movement in inventories	(129)	5
Movement in debtors	(2,348)	1,168
Movement in creditors	(3,393)	1,292
Net cash flow from operating activities	109,902	82,293

28. GROUP UNDERTAKINGS AND RELATED PARTIES

Transactions with group undertakings are on a disbursement basis with no profits or losses arising on these transactions. The group undertakings consolidated within the Your Housing Group financial statements, all of which were owned by the Your Housing Group Limited, unless otherwise stated, were as follows:

Name of Undertaking	Nature of Undertaking	Principal Activity
Arena Development & Construction Limited[1]	Company incorporated and limited by shares under the Companies Act 2006	Dormant company
Arena Future Limited[1]	Company incorporated and limited by shares under the Companies Act 2006	Dormant company
Arena Homes Limited[1]	Registered Industrial and Provident Society	Dormant Association
Arena Options Limited[1]	Registered Industrial and Provident Society	Dormant Association
Ascent Housing LLP[3]	Limited Liability Partnership	Registered provider of social housing
Avantage (Cheshire) Holdings Limited[4]	Company incorporated and limited by shares under the Companies Act 2006	The provision of management and maintenance services
Avantage (Cheshire) Limited[7]	Company incorporated and limited by shares under the Companies Act 2006	Provider of extra care housing under PFI contract
Fix 360 Ltd	Company incorporated and limited by shares under the Companies Act 2006	Repairs and maintenance company
Frontis Homes Limited	Registered Industrial and Provident Society	Registered provider of social housing
Grove Village Holdings Limited[5]	Company incorporated and limited by shares under the Companies Act 2006	Holding company
Grove Village Limited9	Company incorporated and limited by shares under the Companies Act 2006	Provider of extra care housing under PFI contract
Madison Gardens Garage Company Limited[2]	Company incorporated and limited by guarantee under the Companies Act 2006	Dormant company
Nuvu Development Limited	Company incorporated and limited by guarantee under the Companies Act 2006	Property company
Nuvu Living LLP[10]	Limited Liability Partnership	Property partnership
Outlook Homes Limited[2]	Company incorporated and limited by guarantee under the Companies Act 2006	Management of residential properties
Partington Housing Association Limited	Registered Industrial and Provident Society	Management of social housing
Sapphire Extra Care (Holding) Limited[6]	Company incorporated and limited by shares under the Companies Act 2006	Holding company
Sapphire Extra Care Limited[8]	Company incorporated and limited by shares under the Companies Act 2006	Provider of extra care housing under PFI contract
Your Housing (Development) Limited[1]	Company incorporated and limited by shares under the Companies Act 2006	Property development company
Your Hive (No. 2) Limited	Company incorporated and limited by shares under the Companies Act 2006	Letting and operating of own or leased real estate (other than Housing Association real estate and conference and exhibition services) n.e.c. what is this?
Your Housing Limited (formerly Arena Housing Group Limited)	Registered Industrial and Provident Society	Registered provider of social housing

28. GROUP UNDERTAKINGS AND RELATED PARTIES (CONTINUED)

The following entities transferred all assets and liabilities to Arena Housing Group Limited on the 31 July 2017, subsequently Arena Group Limited changed its name to Your Housing Limited. These entities have been dormant since this point and were removed from the Financial Service Register and the Register of Housing Providers on the 13 April 2018. All entities were owned by the Your Housing Group Limited, unless otherwise stated.

