

Leeds Federated Housing Association Limited

Report and Financial Statements

Year Ended

31 March 2018

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY NUMBER
IP21457R
HOMES ENGLAND REGISTERED NUMBER LH0989

Leeds Federated Housing Association Limited

Report and financial statements for the year ended 31 March 2018

Contents

Page:

1	Board Members, Executive Directors and Advisors
2	Report of the board of management and operating and financial review including value for money statement (page 8-13)
21	Independent auditor's report
23	Consolidated statement of comprehensive income
24	Association statement of comprehensive income
25	Consolidated statement of financial position
26	Association statement of financial position
27	Consolidated & Association statement of changes in reserves for the year ended 31 March 2018
28	Consolidated & Association statement of changes in reserves for the year ended 31 March 2017
29	Consolidated statement of cash flows
30	Notes forming part of the financial statements

Leeds Federated Housing Association Limited

Board Members, Executive Directors and advisors for the year ended 31 March 2018

Board Members

Helen Jaggar (Chair)

Sue Howlett

Shaid Mahmood

Robin Machell

Claire Stone

Martin Warhurst

Stuart Whyte

John Williams

Kingsley Iball

Chris Adams

Resigned 7 September 2017

Appointed 7 September 2017

Executive Directors

Matthew Walker

Stephen Blundell

Jason Ridley

Chief Executive

Director of Operations

Director of Finance and IT

Secretary

Jill Hellings

Registered office

Arthington House, 30 Westfield Road, Leeds LS3 IDE

Registered number

Leeds Federated Housing Association Limited is registered under the Co-Operative and Community Benefit Act 2014 No. IP21457R and registered by the Homes England No. LH0989

Auditors

BDO LLP, 29 Wellington Street, Leeds, LS1 4DL

Bankers

Yorkshire Bank Plc, 94-96 Briggate, Leeds, LS1 6NP

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018

The Board of Leeds Federated Housing Association Limited is pleased to present its report together with the audited financial statements of the Group and the Association for the year ended 31 March 2018. The Group comprises the Association and its subsidiary undertaking Leeds Federated Property Services Limited.

Principal activities

The Association's principal activity is the management of social housing. It operates through three key business streams including 'general needs' housing for rent, supported housing and care for people and low-cost home ownership. The Group's head office is based in Leeds and its 4,169 properties are predominantly located in Leeds, Harrogate and Wakefield.

As well as managing social housing, the Group also provides non-social housing, in particular accommodation for students in higher education.

Leeds Federated Housing Association has charitable status by virtue of its registration as a charitable social landlord under the Co-Operative and Community Benefit Act 2014, No: IP21457R.

Leeds Federated Property Services is a non-charitable company which manages design and build projects.

Board Members and Executive Directors

A list of Board members and the Executive Directors of the Group including dates of appointment and resignation, where applicable, are set out on page 1. The Board consists of 9 members.

Executive Directors are the Chief Executive, the Director of Operations and Director of Finance and IT. None of the Executive Directors hold any interest in the Association's shares and they act as executives within the authority delegated by the Board. Group insurance policies indemnify Board Members and Executive Directors against liability when acting for the Group.

Pensions

The Executive Directors are members of the Social Housing Pension Scheme (SHPS). They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees.

Other benefits

The Executive Directors are entitled to other benefits: the provision of a car allowance and health care insurance.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Objectives, strategies and achievement

The Group's vision is **"building futures together"**. The achievement of this vision is underpinned by three key goals which are set out in a corporate plan that is reviewed and approved by the Board each year. The Board and senior management team have developed a series of key performance indicators using a Balanced Score Card (BSC) to measure performance against a range of targets in order to monitor achievement of the Group's corporate objectives.

The corporate goals fall into the following areas;

Goal 1 - Sustain

- Provide good quality homes that people want to live in – our properties will be well maintained to a standard which makes us an attractive landlord for existing and prospective customers.
- Deliver value for money services, providing quality at an affordable cost – we will balance the quality of the service with the cost of providing that service to ensure customers can sustain their tenancies and recognise both their rights and responsibilities as tenants. Where appropriate such services will extend to the wider neighbourhood.
- Maintain a healthy business in terms of its finances, expertise and governance – we will remain viable by managing our cash flow and budgets, will ensure that staff are competent to do their jobs, and ensure that the necessary skills exist around the Board table to govern the association well.
- Continue to involve customers in the business where appropriate to ensure our services remain relevant and continue to offer value for money.

Goal 2 - Innovate

- Make best use of technology to improve the efficiency and effectiveness of services – we will use existing and develop new technology where necessary to support service delivery
- Find ways to work smarter – we will review how services are delivered and find ways to achieve the same or better ends for reduced or the same cost.
- Adapt to change in our business and operating environment to remain competitive – as the operating context changes we will adapt our plans to ensure our products and services remain attractive to customers. Part of this area will involve our pro-active approach to asset management and the potential disposal/rationalisation of some properties.

Goal 3 - Grow

- Expand our delivery of good quality homes – we will use our borrowing capacity to increase the amount of development undertaken, delivering 150 new homes per year over the life of this Corporate Plan and the next equalling a total of 1,500 new homes over a 10 year period.
- Grow our capacity, skills and influence to support the business – staff will be given opportunity to develop to enable them to better fulfil their responsibilities. We will engage in partnership working at a local, regional and where appropriate national level to further the organisation's interests with others sharing a common objective.

Key Performance Indicators

The key performance indicators are a series of targets measured by traffic light system - *Green* - achieved target; *Amber* - partially achieved target, *Red* - Not achieved target, which are tracked and reported via the BSC system. The key performance indicators and targets are reviewed annually by the Senior Management team and the Board, and the organisation's Leadership Team reviews performance on a monthly basis.

A major review of the performance scorecard has been undertaken for the 2018/19 financial year to further improve our ability to understand and respond to trends in key measures of business performance. The Regulator of Social Housing has specified seven standardised metrics relating to Value for Money, and these have been fully integrated into the performance scorecard.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (continued)

Key Performance Indicators (continued)

The following table analyses some of the performance indicators for the 2017/18 year. The Value for Money self-assessment (pages 8-13) analyses some other performance indicators, as well as giving a summary on overall BSC performance for 2018/19.

Objective	KPI	Target	Outcome
Good Quality Homes	Successful delivery of the 2017/18 planned investment programme.	Delivery of a minimum of 97% of the scheduled works programme	94% of the programmed works for the year were successfully completed. Exceptions related to a small number of more technically challenging installations, where work has continued into the new financial year
Customer Satisfaction	Overall customer satisfaction with Leeds Federated's services	Minimum of 77.5% of customers 'satisfied' or 'very satisfied'	85.3% of customers were 'satisfied' or 'very satisfied' at the end of the financial year.
	Customer satisfaction with the value for money of rent	A minimum of 75% of customers 'satisfied' or 'very satisfied' that their rent offers value for money	86% of Leeds Federated customers are either 'satisfied' or 'very satisfied' that their rent offers value for money.
Repairs	First Time Fix	Minimum of 90% of responsive repairs job resolved at first visit	92.1% of repair jobs resolved at first visit, contributing to high levels of customer satisfaction and the efficient use of resources.
	Void repairs completed within timescale	Minimum of 95% of void repair jobs completed on time	98% of void repairs were completed on time, minimising void period and ensuring the housing stock is used efficiently.
Gas Servicing	Up to date gas safety certificates maintained for all relevant stock	100% of required gas safety certificates to be in place at all times	99.6% of gas safety certificates were in place at the end of the financial year. A total of 14 were overdue, but fully compliant with our escalation procedures.
Housing Management	Minimise the level of rent arrears	Current tenant rent arrears at 4.5% or less	Social housing rent arrears at 4.34% at the end of the financial year. This includes £90k of arrears from Coops which are in dispute over their management agreement and the level of rent due. The Association is choosing to return rental payments until an agreement is reached on the recommendation of the solicitors. Without this, arrears would be 3.8%

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Key Performance Indicators (*continued*)

Minimise lost rent due to empty properties	Keep rent losses at or below 1.5% of rent roll	Rent losses due to empty properties at 1.5% of rent roll
Successful delivery of our new homes programme	Achieve at least 80% of the forecast starts on site during the year	210% of construction starts on site achieved.
Achievement of sales targets for shared ownership homes	Achieve average sale proportion of 40% at first tranche	Average all first tranche sales proportion 38%*
		Average in Harrogate 41% (appraised at 25%)
		Average in Leeds– 37% (appraised at 40%)
*2 separate measures in 2018/19		

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (continued)

Risks and uncertainties

Risk Agenda

As a co-regulated provider of social housing operating within a challenging and uncertain economic environment Leeds Federated places a high priority on the identification and effective management of the range of existing and potential risks it faces. Ensuring that risk management is integrated within decision making by the board and management through the Risk Management Framework, stakeholders can take assurance that risks are being effectively managed where possible within the board's risk appetite in support of achievement of the organisations corporate goals. Internal management, external specialist resources and the association's Risk and Audit Committee work together to ensure the association's Risk Management Framework is effectively resourced.

Risk Assessment

Existing and potential emerging risks associated with the current and planned activities of the organisation are identified and documented using a risk Register.

The current principal risks and uncertainties faced by Leeds Federated, in common with most Housing Associations are;

- ensuring our homes are regarded as good value by our customers,
- maintaining financial viability and maximising financial capacity,
- managing cyber risks,
- managing health and safety risks,
- ensuring regulatory compliance, and
- managing development risks.

Risk consequences are documented and the impact and likelihood are reviewed and individually scored before and after the application of internal controls designed to manage the risks within the risk appetite determined by the board. The association considers Financial, Health and Safety, Legal & Regulatory, Residents & Community, Reputation & Staff implications when assessing the impact of each risk. All board and committee papers consider the relevant risk to the subject of the paper. The risk register is regularly reviewed by Audit & Risk Committee and the risk impact of all papers considered by Board discussed at the conclusion of each meeting.

Risk Response

The board determines the nature and extent of the risks it is willing to take in achieving its corporate plan through a differentiated risk appetite linked to the corporate objectives as follows;

Corporate Goal	Plan	Risk Appetite	Risk Approach
Sustain		Averse	Accept minimal risk only, where unavoidable
Grow		Conservative	Accept necessary risk where essential to achieve objectives, but mitigate wherever possible
Innovate		Receptive	Take risk if expected reward warrants, within limits.

Leeds Federated continues to review and develop its approach to risk management and has taken the decision to adopt with the support of our Internal Auditors the three lines of defence approach to identify and document internal controls which includes increased control risk self-assessment by risk owners. Financial risks are regularly tested through the multi-variate stress testing of the Association's business plan by the association's Treasury advisors. Business continuity and mitigation plans are maintained and regularly reviewed to ensure that they will enable the association to recover from or avoid significant disruption.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Risks and uncertainties (*continued*).

Risk Communication

Leeds Federated uses a Risk Management Framework which is regularly reviewed by Audit & Risk Committee for approval by the Board. The Framework sets out responsibilities for risk management by the Board and Risk & Audit Committee, reporting & monitoring, documentation of risk, risk appetite, the methodology used to score the impact and likelihood of risks and the risk register.

Annually the Board, through Audit & Risk Committee will consider and review the Risk Management Framework and receive a report from the Internal Auditors on their work and their view on the effectiveness of the internal control framework and that an appropriate framework is in place for identifying, evaluating and managing the significant risks faced by the Association. The annual assurance is then used to for compliance reporting to the Regulator of Social Housing and within the annual Report and Financial Statements.

The detail of regular reporting, review of the controls, risks and links to the association's balanced scorecard are detailed within the Risk Management Framework for management & risk owners, Audit & Risk Committee and Board.

