Leeds Federated Housing Association Limited

Report and Financial Statements

Year Ended

31 March 2019

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 2019

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Leeds Federated Housing Association Limited

Board Members, Executive Directors and advisors for the year ended 31 March 2019

Board Members

Stuart Whyte (Chair)	Appointed Chair 06.09.2018
Claire Stone	
Jeadon Green	Appointed 06.09.2018
Kim Brear	Appointed 06.09.2018
Martin Warhurst	
Robin Machell	
Shaid Mahmood	
Sue Howlett	
Chris Adams	Resigned 31.10.2018
Helen Jaggar (former Chair)	Resigned 06.09.2018
John Williams	Resigned 06.09.2018

Executive Directors

Matthew Walker	Chief Executive
Stephen Blundell	Director of Operations
Jason Ridley	Director of Finance and IT

Secretary

Megan Henderson	Appointed 01.07.19

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 2019

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 2019. 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 4,304 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 8 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.

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.

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 Plan Goal	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.

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 Audit & Risk 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 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 Committee and Board enable risk performance to be monitored and challenged.

Risk management is considered at every Board meeting, both within each individual paper and taking the whole pack into account at the end of each meeting.

An internal audit was undertaken on the Risk Management in November 2018 which gave a score of B1 (Design of controls: substantial assurance, Operation of controls: full assurance).

Value for Money Statement 2019/20

Leeds Federated

Leeds Federated
Value for Money Statement 2018/19

A version can be found on our website:

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

1 Summary

2018/19 was the third year of a Corporate Plan covering the period 2016 – 2022, reflecting a set of corporate priorities with a sharper focus on the need to deliver growth. Through the 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 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.

The Association has continued to progress 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.

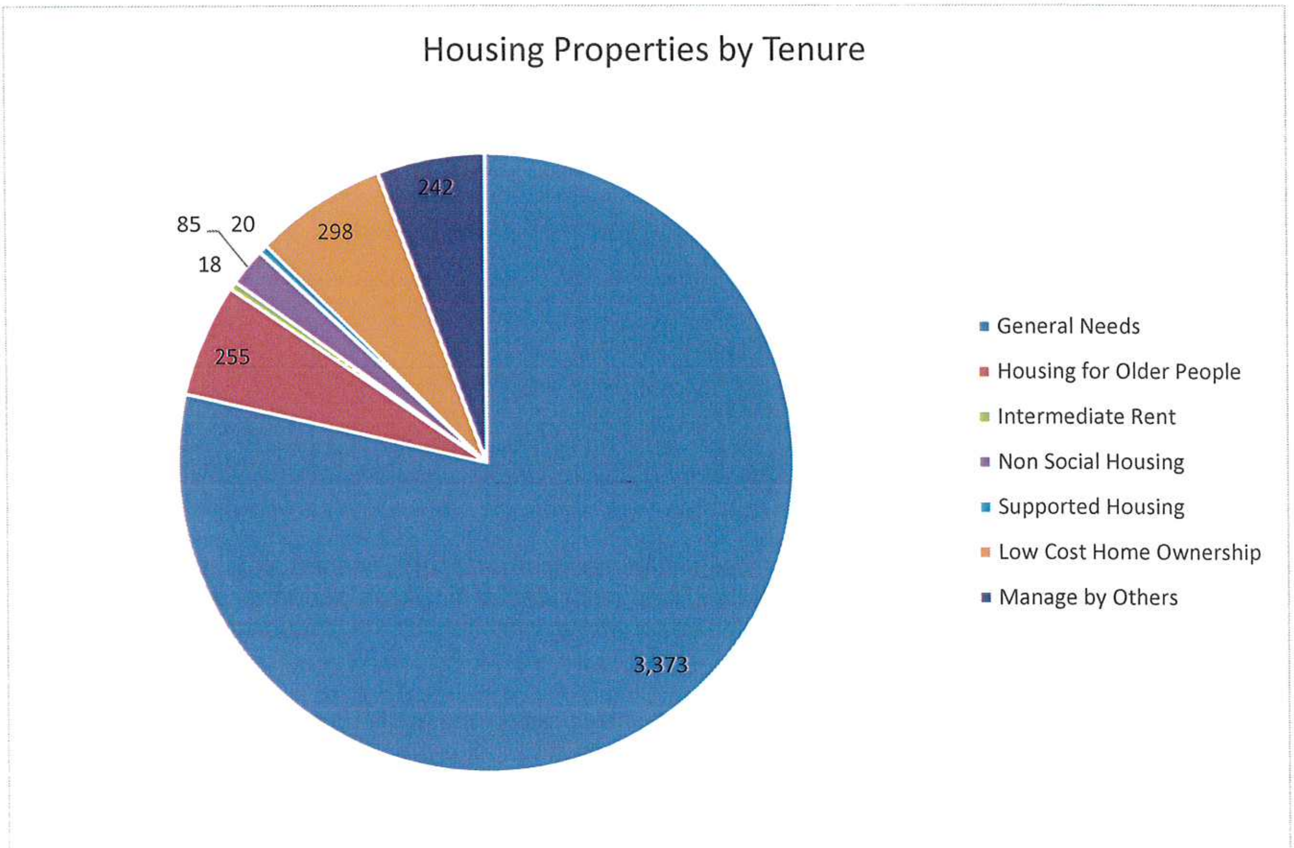
A headline aim of the Vision 21 Programme is to deliver ongoing efficiencies in the form of a 5% reduction in operating costs, an annual saving of around £650k per annum from 2021. Staff from across the business are actively engaged in the Vision 21 work and the voice of the customer is a key aspect 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.