Name of Undertaking	Nature of Undertaking	Principal Activity
Headrow Limited[1]	Formally Registered Industrial and Provident Society	Formally registered provider of social housing
Manchester and District Housing Association Ltd	Formally Registered Industrial and Provident Society	Formally registered provider of social housing
Moorlands Housing	Formally Registered Industrial and Provident Society	Formally registered provider of social housing
Tung Sing Housing Association Limited[1]	Formally Registered Industrial and Provident Society	Formally registered provider of social housing

Key to numbering:
1 Entity is a wholly-owned subsidiary undertaking of Your Housing Limited.
2 Entity is a wholly-owned subsidiary undertaking of Frontis Homes Limited.
3 Entity is 51% owned by Your Housing Group Limited.
4 Entity is 33.3% owned by Your Housing Limited.
5 Entity is 25.5% owned by Your Housing Limited.
6 Entity is 25% owned by Your Housing Limited.
7 Entity is 100% owned by Avantage (Cheshire) Holdings Limited, treated as an Associate in the consolidation.
8 Entity is 100% owned by Sapphire Extra Care (Holding) Limited, treated as an Associate in the consolidation.
9 Entity is 100% owned by Grove Village Holdings Limited, treated as an Associate in the consolidation.
10 Entity is 99.9% owed by Your Housing Group and 0.01% by Nuvu Development Limited.

The Group has taken advantage of the exemption not to disclose transactions with other members of Your Housing Group Limited, which are registered providers or 100% owned.

All entities are incorporated in England and Wales. The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions, with the exception of Arena Development & Construction Limited, Arena Future Limited, Arena Homes Limited, Ascent Housing LLP, Avantage (Cheshire) Holdings Limited, Avantage (Cheshire) Limited, Grove Village Holdings Limited, Grove Village Limited, Leasowe Community Homes Limited, Outlook Homes Limited, Your Housing (Development) Limited and Your Hive (No. 2) Limited, where the Group is entitled to dividends or distributions.

The Group has taken advantage of the exemption not to disclose transactions with other members of Your Housing Group Limited, which are registered providers. Transactions with non-registered providers are shown below and where the Group does not control 100% of the entity:

Ascent Housing LLP
Ascent is 51% controlled by Your Housing Group Limited. During the year there was £128,000 (Restated 2017: £126,000) for management charges. At the year end there were net group balances due to Ascent Housing LLP of £807,000 (2017: £1,222,000).

Your Housing (Development) Limited
Your Housing (Development) Limited is a non-registered provider of the Group and provides development services to the Group. Sales of schemes during the year were £3,576,000 (2017: nil). At the year end there were amounts due to another Group company of £1,023,000 (2017: £30,000).

Grove Village Holdings Limited
At 31 March 2018, the Group owed £nil (2017: £92,000) for services provided and was owed £476,000 (2017: £522,000) in respect of subordinate debt invested by the Group.

During the year ended 31 March 2018, the Group charged Grove Village Limited (a wholly owned subsidiary of Grove Village Holdings Limited) £837,000 (2017: £814,000) of management fees in respect of the Plymouth Grove estate.

Avantage (Cheshire) Holdings Limited
At 31 March 2018 the Group owed £nil (2017: £132,000) for services provided and was owed £1,238,000 (2017: £1,238,000) in respect of subordinate debt invested by the Group.

During the year ended 31 March 2018, the Group charged £2,162,000 (2017: £2,046,000) of marketing and management fees in respect of Cheshire PFI to Avantage (Cheshire) Limited (a wholly owned subsidiary of Avantage (Cheshire) Holdings Limited). In the year ended 31 March 2018 the Group paid Avantage (Cheshire) Limited £2,767,000 (2017: £2,660,000) in respect of the operating lease rentals for five sites in Cheshire.

Sapphire Extra Care (Holding) Limited
At 31 March 2018, the Group owed £nil (2017: £38,000) for services provided and was owed £1,706,000 (2017: £1,706,000) in respect of subordinate debt invested by the Group.

During the year ended 31 March 2018, the Group charged £721,000 (2017: £408,000) of marketing and management fees in respect of Sapphire Extra Care Limited (a wholly owned subsidiary of Sapphire Extra Care (Holding) Limited). In the year ended 31 March 2018 the Group paid Sapphire Extra Care Limited £2,316,000 (2017: £835,000) in respect of the operating lease rentals for three sites.

29. PENSIONS

The Social Housing Pension Scheme (SHPS)

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

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

The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association 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.