Risk Governance

The Association's approach to Risk Governance forms part of its chosen code of governance and includes meeting the Standards of the Regulator of Social Housing as a registered provider.

The Association uses a Risk Management Framework to set out its approach to the management of risk in conjunction with the terms of reference of the Board and Audit & Risk Committee and to ensure compliance with statutory and regulatory requirements.

Through the use of an external provider of Internal Audit as well as various other specialist 3rd party assurance providers the association is able to obtain independent assurance on the effectiveness of internal controls used to manage key risks.

The Risk Management Framework and regular reporting of risk at Audit & Risk and Board enable risk performance to be monitored and challenged.

Leeds Federated Housing Association Limited

Report and financial statements for the year ended 31 March 2018

Value for Money Self-Assessment 2017/18

This is Leeds Federated's Value for Money Self-Assessment for 2017/18.
A version can also be found on our website:

<https://www.lfha.co.uk/aboutus/value-for-money>

1 Executive Summary

2017/18 was the second year of a new Corporate Plan covering the period 2016 – 2022, reflecting a revised set of corporate priorities with a sharper focus on the need to deliver growth. Through the new Corporate Plan, Leeds Federated has clarified its approach to increasing its delivery of new homes by:

- Setting a wider geographical area for development
- Reviewing and revising development scheme appraisal criteria where evidence had shown these to be more conservative than was necessary to effectively manage risk
- Developing new systems to further strengthen the management of risk and financial commitment in relation to our development programme

In addition to sustaining our new levels of ambition in providing new homes, the new Corporate Plan retains a focus on:

- the need to maximise the sustainability and performance of the existing asset base;
- the need to maintain, and where appropriate, improve the performance of services;
- the need to obtain maximum business benefit from the use of technology and continue to foster and support a culture of innovation throughout all areas of activity.

During the year, Leeds Federated launched its Vision 21 Programme. This is an ambitious organisational change initiative comprising a portfolio of projects to review and re-focus our approach to service delivery, growth, asset management, working practices, and the technology we use to support our business. A headline aim of the Vision 21 Programme is to deliver ongoing efficiencies in the form of a 5% reduction in operating costs, an annual saving of around £650k per annum from 2021. Staff from across the business are actively engaged in the Vision 21 work and the voice of the customer is a key aspect of our work reviewing the approach to service delivery.

We have taken a prudent approach to reflecting savings from Vision 21 in our business plan. These will be included in our future forecasting as they become quantifiable and deliverable.

Leeds Federated Housing Association Limited

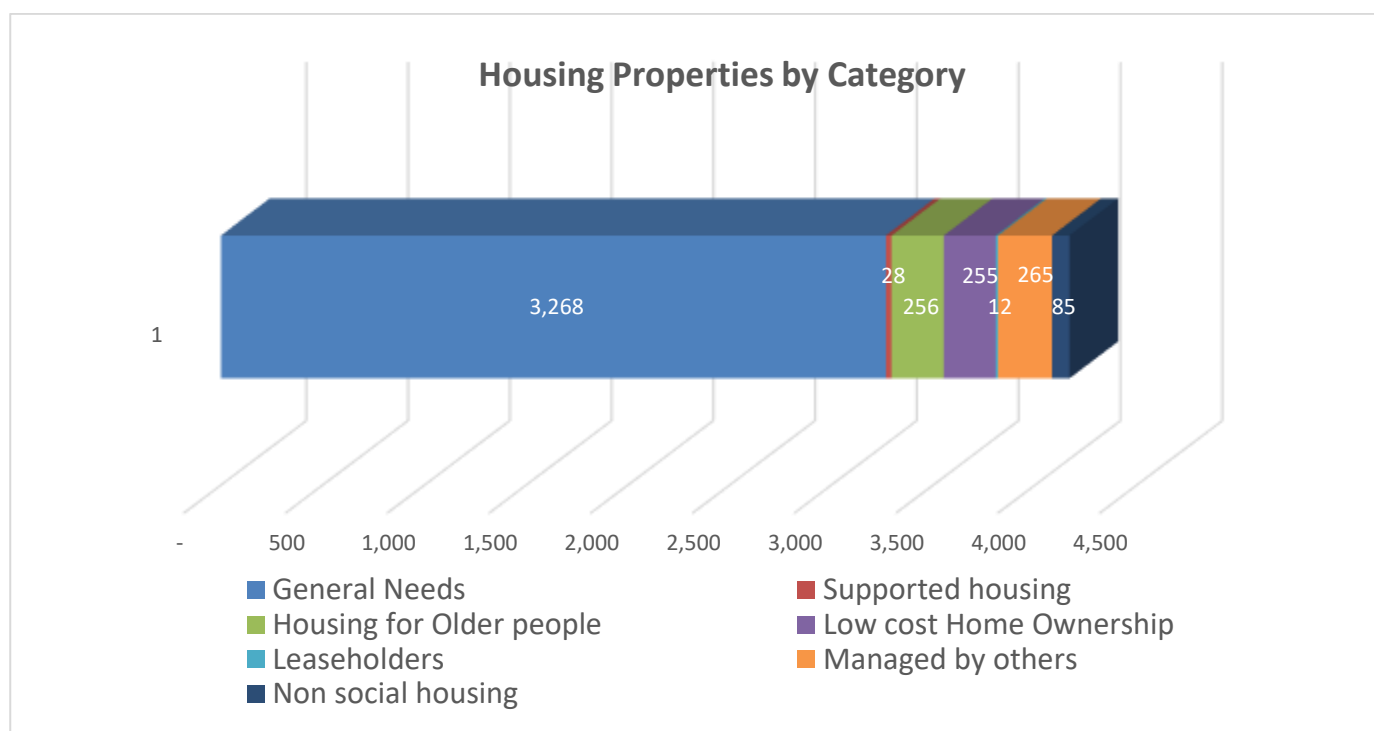
Report and financial statements for the year ended 31 March 2018

2 Key Information

	2018 £'000	2017 £'000	2016 £'000
Total Turnover	23,414	21,983	23,020
Operating Surplus	8,169	7,660	6,710
Housing and Investment properties, net of depreciation and grants	196,250	182,015	179,605
Fixed assets, net of capital grants and depreciation	197,590	183,460	181,183
Total assets less current liabilities	199,037	191,766	178,761

⊙ Housing Properties by Category

The following chart shows Leeds Federated's housing stock by category in 2017/18, a total of 4,169 units/bedspaces² of which 85 units are non-social housing and 265 are managed by others.



² – unit of measurement per the HCA definition is a bedspace or unit which is lettable.

Leeds Federated Housing Association Limited

Report and financial statements for the year ended 31 March 2018

How We Compare

Value For Money metrics	2016/17*	2017/18*	Budget 2018/19
Operating Margin (overall)	34.8%	34.9%	25.1%
Operating Margin (social housing lettings)	33.6%	32.7%	24.0%
EBITDA-MRI	306%	320%	251%
Units developed	30	155	220
New supply delivered – social housing units	0.8%	3.8%	5.3%
New supply delivered – non-social housing units	0%	0%	0%
Gearing at cost	26.2%	25.6%	27.8%
Reinvestment	3.9%	10.6%	14.2%
Return on capital employed	4.08%	4.31%	3.22%
Customers satisfied that rent provides VfM	82.2%	85.7%	82.5%

* Calculations based on the Value For Money definitions as published April 2018. Leeds Federated is participating again in the Sector Scorecard comparisons.

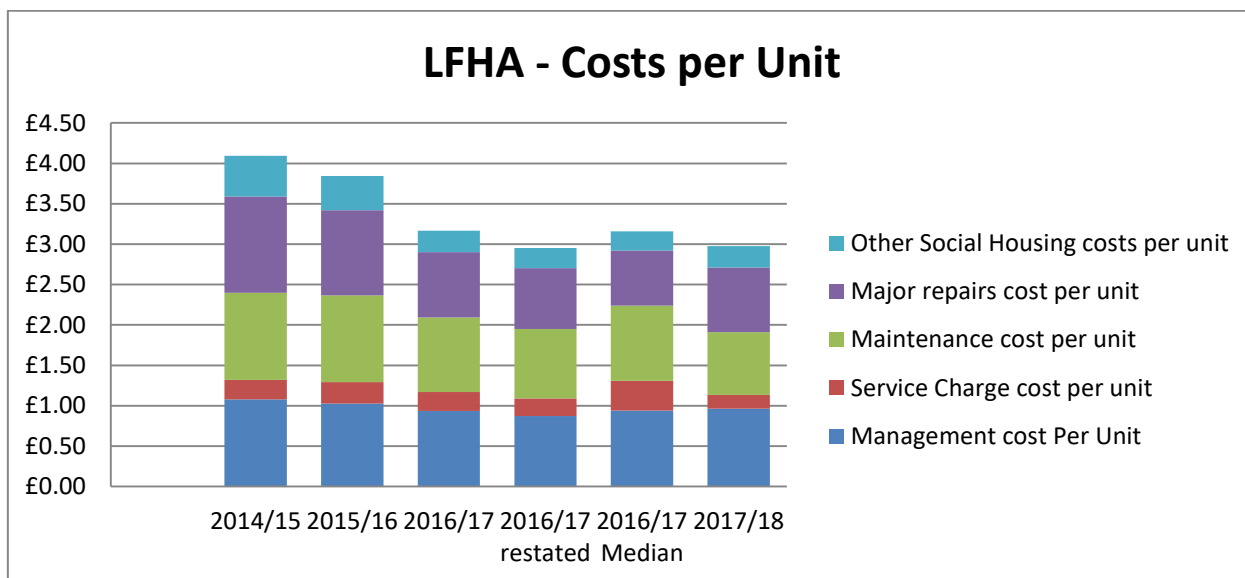
Costs £'000s/unit	2016/17*	2016/17 Median **	2017/18
Headline social housing CPU	£ 2.95	£ 3.30	£ 2.98
Management CPU	£ 0.87	£ 0.94	£0.96
Service Charge CPU	£ 0.22	£ 0.37	£0.17
Maintenance CPU	£ 0.86	£ 0.93	£0.77
Major Repairs CPU	£ 0.76	£ 0.68	£0.80
Other social housing costs CPU	£ 0.25	£ 0.24	£0.27

* - restated based on the amended unit/ bedspace definition and hence revised number of units

**based on 2016/17 Global Accounts)

Leeds Federated Housing Association Limited

Report and financial statements
for the year ended 31 March 2018



3 Our Approach to Value for Money

Managing Performance

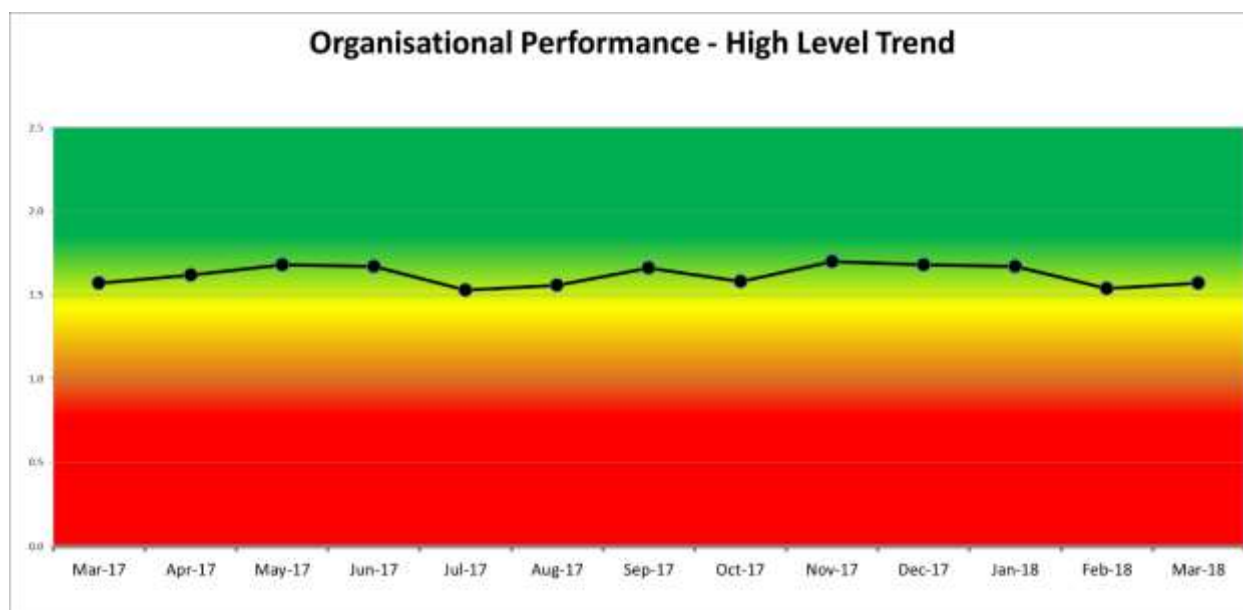
Leeds Federated manages performance throughout the business using an integrated balanced scorecard system that links individual and team performance targets to the delivery of strategic objectives. In 2017/18 measures were compiled for 12 core business functions:

01	Good Quality Homes	07	Delivering New Homes
02	Customer Satisfaction	08	IT Services
03	Sustainable Tenancies	09	Preferred Employer
04	Quality Repairs Service	10	Financial Performance
05	Statutory Services	11	Value for Money
06	Housing & Tenancy Management	12	Being a Voice

Performance has generally been strong throughout the year across the full range of indicators, and when viewed in overall terms, has remained within the 'green zone', see the chart overleaf.

Leeds Federated Housing Association Limited

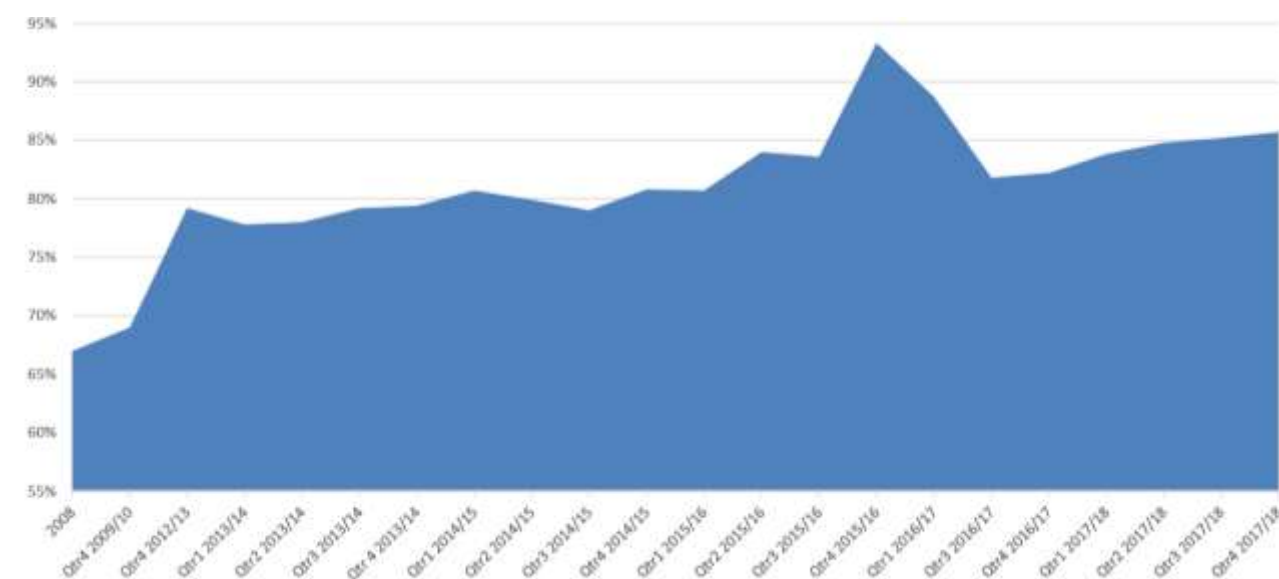
Report and financial statements for the year ended 31 March 2018



Customer Perceptions

Customers are at the heart of everything Leeds Fed does. Customer insight data remains very important to the Association, helping inform and influence both operational and strategic decision making. In particular, this enables Leeds Federated to understand how effective it is in delivering value from a customer perspective. Where possible, the NHF STAR methodology is used to allow for benchmarking and historical comparison.

Satisfaction with rent providing value for money

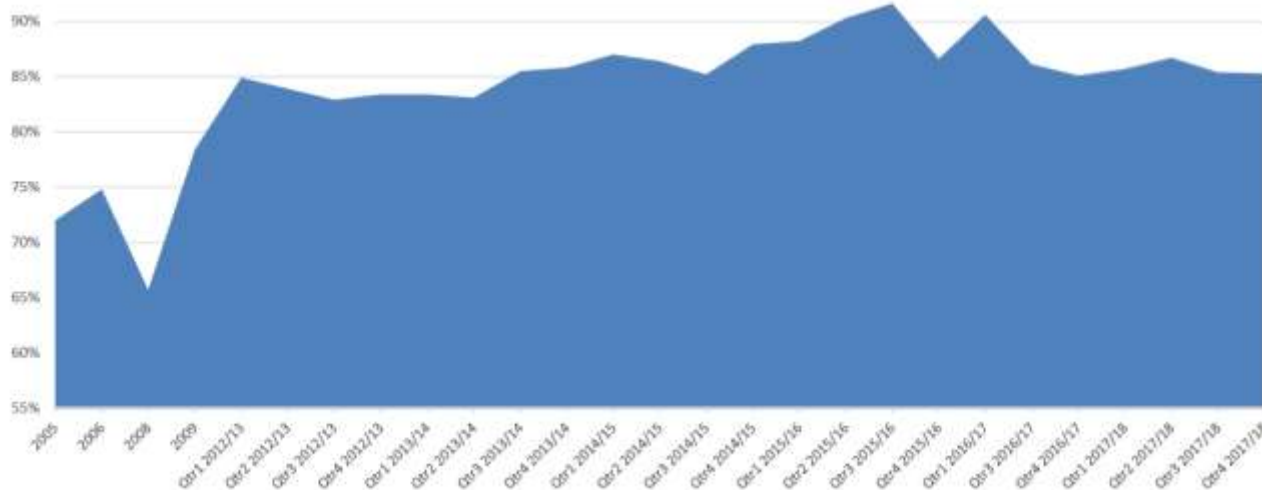


There has been a continued positive trend in relation to customer perceptions of value for money in relation to rent.

Leeds Federated Housing Association Limited

Report and financial statements for the year ended 31 March 2018

Overall Customer Satisfaction



Levels of customer satisfaction overall remain stable.

Managing Assets

To enable Leeds Federated to enhance its understanding of the performance of its asset base, an Asset Return Model was established during 2015/16. The accuracy and reliability of the model improves as the base data grows, and in September 2017 it was refreshed and updated with a further year's maintenance data and a new assessment of housing management cost at a scheme level. The results are monitored by the Association's Operations Committee on a quarterly basis.

The efficacy of the model and the effectiveness of its use in decision making was tested by Internal Audit during 2017/18 and found to be fit for purpose.

Average net present values have improved over time as new developments have been delivered, and the Association has addressed underperforming stock through a process of option appraisals, resulting in units being identified for disposal.

Average Net Present Value	2015/16	2016/17	2017/18	Trend
Detached, or semi-detached house	£33,098	£41,513	£44,083	↑
Terraced house	£29,355	£35,302	£37,934	↑
Flat	£28,239	£30,388	£32,219	↑
Bedsit	£18,802	£18,882	£23,166	↑
All stock average	£31,060	£35,502	£36,672	↑

4 Concluding Statement

This document provides a review of Leeds Federated Housing Association's activities over the course of the 2017/18 financial year from a value for money and efficiency perspective.

Leeds Federated believe that this report provides assurance of compliance with the requirements of the Homes & Communities Agency's Value for Money Standard.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Financial performance for the year

The Board is pleased to report another strong financial performance for the year with a healthy total comprehensive income for the Group of £6,179k (2017 - £5,372k), in what remains a very challenging operating environment. The cash generated from the surplus has enabled the group to continue to invest in both its existing stock and new developments, for both rent and low cost shared ownership. The group completed 155 new affordable homes during 2017/18, including 93 homes for rent and 62 homes for shared ownership. These new homes came from a combination of Leeds Fed own development and S106 schemes with regional and national housebuilders, reflecting the group's strong partnership approach to delivering new affordable homes.

Financial position

The Group's five-year statements of income and expenditure and comprehensive income and balance sheets / statement of financial position are summarised in the table on page 16.

The Group's statement of comprehensive income and statement of financial position for the year ended 31 March 2018 are included on pages 23 and 25.

Accounting policies

The Group's principal accounting policies are set out on pages 30 to 36 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include component accounting and housing property depreciation.

Housing properties and other fixed assets

The board is pleased to note a small increase in property stock this year, with the total number of social homes (including bed spaces) in management now standing at 3,819 (2017 - 3,663). In addition there are 85 non-social bedspaces (2017:85) and 265 units managed by others (2017:258). The social housing properties were carried in the balance sheet at cost (after depreciation) of £190.7million (2017 - £176.5 million).

A small number of properties are classified as Investment Properties. They are carried in the balance sheet at market valuation of £5.5million (2017 - £5.5million).

The Group's principal office, Arthington House, is included within other fixed assets at cost. The office forms part of a larger development which includes flats and houses.

During the year, the Group invested a further £221k in its capitalised computer equipment on improvements to the mobile software Origin and the website, upgrading laptop computers to enable flexible working and hotdesking, Firewall upgrade and completing the development of asset management software.

Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS). SHPS is a multi-employer defined benefit scheme. The Group has contributed to the scheme in accordance with levels, set by the actuaries. The last actuarial valuation of the SHPS was undertaken as at 30 September 2014. The results of which, and disclosure note can be found on page 45-48.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Capital structure and treasury policy

The Group arranged a new £15m facility with Affordable Housing Finance PLC in October 2016. £10m was drawn down immediately upon completion and secured in August 2017 and £5m was drawn in September 2017 and secured in January 2018. Interest is paid from the date of completion. The loan is repayable via a bullet repayment in 2043.

Following repayments during the year, there was a net increase in borrowings of £2.6million, from £46.8 million to £49.4million (before financing costs are netted off), of which £2.4million falls due to be repaid within the next year.

The Group borrows loans, principally from banks, at both fixed and floating rates of interest. See note 27 for further detail. At the year-end 99.34 per cent of the Group's borrowings were at fixed rates of interest (2017 – 99.01 per cent).

The trend analysis on page 16 shows that gearing (total loans as a percentage of reserves plus capital grants), was 34.0% by 31 March 2018 (33.7% 2017). This is still well within the Group's tightest covenant of 50%.

All lenders' covenants were met during the year and the Board expects to remain so compliant in the foreseeable future.

Cash flows

Cash inflows and outflows during the year are shown in the consolidated statement of cash flows on page 29. The cash inflow from operating activities increased this year to £20,286k (2017 - £9,441k). There was a net increase in cash for the year ended 31 March 2018 of £4,439k (2017- decrease in cash £1,630k).

Future developments

During 2016/17 the group was successful in its bid for Shared Ownership Affordable Homes Programme (SOAHP) 2016/21 funding and secured Social Housing Grant (SHG) to support 100 units of shared ownership and rent to buy homes. These new homes will be delivered on two existing Leeds Fed owned sites and a site(s) to be identified across the Leeds City Region. New homes through the SOAHP 2016/21 will be delivered from 2018/19 onwards. Further opportunities through this funding route will be considered as part of the Homes England's (HE's) continuous Market Engagement (CME) process.