2 Key Statistics

• Housing Properties by Tenure

The following chart shows Leeds Federated's housing stock by category in 2018/19, a total of 4,304 units/ bedspaces[1] of which 85 units are non-social housing and 242 are managed by others. During the year housing stock increased in total by 135 lettable units.

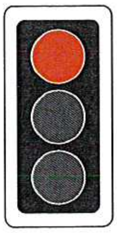


[1] – unit of measurement per the HCA definition is a bedspace or unit which is lettable.

Key Performance Indicators

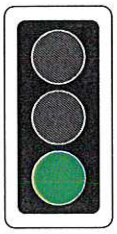
Measuring Performance

Key Performance Indicators are a series of targets measured by traffic light system:



Red
Target Not Achieved

Amber
Target Partially Achieved



Green
Target Fully Achieved

Performance is tracked and reported using a Balanced Scorecard System

The results are regularly reviewed by staff, customers and by the Association's Board:

- every month by the organisation's Leadership Team
- every quarter by the Challenger Panel, made up of Leeds Federated customers
- every quarter by the Operations Committee
- at each full Board meeting

A major review of the performance scorecard was undertaken for the 2018/19 financial year to further improve our ability to understand and respond to trends in key measures of business performance. As part of this review, the seven standard metrics relating to Value for Money specified by the Regulator of Social Housing were integrated into the scorecard.

The following table analyses some of the performance indicators for the 2018/19 year. The Value for Money self-assessment (pages 10-13) analyses some other performance indicators, as well as giving a summary on overall BSC performance for 2018/19.

Value for Money Statement
for the year ended 31 March 2019 *(continued)*

Objective	KPI	Target	Outcome
Customer Satisfaction	Overall customer satisfaction with Leeds Federated's services	Minimum of 80% of customers 'satisfied' or 'very satisfied'	86.7% 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 83% of customers 'satisfied' or 'very satisfied' that their rent offers value for money	85.0% of Leeds Federated customers were either 'satisfied' or 'very satisfied' that their rent offers value for money.
Repairs	Appointments Made and Kept	Minimum of 90% of responsive repairs appointments made and kept	97.8% of responsive repairs appointments were made and kept, contributing to high levels of customer satisfaction and the efficient use of resources.
	Customer Satisfaction with individual repair jobs	Minimum of 85% customer satisfaction with the quality of individual repair jobs	Customer satisfaction with individual repair jobs was 90.2% at the end of the year
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	99.66% 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 5.45% or less	Social housing rent arrears at 5.91% at the end of the financial year. This includes £128k of arrears from housing co-ops 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 4.41%
	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 1.17% of rent roll

Objective	KPI	Target	Outcome
Development	Successful delivery of our new homes programme	Hand over 226 units during the year	171 units handed over
	Achievement of sales targets for shared ownership homes	Achieve average sale proportion of 40% at first tranche for homes outside North Yorkshire and 25% for homes in North Yorkshire	Average all first tranche sales proportion 38%* Average in Harrogate 35% (appraised at 25%) Average in Leeds– 40% (appraised at 40%)

- **How We Compare**

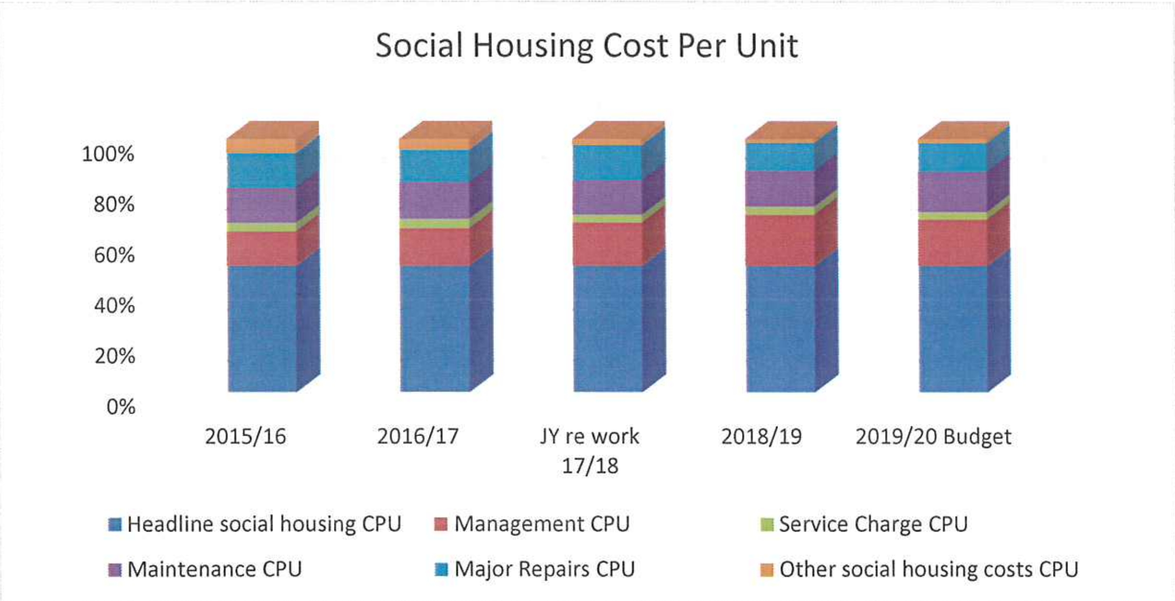
Leeds Federated has continued to deliver strong performance in achieving good value for money when compared to the social housing sector nationally.