As part of the disposal of Derwent and Solway Housing Association Limited on the 31 July 2017 it was agreed that an apportionment of the SHPS deficit liability would be taken. This has resulted in a £3,002,000 reduction in the groups scheduled payments and a release in the provision of £2,853,000.

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:

Deficit funding 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)

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.

29. PENSIONS (CONTINUED)

Social Housing Pension Scheme (SHPS)

Where the Scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association 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.

The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2015. As of this date the estimated employer debt was £34,143,968.

Present value of provision

	2018 £'000	2017 £'000	2016 £'000
Present value of provision	14,293	19,785	21,620

Reconciliation of opening and closing provision

	2018 £'000	2017 £'000
Provision at start of period	19,785	21,620
Unwinding of the discount factor	105	272
Deficit contribution paid	(2,579)	(2,600)
Re-measurements – impact of any change in assumptions	(165)	493
Re-measurements – amendments to the contribution schedule	(2,853)	-
Provision at end of period	14,293	19,785

Operating Expenditure

	2018 £'000	2017 £'000
Re-measurements – amendments to the contribution schedule	(2,853)	-
	(2,853)	-

Finance Costs

	2018 £'000	2017 £'000
Unwinding of the discount factor	105	272
Re-measurements – impact of any change in assumptions	(165)	493
	(60)	765

29. PENSIONS (CONTINUED)

The Social Housing Pension Scheme (SHPS)

Assumptions

	2018 %	2017 %	2016 %
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.

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

	2019 £'000	2018 £'000	2017 £'000
Year 1	2,621	2,580	2,599
Year 2	2,510	2,621	2,702
Year 3	2,128	3,148	2,810
Year 4	1,717	3,273	2,921
Year 5	1,780	2,815	2,520
Year 6	1,455	2,321	2,086
Year 7	1,105	2,405	2,161
Year 8	1,138	2,016	1,820
Year 9	586	1,597	1,453
Year 10	-	823	1,497
Year 11	-	-	771

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the Association's Statement of Financial Position.

29. PENSIONS (continued)

Arena Housing Group Pension Scheme
The Association operates the Arena Group Pension Scheme, a defined benefit pension plan.

Assumptions as at 31 March

	2018 % p.a.	2017 % p.a.	2016 % p.a.
Inflation assumption	3.10	3.20	3.00
Salary increases	3.10	3.20	3.00
Discount rate	2.70	2.60	3.60

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2018 No. of Years	2017 No. of Years
Retiring today	22.0	22.2
Retiring in 20 years:	23.4	23.9

Analysis of amounts recognised in the Statement of Financial Position:

Net pension liability as at	2018 £'000	2017 £'000
Estimated employer assets	27,721	26,637
Present value of scheme liabilities	(29,178)	(31,380)
Net pension liability	(1,457)	(4,743)

Analysis of amount charged to operating profit:

	2018 £'000	2017 £'000
Administration charges	252	204
Total operating charge	252	204

Analysis of amount charged to finance costs:

	2018 £'000	2017 £'000
Expected return on scheme assets	(686)	(814)
Interest on pension scheme liabilities	799	908
Total finance costs	113	94

29. PENSIONS (continued)

Arena Housing Group Pension Scheme

Amounts recognised in Reserves:

	2018 £'000	2017 £'000
Actuarial gains/(losses)	1,881	(3,084)
Cumulative actuarial losses	(4,716)	(6,597)
Leasowe Community Homes Community Homes Payment	570	-

Reconciliation of defined benefit obligation:

	2018 £'000	2017 £'000
Opening defined benefit obligation	31,380	25,740
Interest cost	799	908
Actuarial (losses)/gains	(1,735)	5,747
Benefits paid	(1,266)	(1,015)
Closing defined benefit obligation	29,178	31,380

Reconciliation of fair value of employer assets:

	2018 £'000	2017 £'000
Opening fair value of employer assets	26,637	23,229
Expected return on assets	686	814
Contribution by the employer	1,770	1,150
Administration expenses	(252)	(204)
Actuarial gains	146	2,663
Benefits paid	(1,266)	(1,015)
Closing fair value of employer assets	27,721	26,637

Contributions

The Association expects to contribute £1,200,000 to the Arena Group Pension Scheme during the 2018/19 financial year in respect of the shortfall in funding. The last triennial valuation was carried out at 31 March 2015.