The Board approved plans in its March 2018 budget to spend an estimated £15.5m during the next financial year to acquire/build further affordable homes for sale and rent. £10.7m of funding is for committed schemes and £4.8m for uncommitted schemes.

The Association's Corporate Plan 2016/21 sets out the growth aspiration to expand Leeds Fed's delivery of good quality homes – the Association will use its borrowing capacity to increase the amount of development undertaken, delivering 150 new homes per year over the life of this Corporate Plan.

226 new affordable homes are projected to be completed in 2018/19, including the remaining 21 units of the Associations AHP 2015/18. The Association is also forecasting 67 shared ownership sales during the year.

Statement of compliance

In preparing this Report of the Board and Operating and Financial Review, the Board has followed the principles set out in the Statement of Recommended Practice (SORP): Accounting for registered social housing providers and the reporting requirements of FRS102.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (continued)

Table 1 - Group highlights, five year history

	2018	2017	2016	Restated 2015	2015	2014
	£'000	£'000	£'000	£'000	£'000	£'000
Group statement of comprehensive income						
Total turnover	23,414	21,983	23,020	22,191	20,231	19,223
Income from lettings	20,181	20,269	20,453	19,939	17,979	17,148
Operating surplus	8,581	7,827	7,193	4,924	4,277	4,195
Surplus for the year transferred to reserves	6,179	5,372	3,588	3,125	2,373	1,925
Group statement of financial position						
Housing properties, net of depreciation	190,713	176,478	174,068	173,362	181,749	179,265
Investment properties	5,537	5,537	5,537	5,442	-	-
SHG and other capital grants*1	-	-	-	-	(114,526)	(114,613)
Housing properties, net of depreciation and grants*1	196,250	182,015	179,605	178,804	67,223	64,652
Other fixed assets	1,340	1,445	1,578	1,723	1,723	1,758
Fixed assets, net of capital grants and depreciation*1	197,590	183,460	181,183	180,527	68,946	66,410
Fixed asset investments	1,647	1,498	1,043	1,005	1,005	901
Net current (liabilities)/ assets	(274)	6,808	(3,465)	(3,583)	(3,726)	(2,269)
Total assets less current liabilities	198,963	191,766	178,761	177,949	66,225	65,042
Loans (due over one year)	46,367	43,955	36,501	38,380	38,380	39,727
Other long term liabilities (includes SHG under FRS102 and pension liability)	109,259	110,653	110,474	111,371	885	901
Reserves:- revaluation	2,622	2,622	2,622	2,622	269	96
- revenue	40,715	34,536	29,164	25,576	26,691	24,318
- total	43,337	37,158	31,786	28,198	26,960	24,414
*1 Pre FRS 102 restatement in 2015	198,963	191,766	178,761	177,949	66,225	65,042
Accommodation figures						
Total housing stock owned at year end (number of dwellings):						
Social housing owned	4,060	3,913**	3,823	3,780	3,780	3,742
Social housing leased	24	30	42	51	51	53
Non-social housing	85	85	85	85	85	85
*2 2017 restated to include definition of units and bedspaces per Regulator	4,169	4,028	3,950	3,916	3,916	3,880
Statistics						
Surplus for the year as % of turnover	26.39%	24.44%	15.59%	14.08%	11.73%	10.01%
Surplus for the year as % of income from lettings	30.62%	26.50%	17.54%	15.67%	13.20%	11.23%
Rent losses (voids and bad debts as % of rent and service charges receivable)	3.09%	2.89%	2.59%	2.83%	2.83%	2.78%
Rent arrears (gross arrears as % of rent and service charges receivable)	5.5%	7.47%	6.38%	6.92%	6.92%	6.15%
Interest cover (operating surplus plus net depreciation and interest receivable divided by interest payable and capitalised interest) adjust for 1 st tranche sales and property disposals	3.75	3.90	3.49	2.77	2.78	2.70
Liquidity (current assets divided by current liabilities)	0.96	2.05	0.52	0.42	0.42	0.69
Gearing (total loans as % of capital grants plus reserves)	34.0%	33.7%	30.3%	31.8%	32.4%	30.7%
Total reserves per home owned *2017 restated	£10,455	£9,294*	£8,048	£7,201	£6,885	£6,292

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Statement of Internal Controls

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable assurance against material misstatement or loss.

The process for identifying, evaluating and managing the risks faced by the Group is ongoing, and has been in place throughout the period commencing 1 April 2018 up to the date of approval of the report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Audit and Risk Committee and the Operations Committee;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- a thorough approach to treasury management which is subject to external review each year;
- regular reporting to the appropriate Committee on key business objectives, targets and outcomes;
- Board approved Whistleblowing policy);
- Board approved Bribery, Fraud and Money Laundering policy, covering prevention, detection and reporting, together with recoverability of assets;
- regular monitoring of loan covenants and requirements for new loan facilities.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives reports from the Audit and Risk Committee together with minutes of Audit and Risk Committee meetings. At the end of each financial year, the Chair of the Audit and Risk Committee reports to the Board on how the terms of reference for the Committee have been met during the year. In July 2018, the Audit and Risk Committee received the Chief Executive's annual review of the effectiveness of the system of internal control for the Association for 2017/18 in line with External Audit recommendations to only receive this after the External Auditor has reported its findings for the 2017/18 audit. The 2017/18 annual report of the Internal Auditor was received at the March 2018 Audit and Risk Committee meeting and its findings were reported to the Board.

The current Internal Auditors are Beever and Struthers who were reappointed in 2017 following a competitive tender process. The Internal Auditors have reported to Audit & Risk Committee three times during the year and the Association undertakes a performance review following each audit, on whether reporting timescales were achieved and annually on the mix of audit staff against the tendered mix. The External Auditors were also reappointed in 2017 following a competitive tender process.

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (continued)

Compliance with Governance and Financial Viability Standard

The Board carried out an assessment against the standard for 2017-18 and are pleased to report that the Association complies with the Governance and Financial Viability Standard.

NHF Code of Governance

The Board has adopted the NHF Code of Governance. Following an assessment against the Code the Board is pleased to report that it complies with the NHF Code of Governance 2015.

Effectiveness

Annual Board effectiveness and annual appraisals are carried out for each Board member. The results are analysed and reported through the Governance & Remuneration Committee to the Board and Committees. The process is internally supported by the Company Secretary.

Diversity

Summary data of the demographic profile of customers, staff and board members are provided to the Board. The 2017-18 profile shows that the composition of the Board is generally reflective of the diversity of our customer base. When recruiting new Board members the Board consider the diversity balance and skills mix on the Board.

Ethnic Minority	11.1%	Average Age	53.55
Ethnic Majority	88.9%	Bisexual	
Female	33.3%	Gay	
Male	66.6%	Lesbian	
Disabled	11.1%	Heterosexual	100%
Non-Disabled	88.9%	Prefer Not to Answer	

Committees and Attendance

The attendance at the Board and Committee meetings during 2017/18 was:

Board/Committees	2017	2018
Board	90%	91%
Governance & Remuneration Committee	75%	100%
Audit & Risk Committee	81%	77%
Operations Committee	100%	94%

Names of Board Members sitting on each Committee

Chair of the Board of Management	Helen Jaggar
Operations Committee	<div> Stuart Whyte Claire Stone Sue Howlett Shaid Mahmood Robin Machell </div> <div>Chair</div>

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 *(continued)*

NHF Code of Governance *(continued)*

Names of Board Members sitting on each Committee *(continued)*.

Audit & Risk Committee	John Williams Martin Warhurst Chris Adams Robin Machell Stuart Whyte	Chair
Governance & Remuneration Committee	Sue Howlett John Williams Helen Jaggar Stuart Whyte	Chair

Remuneration

Board Members are remunerated for their position on the Board. Within their Service Contract reference is made to the level of the fee being subject to an annual review by the Board. It was agreed that remuneration would be at median level (which is consistent with the Association's approach to setting staff salaries) and this be linked to an assessment of the following criteria:

- an independent assessment of the market
- any increase being paid to staff
- any increase paid to SMT
- the general economic climate

There are no governance related matters to highlight this year.

Asset and liability register

The Association has an asset and liability register in place. The register was reported to Board in October 2016 and reviewed by Internal Audit in November 2016. An Association wide working group meets on a regular basis to review and update the register.

Charitable donations

2018- Nil (2017 - Nil).

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out in this Operating and Financial Review. The Group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes along with the Group's day to day operations. The Group also has a long-term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

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

Leeds Federated Housing Association Limited

Report of the board of management and operating and financial review for the year ended 31 March 2018 (*continued*)

Statement of Board members' responsibilities

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

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

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

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

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

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

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

Annual General Meeting

The Annual General Meeting will be held on 7 September 2018 at Leeds Federated Housing, Arthington House, 30 Westfield Road, Leeds LS3 1DE

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Helen Jagg

Chair of the Board

Date 25 July 2018

Leeds Federated Housing Association Limited

Independent auditor's report

Opinion

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information including the Report of the board of management and operating and financial review including the value for money statement 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.

Leeds Federated Housing Association Limited

Independent auditor's report

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the board members responsibilities statement set out on 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 members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Use of our report

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

BDO LLP

BDO LLP
Statutory Auditor
Leeds
United Kingdom

Date: 14 AUGUST 2018

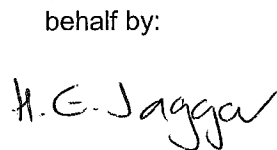
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Leeds Federated Housing Association Limited

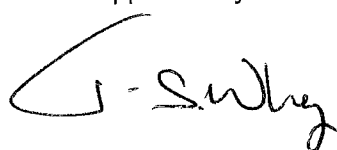
Consolidated statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover - continuing activities	4	23,414	21,983
Operating costs	4	(15,245)	(14,323)
Surplus on disposal of fixed assets	7	412	167
Operating surplus - continuing activities	4	8,581	7,827
Interest receivable and similar income	9	67	63
Interest and financing costs	10	(2,469)	(2,574)
Movement in fair value of investment properties	16	-	-
Movement in fair value of investments		-	56
Surplus for the financial year		6,179	5,372
Actuarial loss on defined benefit pension scheme	11	-	-
Total Comprehensive income for the year		6,179	5,372

The financial statements were approved by the Board of Management on 25 July 2018 and signed on its behalf by:



Board Member



Board Member



Secretary

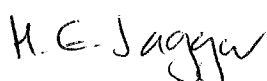
The notes on pages 30 to 62 form part of these financial statements.

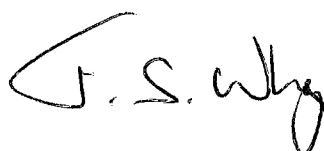
Leeds Federated Housing Association Limited

Association statement of comprehensive income for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Turnover - continuing activities	4	23,509	22,034
Operating costs	4	(15,237)	(14,316)
Surplus on disposal of fixed assets	7	412	167
Operating surplus - continuing activities	4	8,684	7,885
Interest receivable and similar income	9	67	63
Interest and financing costs	10	(2,469)	(2,574)
Movement in fair value of investment properties	16	-	-
Movement in fair value of investments		-	56
Surplus for the financial year		6,282	5,430
Actuarial loss on defined benefit pension scheme	11	-	-
Total Comprehensive income for the year		6,282	5,430

The financial statements were approved by the Board of Management on 25 July 2018 and signed on its behalf by:


Board Member


Board Member


Secretary

The notes on pages 30 to 62 form part of these financial statements.