Particularly when considered in relation to our regional peers, the organisation is delivering strong levels of reinvestment and new social housing supply, and demonstrating efficient use of financial capacity

	Leeds Federated		Global Accounts Data 2018
Sector VfM Metric	**2017/18**	**2018/19**	**Sector Median 2017/18**
(1) Reinvestment %	10.60%	6.10%	8.00%
(2a) New supply % (SH)	3.80%	3.97%	1.52%
(2b) New supply % (NSH)	0%[2]	0%[2]	1.20%
(3) Gearing at cost %	25.60%	24.40%	42.70%
(4) EBITDA-MRI %	320%	340%	217.10%
(5) SH cost per unit	£2,980	£3,010	£3,674
(6a) Op Margin (SH) %	34.90%	36.30%	34.50%
(6b) Op Margin (overall) %	32.70%	25.70%[4]	33.30%
(7) ROCE %	4.31%	3.80%	4.60%

2 – Leeds Federated does have current plans to develop new non-social housing
3 – an average of the Y&H, NE, NW and Midlands median figures
4 - reduction in operating margin (overall) as a result of budgeted expenditure on the refurbishment of student accommodation, additional depreciation costs relating to the planned closure and redevelopment of the Association's offices, and additional costs arising from enhancements to some cyclical maintenance programmes.

		Global Accounts Data 2018				
Sector VfM Metric	**LFHA 2018/19**	**Regional Median[3]**	**Yorks & Humbs**	**North East**	**North West**	**Midlands**
(1) Reinvestment %	6.10%	6.15%	4.30%	6.20%	7.20%	6.90%
(2a) New supply % (SH)	3.97%	2.77%	1.69%	7.00%	0.09%	2.30%
(2b) New supply % (NSH)	0%[2]	0.85%	0%	0%	1%	2%
(3) Gearing at cost %	24.40%	41.28%	41.40%	38.60%	40.70%	44.40%
(4) EBITDA-MRI %	340%	222.6%	183%	265%	224%	219%
(5) SH cost per unit	£3,010	3160.33	£3,338	£2,976	£3,167	£3,242
(6a) Op Margin (SH) %	36.30%	31.85%	32.90%	30.20%	28.50%	35.80%
(6b) Op Margin (overall) %	25.70%	33.30%	31.20%	27.30%	23.80%	31.70%
(7) ROCE %	3.80%	4.93%	3.60%	6.00%	5.30%	4.80%