29. PENSIONS (continued)

Staffordshire County Council Pension Fund
Staffordshire County Council manages and administers the Staffordshire County Council Pension Fund for approximately 33,000 public and voluntary sector members. The Group participates in this scheme. The scheme is a defined benefit final salary scheme, the assets of which are held in a separate trustee administered fund.

The total pension cost for the Group was £376,000 (restated 2017: £376,000) covering 69 employees (restated 2017: 69). The pension cost is assessed in accordance with the advice of a qualified actuary using the projected unit valuation method and is not materially different from that arising from the current employer's contribution rate. The latest full actuarial valuation of the scheme was at 31 March 2016.

Assumptions as at 31 March

	2018 % p.a.	2017 % p.a.	2016 % p.a.
Inflation assumption	2.4	2.4	2.2
Salary increases	2.4	2.8	4.2
Discount rate	2.7	2.6	3.5
Commutations	50.0	50.0	50.0

Weighted average life expectancy for mortality tables used to determine benefit obligations:

	2018 No. of Years	2017 No. of Years
Retiring today – male	22.1	22.1
Retiring today – female	24.4	24.4
Retiring in 20 years – male	24.1	24.1
Retiring in 20 years – female	26.4	26.4

Analysis of amounts recognised in the balance sheet:
Net pension liability at

	2018 £'000	2017 £'000
Estimated employer assets	17,997	17,730
Present value of scheme liabilities	(22,235)	(22,704)
Present value of unfunded liabilities	(49)	(50)
Total value of liabilities	(22,284)	(22,754)
Net pension liability	(4,287)	(5,024)

29. PENSIONS (continued)

Staffordshire County Council Pension Fund

Analysis of amount charged to operating profit:

	2018 £'000	2017 £'000
Current service cost	122	476
Past service cost	18	-
Total operating charge	140	476

Analysis of amount charged to finance costs:

	2018 £'000	2017 £'000
Expected return on employer assets	(457)	(486)
Interest on pension scheme liabilities	588	651
Total finance costs	131	165

Amounts recognised in Reserves:

	2018 £'000	2017 £'000
Actuarial gains/(losses)	766	(209)
Cumulative actuarial gains/(losses)	164	(602)

Reconciliation of defined benefit obligation:

	2018 £'000	2017 £'000
Opening defined benefit obligation	22,754	18,582
Current service cost	122	346
Past service cost	18	-
Interest cost	588	651
Contribution by members	13	87
Actuarial (gains)/losses	(818)	3,455
Estimated unfunded benefits paid	(2)	(2)
Estimated benefits paid	(391)	(365)
Closing defined benefit obligation	22,284	22,754

29. PENSIONS (CONTINUED)

Staffordshire County Council Pension Fund (continued)

Reconciliation of fair value of employer assets:

	2018 £'000	2017 £'000
Opening fair value of employer assets	17,730	13,767
Expected return on assets	457	486
Contribution by members	13	87
Contribution by the employer	240	509
Contributions in respect of unfunded benefits	2	2
Actuarial (losses)/gains	(52)	3,246
Unfunded benefits paid	(2)	(2)
Benefits paid	(391)	(365)
Closing fair value of employer assets	17,997	17,730

Contributions
The Association expects to contribute £136,000 to the Staffordshire County Council Pension Fund during the 2018/19 financial year.

Greater Manchester Pension Fund
At the 31 May 2017 the liability for the Greater Manchester Pension Fund (2017: 130,000) was transferred to Manchester Council. There are no active members in this scheme.