Leeds Federated Housing Association Limited

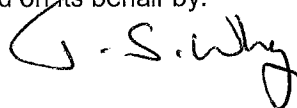
Consolidated statement of financial position at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets - housing properties, depreciated cost	14	190,713	176,478
Tangible fixed assets – Other	15	1,340	1,445
Investment properties	16	5,537	5,537
Investments	13	1,647	1,498
		<u>199,237</u>	<u>184,958</u>
Current assets			
Debtors	18	1,211	837
Investments	19	-	-
Loans receivable	20	-	11,421
Cash at bank and in hand		5,495	1,056
		<u>6,706</u>	<u>13,314</u>
Creditors: amounts falling due within one year	21	<u>(6,980)</u>	<u>(6,506)</u>
Net current (liabilities) / assets		<u>(274)</u>	<u>6,808</u>
Total assets less current liabilities		<u>198,963</u>	<u>191,766</u>
Creditors: amounts falling due after more than one year	22	<u>(152,351)</u>	<u>(150,858)</u>
Net assets excluding pension liability		<u>46,612</u>	<u>40,908</u>
Pension liability	22	<u>(3,275)</u>	<u>(3,750)</u>
Net assets		<u>43,337</u>	<u>37,158</u>
Capital and reserves			
Share capital	29	-	-
Income and expenditure reserve		40,715	34,536
Investment revaluation reserve		96	96
Property revaluation reserve		2,526	2,526
	30	<u>43,337</u>	<u>37,158</u>


The financial statements were approved by the Board of Management and authorised for issue on 25 July 2018 and signed on its behalf by:



Board Member



Board Member



Secretary

The notes on pages 30 to 62 form part of these financial statements.

Leeds Federated Housing Association Limited

Association statement of financial position at 31 March 2018

	Note	2018 £'000	2017 £'000
Fixed assets			
Tangible fixed assets - housing properties, depreciated cost	14	191,034	176,647
Tangible fixed assets – Other	15	1,340	1,445
Investment Properties	16	5,537	5,537
Investments	13	1,647	1,498
		<u>199,558</u>	<u>185,127</u>
Current assets			
Debtors	18	1,197	888
Investments	19	-	-
Loans receivable	20	-	11,421
Cash at bank and in hand		5,473	1,009
		<u>6,670</u>	<u>13,318</u>
Creditors: amounts falling due within one year	21	<u>(6,992)</u>	<u>(6,509)</u>
Net current (liabilities) / assets		<u>(322)</u>	<u>6,809</u>
Total assets less current liabilities		<u>199,236</u>	<u>191,936</u>
Creditors: amounts falling due after more than one year	22	<u>(152,351)</u>	<u>(150,858)</u>
Net assets excluding pension liability		<u>46,885</u>	<u>41,078</u>
Pension liability	22	<u>(3,275)</u>	<u>(3,750)</u>
Net assets		<u>43,610</u>	<u>37,328</u>
Capital and reserves			
Share capital	29	-	-
Income and expenditure reserve		40,988	34,706
Investment revaluation reserve		96	96
Property revaluation reserve		2,526	2,526
		<u>43,610</u>	<u>37,328</u>
Association's funds	30	<u>43,610</u>	<u>37,328</u>

The financial statements were approved by the Board of Management and authorised for issue on 25 July 2018 and signed on its behalf by:

H.E. Jagger
Board Member

G.S. Wily
Board Member

J. Helling
Secretary

The notes on pages 30 to 62 form part of these financial statements.

Leeds Federated Housing Association Limited

Comprehensive Statement of changes in reserves for the year ended 31 March 2018

Group	Investment Revaluation Reserve £'000	Property Revaluation reserve £'000	Income and expenditure Reserve £'000	Total £'000
Balance at 1 April 2017	96	2,526	34,536	37,158
Surplus for the year	-	-	6,179	6,179
Actuarial loss on defined benefit pension scheme	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance at 31 March 2018	96	2,526	40,715	43,337

Association	Investment revaluation Reserve £'000	Property revaluation reserve £'000	Income and expenditure Reserve £'000	Total £'000
Balance at 1 April 2017	96	2,526	34,706	37,328
Surplus for the year	-	-	6,282	6,282
Actuarial loss on defined benefit pension scheme	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance at 31 March 2018	96	2,526	40,988	43,610

The property revaluation reserve of the group and association relates to the cumulative fair value movements on the investment properties. The investment revaluation reserve relates to the movement in the price of the Investment in gilts (note 13).

The notes on pages 30 to 62 form part of these financial statements.

Leeds Federated Housing Association Limited

Comprehensive Statement of changes in reserves for the year ended 31 March 2017

Group	Investment Revaluation Reserve £'000	Property Revaluation reserve £'000	Income and expenditure Reserve £'000	Total £'000
Balance at 1 April 2016	96	2,526	29,164	31,786
Surplus for the year	-	-	5,372	5,372
Actuarial loss on defined benefit pension scheme	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance at 31 March 2017	96	2,526	34,536	37,158

Association	Investment revaluation Reserve £'000	Property revaluation reserve £'000	Income and expenditure Reserve £'000	Total £'000
Balance at 1 April 2016	96	2,526	29,276	31,898
Surplus for the year	-	-	5,430	5,430
Actuarial loss on defined benefit pension scheme	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Balance at 31 March 2017	96	2,526	34,706	37,328

The property revaluation reserve of the group and association relates to the cumulative fair value movements on the investment properties. The investment revaluation reserve relates to the movement in the price of the Investment in gilts (note 13).

The notes on pages 30 to 62 form part of these financial statements.

Leeds Federated Housing Association Limited

Consolidated statement of cash flows for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Surplus for the financial year		6,179	5,372
Adjustments for:			
Depreciation of Fixed Assets - housing properties	14	3,923	3,869
Depreciation of fixed assets - other	15	337	298
Amortisation of loan set up costs		77	72
Amortised grant	8	(1,939)	(1,945)
Net fair value losses/ (gains) recognised in income statement	16	-	-
Movement in fair value of investments		-	(56)
Interest payable and finance costs	10	2,471	2,340
Interest receivable	9	(67)	(63)
Difference between net pension expense and cash contribution	11	(475)	(222)
Surplus on sale of fixed assets - housing properties	7	(412)	(167)
Release of loans receivable	20	11,421	-
Decrease/ (Increase) in debtors	18	(375)	207
Increase/(Decrease) in creditors	21	(854)	(264)
Cash from Operations		20,286	9,441
Management of liquid resources			
Payments to acquire listed investments	13,20	(145)	(11,801)
Net cash used in management of liquid resources		(145)	(11,801)
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties	7	1,101	360
Purchase of fixed assets - housing properties	14	(19,296)	(6,421)
1st Tranche sales costs included in surplus for the financial year		1,095	383
Purchase of fixed assets - other	15	(233)	(166)
Receipt of grant	24	505	579
Interest received	9	63	47
Net cash from investing activities		(16,765)	(5,218)
Cash flows from financing activities			
Interest paid	10	(2,244)	(2,424)
New loans- bank	27	5,000	10,000
Loan premium received	22	818	1,885
New loans-set up costs	27	(93)	(222)
Repayment of loans - bank	27	(2,418)	(3,291)
Net cash used in financing activities		1,063	5,948
Net increase/(decrease) in cash and cash equivalents		4,439	(1,630)
Cash and cash equivalents at beginning of year		1,056	2686
Cash and cash equivalents at end of year		5,495	1,056

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018

1 Legal status

The association is registered under the Co-Operative and Community Benefit Society Act 2014, and is registered with the Homes England as a social housing provider.

2 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Leeds Federated Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group’s accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company’s financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole. There is no remuneration in the subsidiary company LFPS.

The following principal accounting policies have been applied:

Going concern

The Group’s business activities, its current financial position and factors likely to affect its future development are set out in the Operating and Financial Review. The group has in place long term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the group’s day to day operations. The Group also has a long-term Business Plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders’ covenants.

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

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (continued)

Basis of consolidation

The consolidated financial statements incorporate the results of Leeds Federated Housing Association Limited and its only subsidiary undertaking as at 31 March 2018 as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

Turnover

Turnover represents rental income and service charge income receivable, proceeds from first tranche shared ownership sales, fees and revenue grants from local authorities and the Homes England (HE), management fees receivable and miscellaneous income. Income is measured at the fair value of the consideration received or receivable.

Rental income is recognised from the point when properties under development become available for letting. Income from first tranche sales is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Income receivable on local authority Supporting People contracts is included within "Other social housing activities" and described as "Supporting people contract income". Grants and other income receivable in relation to Supporting People is included within "Other social housing activities" and described as "Other supporting people income".

Service income and charges

The Group operates variable service charges, whereby the costs of the scheme are budgeted and any surplus/deficit in any financial year is recovered/refunded in future service charges. The costs for the provision of any communal service or facility within a housing scheme are recharged at cost plus a 15% admin charge to the tenants on that scheme. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Taxation

Leeds Federated Property Services is subject to Corporation Tax. The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Surpluses are gift aided to Leeds Federated Housing Association.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the group anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leeds Federated Housing Association has been granted exemption from Corporation Tax on its investment income under Section 505(1) of the Income and Corporation Taxes Act 1988 on the grounds that all of its income is applied for charitable purposes.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (continued)

Value added tax

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 on expenditure to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

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

- a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant (SHG) and other capital subsidies in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on SHG and other capital subsidies 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.

Pension costs

The Group participates in the Social Housing Pension Scheme (SHPS), a defined benefit pension scheme. Contributions are based on pension costs across the various participating associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Group.

For SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. Contributions are charged to the statement of comprehensive income in the year in which they become payable.

Where the scheme is in deficit and the Association has agreed a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of deficit reduction contributions payable under the agreement that relates to the deficit.

Supported housing managed by agencies

Social housing capital grants and other revenue grants are claimed by the Association as owner of the property and are included in its statement of financial position. The treatment of other income and expenditure in respect of supported housing projects depends on whether the Association carries the financial risk.

Where the Association holds the support contract with the Supporting People Administering Authority and carries the financial risk, the entire project's income and expenditure is included in its statement of comprehensive income (see note 4).

Where an agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the statement of comprehensive income includes only that income and expenditure which relates solely to the Association. Other income and expenditure of projects in this category is excluded from the Association's statement of comprehensive income (see note 5).

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, incidental costs of acquisition, administration costs and expenditure incurred in respect of improvements or component replacements.

Housing properties in the course of construction are stated at cost and are transferred to completed properties when they are completed.

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

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 measured at cost on initial recognition and subsequently carried at fair value. The assessment of fair value is undertaken annually using a combination of external valuers and director assessment of the market/ comparable property. The value is derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

Shared ownership properties

Under Shared Ownership arrangements, the Group disposes of a long lease to the occupier; the lease premium paid is for between 25% and 75% of the value. The occupier has a right to purchase further proportions up to 100%. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties held for rental.

Proceeds of sale for first tranches are accounted for as turnover in the statement of comprehensive income, with the apportioned cost being shown as cost of sales within operating results. Subsequent tranches sold ("staircasing") are reflected in the statement of comprehensive income as a surplus or deficit on sale of fixed asset housing properties.

Government Grants

Social Housing Grant (SHG) is receivable from the Homes England (the HE) to subsidise the cost of housing properties and is included in long term liabilities under creditors as deferred income. The grants are amortised to the statement of comprehensive income.

SHG due from the HE, or received in advance of total development costs being incurred, is shown as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with the HE. SHG is repayable unless formally abated and waived although it can be recycled. SHG is recycled on disposal of a property and is credited to a Recycled Capital Grant Fund, which is included as a creditor due within one year or due after more than one year, as appropriate. If the recycled capital grant fund is not used within a three year period in principle it becomes repayable.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the statement of comprehensive income. Upon disposal of the associated property, the group is required to recycle these proceeds, as such a contingent liability is disclosed to reflect this.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (continued)

Grants of a revenue nature are credited to the statement of comprehensive income in the period to which they relate.