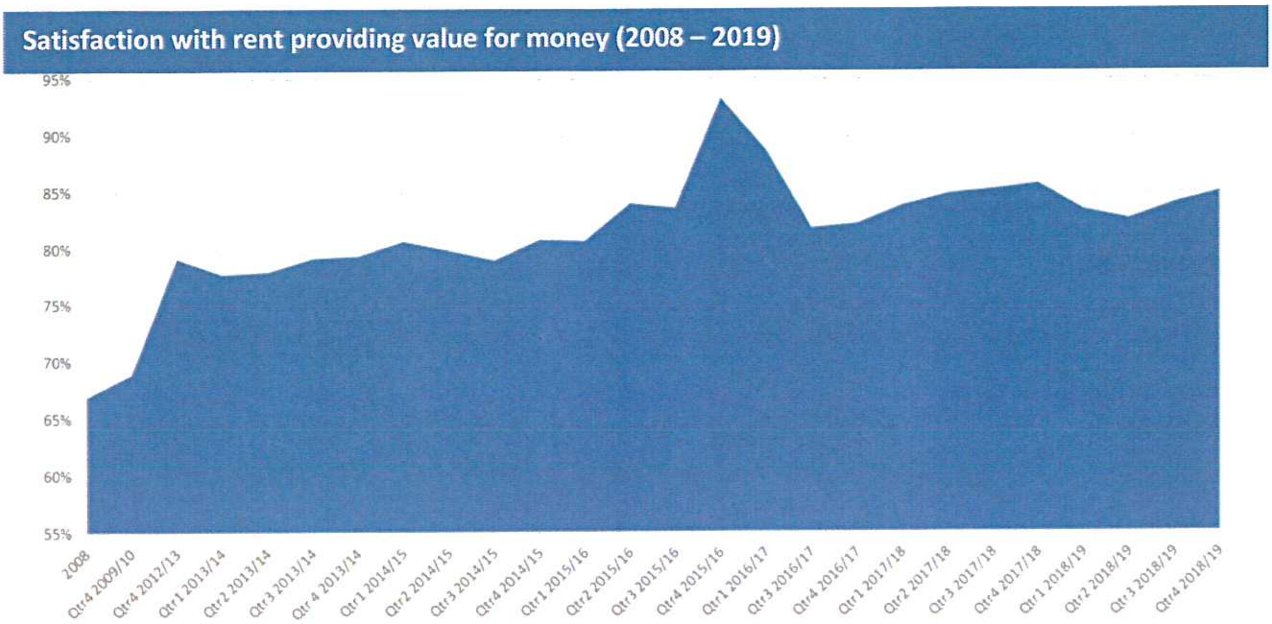


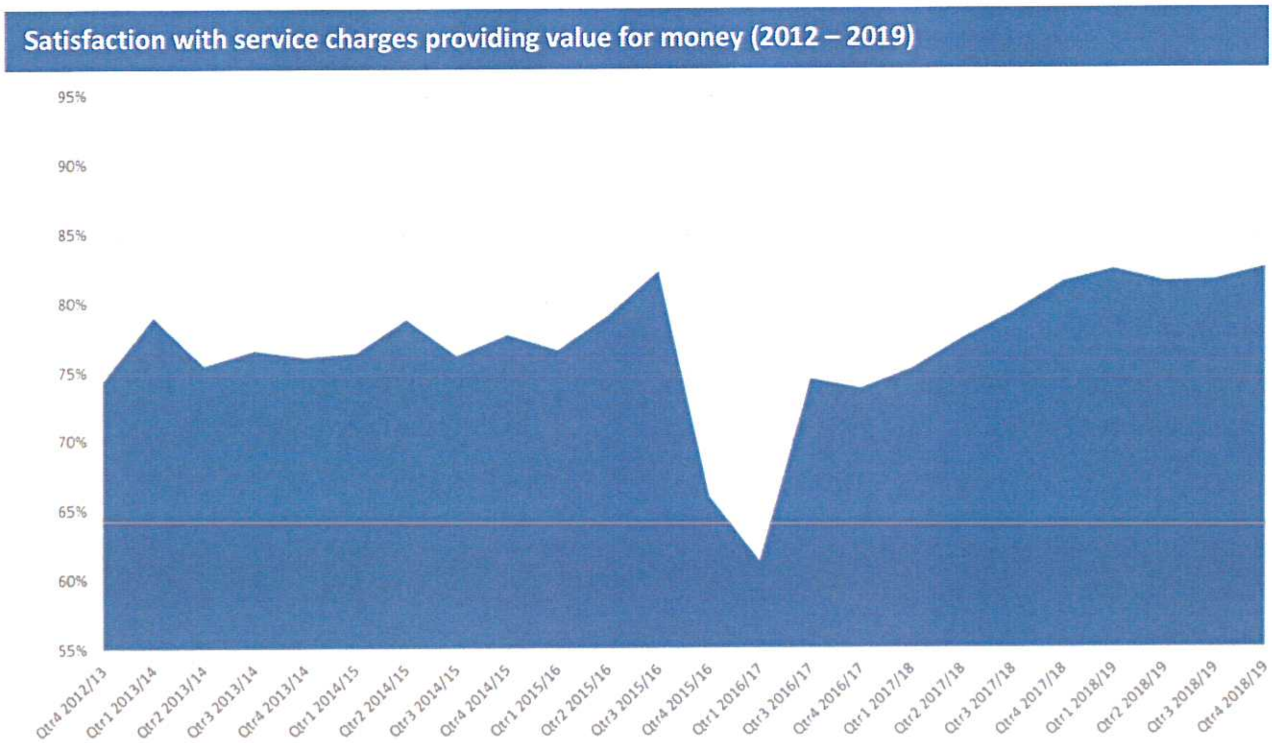
4 Customer Perceptions

• Measuring Performance

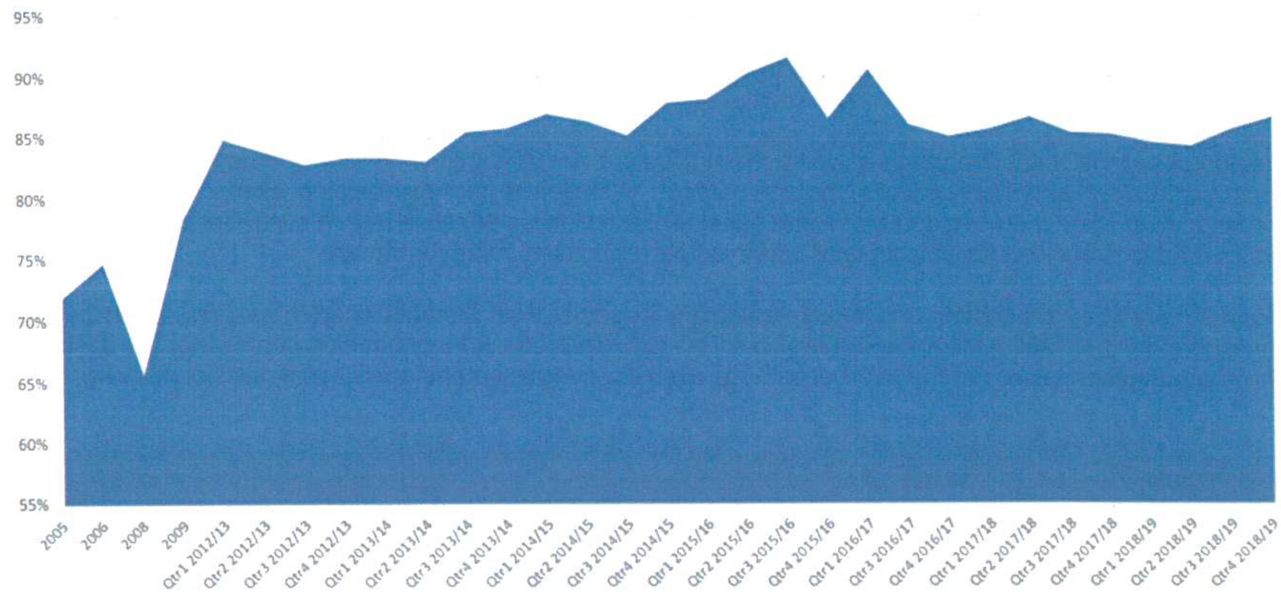
Customer perception data is collected on a rolling basis, with a minimum of 600 customers participating in the survey annually. This approach has been in operation for many years allowing a useful longitudinal analysis of performance. Leeds Federated has continued to use the National Housing Federation's STAR methodology, which enables straightforward comparison with other organisations in the sector.

Figure 20: Satisfaction with rent providing value for money, 2008 to Qtr 4, 2018/19





Satisfaction with overall service (2005 – 2019)



• How We Compare

Our customer perception data for 2018/19 has been compared with that of other providers subscribing to HouseMark[2]. This shows that our results fall into a range of quartiles, although the majority of results are above the median.

Satisfaction with services	Upper Quartile	Median	Lower Quartile	Number in HouseMark Sample	Leeds Federated GN Qtr 4 2018/19	Ranking
Overall satisfaction	89.08	87.25	81.15	66	87.4	2nd quartile
The home	87.50	85.00	81.00	61	84.4	3rd quartile
The neighbourhood	87.00	84.90	82.08	62	77.9	4th quartile
Repairs and maintenance	84.20	79.00	72.00	63	81.9	2nd quartile
Listening to views and acting upon them	78.40	71.80	64.20	61	72.6	2nd quartile
Value for money of rent	88.03	86.15	82.00	64	85.9	3rd quartile
Value for money of service charge	73.35	66.60	62.20	43	84.3	1st quartile

2 – peer comparison relates to general needs customers

• Making Improvements

Our customer Challenger Panel continues to consider and scrutinise customer satisfaction data on a quarterly basis.

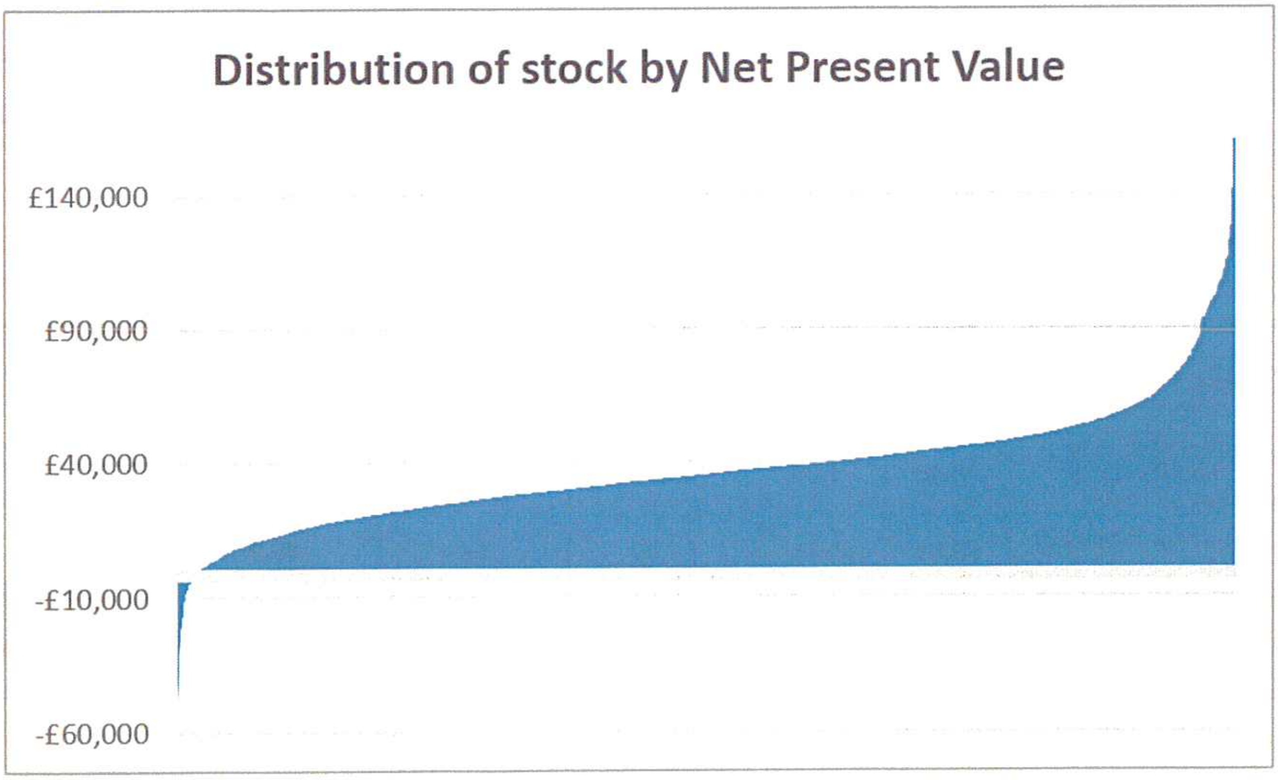
As part of our Vision 21 Programme, we have involved our customers in extensive work to review and improve the way we deliver services, through a series of 'customer journey mapping' exercises. These are intended to support the development of processes which are more effective from a customer perspective and which lead to enhanced satisfaction and improved perceptions of value for money.