Other capital subsidies

The Group has, in the past, received land and capital subsidy from Leeds City Council via Leeds Partnership Homes Limited (LPH) at £nil financial consideration in exchange for nomination rights to the completed dwellings. The policy of the Group is to include the value of the subsidy in long term liabilities under creditors as deferred income. The subsidies are amortised to the statement of comprehensive income.

Depreciation of housing properties

The group separately identifies the major components which comprise its housing properties, and depreciation is provided to write off the costs evenly over their expected useful lives.

The group depreciates the major components at the following rates:

Structure	-	70 years
Roofs	-	70 years
Kitchens	-	15 and 20 years
Bathrooms	-	30 years
Boilers	-	15 years
Central Heating	-	30 years
Windows/Doors	-	25 and 30 years
Solar Panels	-	25 years
Insulation	-	30 years
Curtilage	-	30 years

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

Impairment of fixed assets

Assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, assessed by comparison of the carrying value of the asset against the higher of realisable value and value in use. Assessing impairment requires the use of estimation techniques. In making this assessment, management considers publically available information and internal forecasts of income streams. Any such write down is charged to operating surplus.

Depreciation of other fixed assets

Depreciation is provided to write off the cost, less estimated residual values, of all other tangible fixed assets, evenly over their expected useful lives. No depreciation is provided on freehold land. It is calculated at the following rates:

Freehold office premises	-	10 and 60 years
Office furniture and equipment	-	25%
Computer hardware and software	-	Between 17% and 33%

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

2 Accounting policies (*continued*)

Leases

All leases are treated as operating leases. Their annual rentals are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to the statement of comprehensive income over the term of the lease.

Fixed asset investments

Investments held as fixed assets are stated at fair value. Changes in fair values are recognised in income or expenditure.

Liquid resources

For the purposes of the statement of cash flows, liquid resources are defined as current asset investments and short term deposits.

Financial Instruments

Financial Assets

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities, excluding convertible debt and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Loan premium

Premiums arising from the THFC and AHF loan drawdowns are recognised as a separate component of borrowing and shown within the statement of financial position as creditors. The premium is released over the term of the loan to the statement of comprehensive income within loan interest.

3 Judgments in applying accounting policies and key sources of estimation uncertainty

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

- whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on Existing Use Value – Social Housing (EUV-SH) or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- whether leases entered into by the group either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

3 Judgments in applying accounting policies and key sources of estimation uncertainty (continued)

- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the members' best estimate of sales value based on economic conditions within the area of development.
- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases have been supplied by SHPS. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Other key sources of estimation uncertainty

- Tangible fixed assets (note 14, 15 and 16)

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Senior management determine whether a professional valuation is required annually or undertake their own assessment of the market. The investment property note will state whether a professional valuation has been undertaken or a director assessment in any year. Where a professional valuation has been undertaken on the larger Investment properties, a yield methodology will be used. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. The smaller investment properties have been assessed by senior management and although now held at valuation management consider there to be no material difference between valuation and cost.

- Investments (see notes 13 and 19)

Investments are held at the gilt price on 31 March in any year or the investment fund value, whichever is applicable.

- Rental and other trade receivables (debtors) (see note 18)

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

- Year-end accruals

The expenditure estimate for accruals is based on the commitment once an order is placed that it will be due for payment upon completion and hence is included in the creditors of the Group.

- Loans – basic/ non basic

The association has reviewed its loan agreements and in discussions with funders have determined that they are all considered to be basic loans.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

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

Group	Turnover £'000	2018 Operating costs £'000	Operating Surplus £'000	Turnover £'000	2017 Operating costs £'000	Operating surplus £'000
Social Housing Lettings	19,338	(13,008)	6,330	19,517	(12,958)	6,559
Other social housing activities						
Agency charges	835	(453)	382	788	(432)	356
First tranche shared ownership sales	2,309	(1,095)	1,214	833	(383)	450
Supporting people	-	-	-	-	-	-
Community regeneration	-	-	-	-	(2)	(2)
Development administration	-	(163)	(163)	10	(147)	(137)
	3,144	(1,711)	1,433	1,631	(964)	667
Non-social housing activities						
Lettings	843	(467)	376	752	(342)	410
Feed In Tariff						
Income/Gift aid/recharges	89	(59)	30	83	(59)	24
	932	(526)	406	835	(401)	434
	23,414	(15,245)	8,169	21,983	(14,323)	7,660
Surplus on disposal of fixed assets			412			167
Operating Surplus – continuing activities			8,581			7,827

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 *(continued)*

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

Association	Turnover £'000	2018 Operating Costs £'000	Operating surplus £'000	Turnover £'000	2017 Operating Costs £'000	Operating surplus £'000
Social Housing Lettings	19,338	(13,000)	6,338	19,517	(12,951)	6,566
Other social housing activities						
Agency charges	835	(453)	382	788	(432)	356
First tranche shared ownership sales	2,309	(1,095)	1,214	833	(383)	450
Supporting people	-	-	-	-	-	-
Community regeneration	-	-	-	-	(2)	(2)
Development administration	12	(163)	(151)	10	(147)	(137)
	3,156	(1,711)	1,445	1,631	(964)	667
Non social housing activities						
Lettings	843	(467)	376	752	(342)	410
Feed InTariff						
Income/Gift aid/recharges	172	(59)	113	134	(59)	75
	1,015	(526)	489	886	(401)	485
	23,509	(15,237)	8,272	22,034	(14,316)	7,718
Surplus on disposal of fixed assets			412			167
Operating Surplus – continuing activities			8,684			7,885

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 *(continued)*

4 Turnover, cost of sales, operating costs and operating surplus on lettings *(continued)*

Income and expenditure from Social Housing Lettings - Group

	General Needs Housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2018 £'000	2017 £'000
Income					
Rents net of identifiable service charges*	14,342	1,127	594	16,063	16,109
Service charge income*	408	461	37	906	1,031
Charges for support services*	-	512	-	512	521
Net rental income	14,750	2,100	631	17,481	17,661
Other revenue grants	-	-	-	-	-
Amortised Government Grants	1,679	127	51	1,857	1,856
Turnover on social housing lettings	16,429	2,227	682	19,338	19,517
Expenditure					
Management	(3,151)	(592)	(175)	(3,918)	(3,456)
Support services costs	-	(475)	-	(475)	(364)
Service charge costs	(373)	(320)	(14)	(707)	(854)
Routine maintenance	(2,213)	(153)	(17)	(2,383)	(2,669)
Planned maintenance	(715)	(51)	-	(766)	(713)
Major repairs expenditure	(659)	(51)	(2)	(712)	(890)
Bad debts	(173)	(7)	(22)	(202)	(206)
Property lease charges	(44)	-	-	(44)	(70)
Impairment of housing properties	-	-	-	-	-
Depreciation of housing properties	(3,440)	(257)	(104)	(3,801)	(3,736)
Operating costs on social housing lettings	(10,768)	(1,906)	(334)	(13,008)	(12,958)
Operating surplus on social housing lettings	5,661	321	348	6,330	6,559
Void losses	148	38	1	187	138

*All net of void losses

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

4 Turnover, cost of sales, operating costs and operating surplus on lettings (*continued*)

Income and expenditure from Social Housing Lettings - Association

	General needs housing £'000	Supported housing and housing for older people £'000	Low cost home ownership £'000	2018 £'000	2017 £'000
Income					
Rents net of identifiable service charges*	14,342	1,127	594	16,063	16,109
Service charge income*	408	461	37	906	1,031
Charges for support services*	-	512	-	512	521
	<u>14,750</u>	<u>2,100</u>	<u>631</u>	<u>17,481</u>	<u>17,661</u>
Net rental income					
Other revenue grants	-	-	-	-	-
Amortised Government Grants	1,679	127	51	1,857	1,856
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Turnover on social housing lettings	<u>16,429</u>	<u>2,227</u>	<u>682</u>	<u>19,338</u>	<u>19,517</u>
Expenditure					
Management	(3,143)	(592)	(175)	(3,910)	(3,449)
Support services costs	-	(475)	-	(475)	(364)
Service charge costs	(373)	(320)	(14)	(707)	(854)
Routine maintenance	(2,213)	(153)	(17)	(2,383)	(2,669)
Planned maintenance	(715)	(51)	-	(766)	(713)
Major repairs expenditure	(659)	(51)	(2)	(712)	(890)
Bad debts	(173)	(7)	(22)	(202)	(206)
Property lease charges	(44)	-	-	(44)	(70)
Impairment of housing properties	-	-	-	-	-
Depreciation of housing properties	(3,440)	(257)	(104)	(3,801)	(3,736)
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Operating costs on social housing lettings	<u>(10,760)</u>	<u>(1,906)</u>	<u>(334)</u>	<u>(13,000)</u>	<u>(12,951)</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Operating surplus on social housing lettings	<u>5,669</u>	<u>321</u>	<u>348</u>	<u>6,338</u>	<u>6,566</u>
	<u></u>	<u></u>	<u></u>	<u></u>	<u></u>
Void losses	<u>148</u>	<u>38</u>	<u>1</u>	<u>187</u>	<u>138</u>

* All net of void losses

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

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

Particulars of turnover from non-social housing lettings:

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Student accommodation	590	516	590	516
Market rent	253	236	253	236
External gardening contract	72	63	72	63
Feed In Tariff Income/Gift aid	17	20	100	71
	932	835	1,015	886

5 Supported housing managed by agencies

Group and Association

Where the agency carries the financial risk, the Group's statement of comprehensive income includes only the income and expenditure for which it retains responsibility. The Group owns 243 supported housing bedspaces (2017 - 256) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

	Number of bedspaces 2018 Number	2017 restated Number
Turning Lives Around (previously) Leeds Housing Concern	76	87
Foundation	64	68
Touchstone (Group Homes + Floating support)	14	7
Community Links	16	16
Gipsil	8	14
Leeds Women's Aid	34	16
Stonham Group	0	18
Others including 14 (2017:14) Care home bed spaces	31	30
	243	256

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

6 Accommodation in management

Group and Association

At the end of the year accommodation in management, excluding agency managed stock, for each class of accommodation, was as follows:

	2018	2017
	Number	restated Number
Social Housing		
<u>Social rent</u>		
General needs	3,046	2,979
General needs leased	14	14
Supported Housing	24	24
Housing for Older people	256	256
 <u>Intermediate rent</u>		
General needs	12	12
 <u>Affordable rent</u>		
General needs	194	161
General needs leased	2	2
Supported Housing	4	4
 Shared ownership	255	200
Shared ownership – leaseholders paying service charge only	12	11
 Total social housing units	3,819	3,663
 Units managed by others		
Co-op managed units – General Needs	22	22
Agency managed units	221	230
Agency managed leased	8	14
Care home bed spaces	14	14
 Total Social units managed by others	265	280
 Non-Social Housing		
Student accommodation	62	62
Market rent	23	23
 Summary		
Owned Social – managed and managed by others	4,060	3,913
Not Owned Social (leased) – managed and managed by others	24	30
Non Social	85	85
 Total Stock	4,169	4,028

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

7 Surplus on disposal of fixed assets	Shared Ownership Staircasing 2018 £'000	Other housing properties 2018 £'000	Total 2018 £'000	Total 2017 £'000
Group and Association				
Housing Properties				
Disposal proceeds	760	370	1,130	371
Cost of disposals	(237)	(217)	(454)	(115)
Selling costs	(5)	(2)	(7)	(4)
Capital Grant recycled (note 24)	(109)	(148)	(257)	(43)
Disposal proceeds fund (note 25)	-	-	-	(42)
Surplus on disposal of tangible fixed assets	409	3	412	167

During the year 3 properties used the right to acquire legislation to progress an outright sale (2017:1). 7 shared owners increased their shares of equity to 100% (2017:4) and 4 increased their share of equity (2017:2). One shared ownership sale resulted in £8k of SHG being deferred rather than recycled. This deferral will be considered when future properties staircase within that scheme. The Association sold no units on the open market (2017:0) In addition to the Right to Acquire sales shown under 'Other housing properties 2018' there was a handback of leasehold properties during the year. The remaining net book value for these, £89k, is reflected in the cost of disposals for the year.