We are committed to adopting and implementing the 'Together With Tenants' charter that is currently being developed by the National Housing Federation. This will reinforce our long standing commitment to ensuring that the customer voice is at the heart of our approach to governance and operational decision making.

5 Asset Performance

• Measuring Performance

Our Asset Return Model is used to measure the performance of our assets and to track progress over time. The overwhelming majority of our stock performs well, and wsing the Asset Return Model we have tracked the performance of our assets over time. Performance has been improving as a result of interventions to address underperforming housing stock combined with an increase in high quality homes as a result of our expanded development programme.



The Performance of our Assets is Improving

We are achieving year on year improvements in value for money as a result of:

- targeted interventions and option appraisals to address underperforming stock
- the development of an average of 150 high quality new homes each year
- continued planned investment in our homes to maintain them in good condition

Year	All Stock Average NPV per unit	Trend
2015/16	£31,059.81	↑
2016/17	£35,501.54	↑
2017/18	£36,672.04	↑
2018/19	£37,785.15	↑

Making Improvements

During 2018/19 a number of option appraisals were carried out with a range of recommendations made and implemented with the aim of improving the performance of the Association's asset base. These have included:

- a full option appraisal of the Association's main office building, resulting in a decision to convert office accommodation to residential use and dispose of surplus land
- decisions to dispose of various underperforming housing properties
- consideration of more sustainable alternative uses for underperforming housing stock

The aim in all cases is to maximise value for money by making the best use of resources in the form of the assets themselves, and also to make best use of our housing management and maintenance resources.

In 2019/20 we plan to:

- Invest £19m in the delivery of a total of 178 new homes, comprising a mixture of shared ownership and housing for social and affordable rent
- Invest £5.7m in improving the condition of our existing homes and ensuring continued compliance with the Home Standard
- Continue to operate the Asset Return Model, evaluating the performance of our assets and determining the best approach to delivering improvements in Value for Money

6 Vision 21

Through successive iterations of its business plan Leeds Federated has successfully and significantly reduced its social housing cost per unit.

The association will continue to drive cost savings as well as increase efficiency and effectiveness of its activities through the implementation of its Vision 21 programme. A key target is to maintain our social housing cost per unit between the anticipated median and upper quartile positions.

Vision 21 is a comprehensive organisational change programme aimed at securing long term improvements in value for money. The targeted savings generated through Vision 21 will further improve on social housing cost per unit and enable us to sustain performance at a level below £3,000 which we expect will place Leeds Fed between upper and median quartile performance and which we consider appropriate for an association of our size, location, stock condition and customer base.

• Realising The Benefits

As the Vision 21 Programme progresses, we are quantifying the delivery of value for money gains in our Benefits Realisation Plan. As these are confirmed and agreed, they will be added into successive iterations of our business plan.

At the present time, the Benefits Realisation Plan documents over 100 individual value for money improvements across the three categories of Economy, Efficiency and Effectiveness.

The value for money improvements are drawn directly from the detailed project planning that underpins the key vision 21 work streams:

• Delivering The Offer

A comprehensive review of our approach to delivering customer-facing services which is being carried out in close consultation with customers and staff. This project includes extensive customer journey mapping intended to ensure that our processes meet customer needs as effectively as possible, along with reviews of internal processes to maximise efficiency, economy and effectiveness.

It is anticipated that improvements in processes will deliver efficiencies in service delivery meaning that there will be capacity to manage new homes without a proportional increase in housing management staffing costs. In addition, more efficient processes which better meet customer needs will provide the opportunity for resources to be used more effectively to support those customers that require additional help to sustain their tenancies which in turn will contribute to reducing operating costs. It is anticipated that more streamlined processes and greater clarity on the service offer which has been established as a result of Customer Journey Mapping and Business Process Mapping will contribute towards developing a more productive and motivated staff team and this should ultimately improve overall customer satisfaction with Leeds Federated as a landlord.

- **Digital World**

The development of new IT systems to support the delivery of services. Our new systems are being designed to improve efficiency and effectiveness by supporting more agile ways of working and by reducing the need for resource-intensive manual administration.

- **Repairs Reimagined**

A full review of our approach to delivering responsive, planned, and cyclical maintenance with the aim of maximising the value for money obtained from our expenditure in this business area.

In 2019/20 we are conducting a full review and option appraisal of our approach to the delivery of repair and maintenance services, including consideration of the potential business benefits of increasing the range of services delivered in house.

- **Payments and Charging**

A review of our approach to billing and collecting rents and other charges applicable to customers, combined with a major upgrade to finance systems to support improved ways of working across all business areas.

- **Growth**

The Growth agenda will deliver value for money gains primarily through adding financially viable, energy efficient and good quality homes to the Association's stock, benefiting both customers and the Association. New IT systems supporting the development programme and scheme management processes will improve the accessibility and visibility of information and reduce admin time.

Innovation 'pilots' are underway to evaluate the use of new technologies in the management and maintenance of our housing stock, generating value for both the customer and the Association.

- **Business Process Mapping**

A comprehensive review of our core business processes has been carried out and future processes have been designed to eliminate waste and to maximise efficiency, economy and effectiveness. The findings from this activity will directly inform the design of our new Housing, Finance and Development Systems.