8 Operating surplus	2018 £'000	2017 £'000
Group and Association		
This has been arrived at after charging/(crediting):		
Depreciation:		
- housing properties	3,842	3,799
- accelerated depreciation on replaced components	81	70
- other tangible fixed assets	337	298
Amortisation of grants	(1,939)	(1,945)
Operating lease charges:		
- land and buildings	7	7
- other	75	86
Auditor's remuneration:		
- fees payable to the group's auditors for the audit of the group's annual accounts (excluding VAT)	16	13
- all other services	1	2
9 Interest receivable and similar income	2018 £'000	2017 £'000
Group and Association		
Interest receivable and similar income	67	63

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

10 Interest and financing costs

	2018 £'000	2017 £'000
Group and Association		
Bank loans and overdrafts	(2,471)	(2,340)
Pension interest expense	(46)	(78)
Impact of changes in pension assumptions	48	(156)
	<u>(2,469)</u>	<u>(2,574)</u>

11 Employees

	2018 £'000	2017 £'000
Group and Association		
Staff costs (including directors) consist of:		
Wages and salaries*	3,963	3,623
Social security costs	320	297
Other pension costs	96	87
	<u>4,379</u>	<u>4,007</u>

* shown gross - wages and salaries of £64k capitalised

The average number of full time equivalent employees (including directors) expressed as full time equivalents (calculated based on a standard working week of 37.5 hours) during the year was as follows:

	Number	Number
Housing management	94	92
Administration	24	21
	<u>118</u>	<u>113</u>

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

11 Employees (*continued*)

Social Housing Pension Scheme

The Association participates in the Social Housing Pension Scheme (the Scheme). The Scheme, a multi-employer scheme provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. It is not possible for the company 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.

Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

A Career average revalued earnings (CARE) structure with a 1/120th accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure plus CARE 1/120th, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association currently operates a career average revalued earnings (CARE) with a 1/80th accrual rate benefit structure and a defined contribution benefit structure for active members.

During the year ended 31 March 2018 LFHA paid contributions at the rate of 4.6%. Member contributions were made at 8%.

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 company 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.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

11 Employees (continued)

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 contributions

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

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

Where the Scheme is in deficit and where the 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.

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	3,275	3,750	3,972

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

11 Employees (*continued*)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	3,750	3,972
Unwinding of the discount factor (interest expense)	46	78
Deficit contribution paid	(473)	(456)
Re-measurements - impact of any change in assumptions	(48)	156
Re-measurements - amendments to the contribution schedule	-	-
Provision at end of period	3,275	3,750

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Interest expense	46	78
Re-measurements – impact of any change in assumptions	(48)	156
Re-measurements – amendments to the contribution schedule	-	-

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
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.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

11 Employees (*continued*)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	491	473	456
Year 2	510	491	473
Year 3	458	510	491
Year 4	403	458	510
Year 5	417	403	458
Year 6	374	417	403
Year 7	328	374	417
Year 8	338	328	374
Year 9	174	338	328
Year 10	-	174	338
Year 11	-	-	174
Year 12	-	-	-
Year 13	-	-	-

Debt on cessation

As a result of pension scheme legislation there is a potential debt that could be levied by the Trustee of the Scheme. The debt is due in the event of an employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities of the Scheme (calculated on a buyout basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy out debt.

The leaving employer's share of the buy out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any "orphan" liabilities in respect of previously participating employers. The amount of the debt therefore depends upon many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy out market. The amounts of debt can therefore be volatile over time.

The Association has been notified by the Pensions Trust of its estimated employer debt on withdrawal from the Social Housing Pension Scheme based on the financial position of the scheme as at the 30 September 2016. As of this date the estimated employer debt for the Association was £34,106,715.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

12 Directors' remuneration

Group and Association

The directors are defined as the members of the board of management, the Chief Executive and the executive management team disclosed on page 1.

	2018 £'000	2017 £'000
Executive directors' emoluments including pensions and benefits in kind	327	332
Amounts paid to non-executive directors including expenses	46	45

The emoluments of the directors including benefits in kind but excluding pension contributions are:

	2018 £	2017 £
Chief Executive (highest paid director)	125,736	120,948
Deputy Chief Executive (left 8/7/16)	-	27,471
Operations Director	99,380	98,377
Interim Finance and IT Director 2017 and to 30/9/17/Permanent Finance and IT Director from 1/10/17*	90,495	85,626

*the interim FD was part time until 30th September and payment was made to a third party for his services. He became a full time member of staff from 1st October 2017.

As members of the Social Housing Pension Scheme, the pension entitlement of the directors is identical to those of other members. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

Emoluments paid during the year to Board members amounted to £44,582 (2017: £42,077). Expenses paid during the year to Board members amounted to £1,798 (2017: £2,540).

The Chair of the Board received remuneration of £9,167 to March 2018 (2017: £8,428). Chairs of the Audit & Risk, Operations and Governance & Remuneration Committees each received £5,833 to March 2018 (2017: £5,222). Other Board Members received £3,585 to March 2018 (2017: £3,296).

The remuneration paid to staff (including executive management) earning over £60,000 upwards:

	2018 Number	2017 Number
£60,000-£69,999	3	1
£70,000-£79,999	-	1
£80,000-£89,999	-	1
£90,000-£99,999	2	1
£100,000-£109,999	-	-
£120,000-£129,999	1	1

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

13 Fixed asset investments

Group and Association

	2018	2017
	£'000	£'000
Other investments – THFC ISRF restricted access account	1,048	1,055
Other investments – AHF ISRF restricted access account	542	386
THFC Trustees sinking fund account	57	57
	<hr/>	<hr/>
Net book value at 31 March 2018	1,647	1,498
	<hr/>	<hr/>

Other fixed asset investments

Other fixed asset investment - THFC, represents £717,550 of Gilt holdings, UKT 4.25% due 2039, acquired on 22 September 2009 and on 20 January 2011.

The THFC loan agreement requires a minimum of £717,550 to be held in an Interest Service Reserve Fund (ISRF), and as a result the investment has restricted access. Gilts were acquired to hold in the Interest Service Reserve Fund and are carried in the financial statements at market value. The market value of the gilt holdings at 31 March 2018 was £1,047,758 and in addition there was accrued interest of £1,992. [March 2017: Market value of the gilt holdings £1,054,655 and there was accrued interest of £1,992].

An AHF Loan was completed in October 2016 and in line with the terms of the loan, a minimum of £289,300 is required to be held in an Interest Service Reserve Fund. Gilts were acquired on 25 October 2016 and on 5th December 2016. A further tranche of the AHF Loan was completed in September 2017 and in line with the terms of the loan, a minimum of £144,650 is also required to be held in an Interest Service Reserve Fund. Gilt holdings 4.5% due 2042 were acquired and added to the original purchase for Tranche 1, a combined value of £433,950 carried in the financial statements at market value. The market value of these gilt holdings at 31 March 2018 was £420,849 with additional cash held of £120,740 and there was accrued interest of £3,805. [March 2017: Market value of the gilt holdings £281,102, cash held £104,740].

A sinking fund was set up during 2015-16, as a result of a right to acquire on a property held as security by THFC.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

14 Tangible fixed assets - Housing properties

Group	General needs Completed £'000	Non-social housing Completed £'000	General needs Under construction £'000	Shared ownership Completed £'000	Shared ownership under Construction £'000	Total £'000
<i>Cost or valuation</i>						
At 1 April 2017	196,151	2,164	2,357	8,743	472	209,887
Additions:						
- construction costs	6,943	-	3,155	4,481	1,851	16,430
- replaced components	2,542	4	-	-	-	2,546
Reclassification of properties	-	-	29	-	(29)	-
Completed schemes	921	-	(921)	243	(243)	-
Disposals:						
- properties	(534)	-	-	(375)	-	(909)
- replaced components	(511)	(5)	-	-	-	(516)
At 31 March 2018	<u>205,512</u>	<u>2,163</u>	<u>4,620</u>	<u>13,092</u>	<u>2,051</u>	<u>227,438</u>
<i>Depreciation</i>						
At 1 April 2017	32,479	319	-	611	-	33,409
Charge for the year	3,691	47	-	104	-	3,842
Eliminated on disposals:						
-properties	(68)	-	-	(22)	-	(90)
-replaced components	(431)	(5)	-	-	-	(436)
At 31 March 2018	<u>35,671</u>	<u>361</u>	<u>-</u>	<u>693</u>	<u>-</u>	<u>36,725</u>
<i>Net book value</i>						
At 31 March 2018	<u>169,841</u>	<u>1,802</u>	<u>4,620</u>	<u>12,399</u>	<u>2,051</u>	<u>190,713</u>
At 31 March 2017	<u>163,672</u>	<u>1,845</u>	<u>2,357</u>	<u>8,132</u>	<u>472</u>	<u>176,478</u>

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

14 Tangible fixed assets - Housing properties (*continued*)

Association	General needs Completed £'000	Non-social housing Completed £'000	General needs Under construction £'000	Shared ownership Completed £'000	Shared ownership Under construction £'000	Total £'000
<i>Cost or valuation</i>						
At 1 April 2017	196,304	2,164	2,371	8,745	472	210,056
Additions:						
- construction costs	7,001	-	3,249	4,481	1,851	16,582
- replaced components	2,542	4	-	-	-	2,546
Reclassification of properties	-	-	29	-	(29)	-
Completed schemes	921	-	(921)	243	(243)	-
Disposals:						
- properties	(534)	-	-	(375)	-	(909)
- replaced components	(511)	(5)	-	-	-	(516)
At 31 March 2018	205,723	2,163	4,728	13,094	2,051	227,759
<i>Depreciation</i>						
At 1 April 2017	32,479	319	-	611	-	33,409
Charge for the year	3,691	47	-	104	-	3,842
Eliminated on disposals:						
-properties	(68)	-	-	(22)	-	(90)
-replaced components	(431)	(5)	-	-	-	(436)
At 31 March 2018	35,671	361	-	693	-	36,725
<i>Net book value</i>						
At 31 March 2018	170,052	1,802	4,728	12,401	2,051	191,034
At 31 March 2017	163,825	1,845	2,371	8,134	472	176,647

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 *(continued)*

14 Tangible fixed assets - Housing properties - *(continued)*

Group and Association	2018 £'000	2017 £'000
Improvements to existing properties capitalised	2,546	2,079
Major repairs expenditure to statement of comprehensive income	631	697
	3,177	2,776

15 Tangible assets - other

Group and Association

	Land and buildings £'000	Fixtures, fittings, tools and equipment £'000	Computer equipment £'000	Motor vehicle £'000	Total £'000
<i>Cost</i>					
At 1 April 2017	1,683	151	1,190	-	3,024
Additions	-	12	221	-	233
Disposals	-	(1)	(1)	-	(2)
At 31 March 2018	1,683	162	1,410	-	3,255
<i>Depreciation</i>					
At 1 April 2017	564	146	869	-	1,579
Provision for the year	42	8	287	-	337
Disposals	-	(1)	-	-	(1)
At 31 March 2018	606	153	1,156	-	1,915
<i>Net book value</i>					
At 31 March 2018	1,077	9	254	-	1,340
At 31 March 2017	1,119	5	321	-	1,445

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

16 Investment properties

The group's larger investment properties were valued on 31 March 2016 at fair value, determined by an Independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual. At 31 March 2018, the fair value was determined via Director assessment based on market conditions/activity. Details on the assumptions made and the key sources of estimation under certainty are given in note 2 and 3.