- **The Way We Work**

The Vision 21 Programme includes extensive work to improve our systems and processes, but we are also mindful of the vital role of organisational culture and working practices in ensuring long term success.

'The Way We Work' is a project area focussing on how we maximise the benefits of new flexible and agile working practices. It is guiding and supporting the transition from a traditional, centralised approach to a more geographically dispersed working model, and ensuring that corporate systems are in place to support this.

7 Value for Money Standard

Leeds Federated has assessed its performance against the requirements laid out in the Regulator of Social Housing's Value for Money Standard. Leeds Federated has judged itself to be compliant with these requirements.

1.1 Registered providers must:

a. clearly articulate their strategic objectives

b. have an approach agreed by their board to achieving value for money in meeting these objectives and demonstrate their delivery of value for money to stakeholders

c. through their strategic objectives, articulate their strategy for delivering homes that meet a range of needs

d. ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of their strategic objectives.

- Our strategic objectives are articulated in the Corporate Plan, through the three core strategies of 'Sustain', 'Innovate', and 'Grow'.
- We have an approach agreed by the Board to achieving Value for Money in meeting these strategic objectives. This is primarily embedded in those strategies, however a separate Value for Money Policy exists which has been approved by the Board.
- Our 'Grow' Strategy and Development Policy articulate our approach to delivering homes that meet a range of needs.
- Our VfM Policy sets out how we ensure that optimal benefit is derived from resources and assets and optimise economy, efficiency and effectiveness in the delivery of our strategic objectives.

2.1 Registered providers must demonstrate:

a. a robust approach to achieving value for money – this must include a robust approach to decision making and a rigorous appraisal of potential options for improving performance

b. regular and appropriate consideration by the board of potential value for money gains – this must include full consideration of costs and benefits of alternative commercial, organisational and delivery structures

c. consideration of value for money across their whole business and where they invest in non-social housing activity, they should consider whether this generates returns commensurate to the risk involved and justification where this is not the case

d. that they have appropriate targets in place for measuring performance in achieving value for money in delivering their strategic objectives, and that they regularly monitor and report their performance against these targets.

- A robust approach to achieving Value for Money is set out in our Value for Money Policy. We demonstrate this in ongoing business activity through option appraisals, business cases taken to Corporate Investment Group and to Board etc, and through the goals and projected business benefits of the Vision 21 Programme.

- The board regular considers potential value for money gains in the form of option appraisals and business cases for changes in operational activity, and through regular updates on the delivery of the Vision 21 programme.

- Consideration of value for money has been underaken in relation to non-social housing activity, with the board approving changes in our approach to student housing to maximise value and commercial returns.

- VfM performance is measured and recorded on a monthly basis through our balanced scorecard KPIs (Linked) and through our annual VfM statement

2.2 Registered providers must annually publish evidence in the statutory accounts to enable stakeholders to understand the provider's:

a. performance against its own value for money targets and any metrics set out by the regulator, and how that performance compares to peers

b. measurable plans to address any areas of underperformance, including clearly stating any areas where improvements would not be appropriate and the rationale for this.

- Evidence is published annually as part of the statutory accounts to detail performance against Value for Money targets and the metrics set out by the Regulator, along with any plans for improvement. At the present time, the Vision 21 Programme is our principal approach to achieving long term improvements in value and performance.

8 Value for Money Targets

The table below shows Leeds Federated's performance for 2018/19 and our headline targets for the following three years as currently contained in our business plan. Future targets do not include assumptions on the value for money gains that will accrue from the Vision 21 Programme. These will be added into the business plan once fully quantified and timetabled.

		VfM Targets		
Sector VfM Metric	**LFHA 2018/19**	**2019/20**	**2020/21**	**2021/22**
(1) Reinvestment %	6.10%	9.09%	6.74%	2.93%
(2a) New supply % (SH)	3.97%	4.36%	3.88%	1.49%
(2b) New supply % (NSH)	0%	0%	0%	0%
(3) Gearing at cost %	24.40%	28%	30%	30%
(4) EBITDA-MRI %	340%	272.00%	262.00%	267.00%
(5) SH cost per unit	£3,010	£3,428	£3,142	£3,088
(6a) Op Margin (SH) %	36.30%	17.86%	22.89%	26.12%
(6b) Op Margin (overall) %	25.70%	25.00%	27.67%	30.04%
(7) ROCE %	3.80%	3.14%	3.07%	3.37%

9 Concluding Statement

This document provides a review of Leeds Federated Housing Association's activities over the course of the 2018/19 financial year from a value for money perspective.

Leeds Federated believe that this report provides assurance of compliance with the requirements of the Regulator for Social Housing Value for Money Standard.

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 £2,111k (2018 - £6,179k), after accounting for the Social Housing Pension defined benefit scheme. 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 171 (2018: 155) new affordable homes during 2018/19. These new homes are 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 23.

The Group's statement of comprehensive income and statement of financial position for the year ended 31 March 2019 are included on pages 32 and 33.

Accounting policies

The Group's principal accounting policies are set out on pages 39 to 45 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 3,977 (2018 - 3,819). In addition there are 85 non-social bedspaces (2018:85) and 242 units managed by others (2018:265). The social housing properties were carried in the balance sheet at cost (after depreciation) of £197.2million (2018 - £190.7 million).