The surplus on revaluation of investment property arising in the year is nil (2017 - £0)

A revaluation reserve of £2,526k was created when the properties were uplifted to a valuation basis as at 1 April 2014 upon transition to FRS102.

Movement on the investment properties is as follows:

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Value as at 1 April	5,537	5,537	5,537	5,537
Revaluation (through Statement of Comprehensive income)	-	-	-	-
Value as at 31 March	5,537	5,537	5,537	5,537

17 Investment in subsidiary

As required by statute, the financial statements consolidate the results of Leeds Federated Property Services Limited (LFPS), which was a subsidiary of the Association at the end of the year. The Association has the right to appoint members to the board of the subsidiary and thereby exercises control over it. Leeds Federated Property Services Limited is a non-regulated company.

Leeds Federated Housing Association is the ultimate parent undertaking. LFPS is a wholly owned subsidiary of the association with a carrying value of £2 (2017: £2) and the principal activity of the company is the provision of design and build projects within the social housing sector.

During the year the Association had the following intra-group transactions with Leeds Federated Property Services Limited, a non-regulated entity:

	2018 £'000	2017 £'000	Allocation basis
Management services	134	57	Percentage of turnover
Staffing costs recharge	12	10	Administration time
Gift aid income received	83	51	

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

18 Debtors

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Rent and service charge arrears	991	1,352	991	1,352
Less: Provision for doubtful debts	(575)	(856)	(575)	(856)
	416	496	416	496
Other debtors	118	95	118	95
Amounts owed by group undertakings	-	-	-	53
Taxation & Social Security	43	2	28	-
Prepayments and accrued income	635	244	635	244
	1,212	837	1,197	888

19 Current assets investments

Group and Association	2018 £'000	2017 £'000
Listed investments - restricted access accounts	-	-

The Association holds 1 share, at a nominal value of £1, in Procurement For All Limited, representing a 16.67% shareholding.

The carrying value of these investments at 31 March 2018 is £1 (2017 - £1). The assets and liabilities of these investment entities are not material to the Association or the Group Financial Statements.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

20 Other Current Assets – Loans receivable

Group and Association	2018 £'000	2017 £'000
Loans receivable	-	11,421

At 31st March, the Group had drawn a £10m loan with AHF which was invested until security was in place and hence was classed as a receivable at 31 March 2017. The loan was drawn at a 2.89% coupon rate, with an effective rate of 1.983% thereby generating a premium on issue of £1,885k. After fees were paid, £11,801k gross proceeds were invested. Of this £289k was transferred into an interest reserve fund (see note 13 Fixed asset investments), and £11,512k into this account. The value of which after £100k was then transferred to the interest reserve fund at the year end was £11,412k, with accumulated interest of £9k, resulting in a balance at 31st March 2017 of £11,421k. This balance was released into available cash when the security was finalised during the year.

21 Creditors: amounts falling due within one year

	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Trade creditors	303	597	277	595
Loans (note 27)	2,483	2,329	2,483	2,329
Rent and service charges received in advance	493	444	493	444
Recycled capital grant fund (note 25)	94	-	94	-
Disposal proceeds fund (note 26)	74	-	74	-
Contractors for capital work and retentions	147	7	147	7
Loan interest	601	460	601	460
Taxation and social security	95	98	95	98
Loan premium on AHF/ THFC drawdowns	93	93	93	93
Other creditors	1,710	1,498	1,710	1,498
Inter-group creditor	-	-	160	208
Accruals and deferred income	887	980	765	777
	6,980	6,506	6,992	6,509

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

22 Creditors: amounts falling due after more than one year

Group and Association	2018 £'000	2017 £'000
Loans (note 27)	46,367	43,955
Recycled capital grant fund (note 25)	301	173
Disposal proceeds fund (note 26)	43	117
Loan premium on AHF and THFC drawdowns	3,060	2,335
Deferred income – Capital Grants/other subsidy (note 23)	102,580	104,278
	152,351	150,858
Pension deficit liability (note 11)	3,275	3,750
	155,626	154,608

23 Deferred income – Capital Grants/other subsidy

Group and Association	2018 £'000	2017 £'000
Total Social Housing Grant (SHG) received as at 31 March	101,682	101,452
Total SHG amortisation	(11,042)	(9,362)
	90,640	92,090
Total Other subsidies received as at 31 March	13,333	13,353
Total Other subsidies amortisation	(1,393)	(1,165)
	11,940	12,188
Total Deferred Capital Grant/ other subsidies	102,580	104,278

24 Deferred Capital Grant

Group and Association	2018 £'000	2017 £'000
At 1 April	101,452	100,389
Grant received during the year	569	569
Grant recycled to Recycled capital grant fund (RCGF)	(257)	(43)
Grant recycled to Disposal proceeds fund (DPF)	-	(42)
Grant recycled from Recycled capital grant fund (RCGF)	35	477
Grant recycled from Disposal proceeds fund (DPF)	-	110
Released to income during the year	(117)	(8)
At 31 March	101,682	101,452

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2018 (*continued*)

25 Recycled Capital Grant Fund

Group and Association	2018 £'000	2017 £'000
At 1 April 2017	173	604
Inputs to fund:		
- grants recycled	257	43
Recycling of grant:		
- purchase of properties	-	(444)
- new build	(35)	(33)
- approved works to existing housing properties (2017 release of retention)	-	3
	<hr/>	<hr/>
Balance at 31 March 2018	395	173
	<hr/>	<hr/>
Amounts 3 years or older	-	-
	<hr/>	<hr/>

Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting.

26 Disposals Proceeds Fund

Group and Association	2018 £'000	2017 £'000
At 1 April 2017	117	185
Inputs to fund	-	42
- grants recycled		
Recycling of grant		
- approved works to existing housing properties	-	(110)
	<hr/>	<hr/>
Balance at 31 March 2018	117	117
	<hr/>	<hr/>

27 Loans analysis

Maturity of debt:	Loans and Overdrafts	Loans and overdrafts
	2018 £'000	2017 £'000
Group and Association		
In one year or less, or on demand	2,483	2,329
In more than one year but not more than two years	3,258	2,471
In more than two years but not more than five years	10,327	10,166
In more than five years	32,782	31,318
	<hr/>	<hr/>
Total loans net of financing costs	48,850	46,284
	<hr/>	<hr/>

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (*continued*)

27 Loans analysis (continued)

Group and Association	2018 £'000	2017 £'000
Due within one year:		
Banks	2,483	2,329
Building society	-	-
	<u>2,483</u>	<u>2,329</u>
Due after more than one year:		
Banks	18,392	20,900
THFC	13,149	13,142
AHF	14,826	9,913
	<u>46,367</u>	<u>43,955</u>

Loans are shown net of financing costs of £507,000 (2017 - £491,000) which will be released over the period of the loans.

The loans from the Banks and the Building Society are secured by fixed charges on individual properties.

The loans from The Housing Finance Corporation (THFC) are secured by fixed charges on individual properties and are repayable on an interest-only basis during the term of the loans at fixed rates of interest ranging from 6.35% to 11.5%. The remaining principal sums fall to be repaid in 2023 and 2039.

A £15m facility was completed with AHF in October 2016. An initial £10m loan was drawn at a 2.89% coupon rate, with an effective rate of 1.983% and a further £5m loan was drawn in September 2017 at the same coupon rate with an effective rate of 2.073%. Both are repayable in August 2043.

The loans from the Co-operative bank and Dexia are repayable quarterly over terms of 25 years at fixed and variable rates of interest ranging from 3.3% to 8.7%. The principal sums fall to be repaid in the period 2004 to 2024.

There were no drawdowns in the financial year on the £12m, 10 year facility, with a 5 year revolver, with Santander UK plc. The £2.25m previously drawn down was forward fixed from April 2016 at 1.334% for 7 years 10 months with a 2% margin. Repayments are to be made from year 6 (February 2020) at £600k per annum with a final bullet repayment in February 2024. There were no additional drawdowns on this facility at the year end, all loans drawn during the year having been revolved.

A second tranche of £10m was secured with Santander UK plc in December 2015. This facility has a 5 year drawdown revolver. Repayments are to be made from year 5, commencing February 2021 at £400k per annum with a final bullet repayment in February 2024. There were no drawdowns on this facility at the year end. Santander UK plc was previously known as Abbey National Treasury Services.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

28 Financial Instruments

Financial assets	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Financial assets that are debt instruments measured at amortised cost	6,014	13,069	6,007	13,075
	6,014	13,069	6,007	13,075
Financial liabilities	Group 2018 £'000	Group 2017 £'000	Association 2018 £'000	Association 2017 £'000
Financial liabilities measured at amortised cost	159,548	158,686	159,560	158,788
	159,548	158,686	159,560	158,788

Financial assets measured at amortised cost comprise cash at bank and in hand and debtors excluding prepayments and taxation and social security.

Financial liabilities measured at amortised cost comprise creditors excluding loan premium.

29 Share capital

	2018 £	2017 £
At 1 April	25	26
Shares issued in the year	1	-
Shares cancelled in the year	-	(1)
At 31 March	26	25

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

30 Financial commitments

	2018 £'000	2017 £'000
Group and Association		
Capital commitments		
Capital expenditure commitments are as follows:		
Commitments contracted but not provided for in the accounts	15,199	10,397
Commitments approved by the board but not contracted for	7,286	20,976
	<u>22,485</u>	<u>31,373</u>

The 2018 capital commitments contracted but not provided for, relate to various section 106 units and the remaining builds under the AHP programme at Newhall Gate.

The capital commitments approved but not contracted are other section 106 agreements which did not have contracts signed at 31 March 18 and builds under the SOAHP 16/21 programme.

This commitment will be funded by recycled capital grant, social housing grant and internal funds.

Operating leases

The payments which the Association is committed to make under operating leases are as follows:

	Land and buildings 2018 £'000	Other 2018 £'000	Land and buildings 2017 £'000	Other 2017 £'000
Operating leases which expire:				
Within one year	-	20	-	40
In one to five years	-	56	-	15
Over five years	-	-	-	2
	<u>Nil</u>	<u>76</u>	<u>Nil</u>	<u>57</u>

31 Contingent liabilities

The group and association had no contingent liabilities at 31 March 2018 (2017 - £Nil).

Leeds Federated Housing Association Limited

Notes forming part of the financial statements for the year ended 31 March 2018 (continued)

32 Related parties

The group has taken advantage of the exemption conferred by FRS 102, not to disclose party transactions with other group entities.

The Board includes two tenant members: Chris Adams (Shared ownership) and Sue Howlett who hold tenancy agreements on normal terms and cannot use their position to their advantage. The rent charged for the year was:

		Rent charged weekly for 2017-18	Rent charged weekly for 2016-17	Balance as at 31.3.18	Balance as at 31.3.17
Tenant Board Member	change in status	£	£	£	£
Kingsley Iball	To Sept 2017	£87	£87	-£377	-£529
Sue Howlett		£79	£80	-£243	-£243
Chris Adams	From Sept 2017	£197	n/a	0	n/a

All rounded to the nearest pound. '-ve' = credit balance

33 Legislative provisions

The association is incorporated under the Co-Operative and Community Benefit Act 2014 and is a Registered Provider of Social Housing registered with the Homes England under the Housing and Regeneration Act 2008.