A small number of properties are classified as Investment Properties. They are carried in the balance sheet at market valuation of £6.8million (2018 - £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 £510k (2018:£221k) in its capitalised computer equipment on improvements to the mobile software Origin and the website, upgrading laptop computers to enable flexible working and hot desking, 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 2018 and can now be reported by employer. The disclosure note can be found on page 56-59.

Capital structure and treasury policy

The Group approved a new £10m facility with Santander in January 2019, which will form part of a £32m restated loan agreement. The additional funding will enable funds to be drawn by the Association and for on-lending of up to £5m to a joint venture and provide additional cash cover for future shared ownership sales.

Following repayments during the year, there was a reduction in borrowings of £0.6 million, from £48.8m to £48.2m (before financing costs are netted off), of which £2.6million 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 95.0 per cent of the Group's borrowings were at fixed rates of interest (2018 – 99.34 per cent).

The trend analysis on page 23 shows that gearing (total loans as a percentage of reserves plus capital grants), was 32.72% by 31 March 2019 (34% 2018). 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 38. The cash inflow from operating activities increased this year to £9,236k (2018 - £20,286k).There was a net decrease in cash for the year ended 31 March 2019 of £2,610k (2018- increase in cash £4,439k).

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 2019 budget to spend an estimated £17.2m during the next financial year to acquire/build further affordable homes for sale and rent. £14.0m of funding is for committed schemes and £10.1m 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.

155 new affordable homes are projected to be completed in 2019/20. The Association is forecasting to completed 127 shared ownership units within over the next 18 months.

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.

	2019 £'000	2018 £'000 restated	2017 £'000	2016 £'000	Restated 2015 £'000	2015 £'000
Group statement of comprehensive income						
Total turnover	26,015	23,414	21,983	23,020	22,191	20,231
Income from lettings	20,813	20,181	20,269	20,453	19,939	17,979
Operating surplus ***excluding other income and gains from 2018**	6,580	8,169	7,827	7,193	4,924	4,277
Surplus for the year transferred to reserves (after pension)	2,111	6,179	5,372	3,588	3,125	2,373
Group statement of financial position						
Housing properties, net of depreciation	197,191	190,713	176,478	174,068	173,362	181,749
Investment properties	6,830	5,537	5,537	5,537	5,442	-
Housing properties, net of depreciation and grants*1	204,021	196,250	182,015	179,605	178,804	67,223
Other fixed assets	1,051	1,340	1,445	1,578	1,723	1,723
Fixed assets, net of capital grants and depreciation*1	205,072	197,590	183,460	181,183	180,527	68,946
Fixed asset investments	1,795	1,647	1,498	1,043	1,005	1,005
Net current (liabilities)/ assets	(4,721)	(274)	6,808	(3,465)	(3,583)	(3,726)
Total assets less current liabilities	202,146	198,963	191,766	178,761	177,949	66,225
Loans (due over one year)	45,582	46,367	43,955	36,501	38,380	38,380
Other long term liabilities (includes SHG under FRS102 and pension liability)	111,116	109,259	110,653	110,474	111,371	885
Reserves:- revaluation	-	-	2,622	2,622	2,622	269
- revenue	45,448	43,337	34,536	29,164	25,576	26,691
*1 Pre FRS 102 restatement in 2015	202,146	198,963	191,766	178,761	177,949	66,225
Accommodation figures						
Total housing stock owned at year end (number of dwellings):						
Social housing owned	4,196	4,060	3,913**	3,823	3,780	3,780
Social housing leased	23	24	30	42	51	51
Non-social housing	85	85	85	85	85	85
*2 2017 restated to include definition of units and bedspaces per Regulator	**4,304**	**4,169**	**4,028**	**3,950**	**3,916**	**3,916**
Statistics						
Surplus for the year as % of turnover (after pension)	8.11%	26.39%	24.44%	15.59%	14.08%	11.73%
Surplus for the year as % of income from lettings (after pension)	10.14%	30.62%	26.50%	17.54%	15.67%	13.20%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.50%	3.09%	2.89%	2.59%	2.83%	2.83%
Interest cover	304.71%	375.00%	390.00%	349.00%	277.00%	278.00%
Gearing (total loans as % of capital grants plus reserves)	32.72%	34.00%	33.70%	30.30%	31.80%	32.40%
Total reserves per home	9,965	9,749	£9,294*	8,048	7,201	6,885

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 2019, 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 2018/19 in line with External Audit recommendations to only receive this after the External Auditor has reported its findings for the 2018/19 audit. The 2018/19 annual report of the Internal Auditor was received at the March 2019 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.

Compliance with Governance and Financial Viability Standard

The Board receive on an annual basis an assessment of compliance with the RSH's regulatory standards. The assessment undertaken in 2018-2019 shows that we are fully compliant, which was noted by Board at their meeting on the 12 June 2019.

The Association received confirmation following an IDA carried out by RSH (Regulator of Social Housing) in November that our viability and governance ratings remained at V1 and G1.

The outcome of the 2018 HCA scheme audits of Accent Group Consortium (AGC) members is included as a reference document on the board area. There is no overall result for the Consortium but there are individual results. Leeds Fed was not selected for individual audit.

Twice yearly stress testing of the Budget/Business plan is undertaken by an external treasury consultant, as part of the mid-year review and annual budget/business plan reviewed and approved by Board.

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 2018-19 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	12.5%	Average Age	56.25
Ethnic Majority	87.5%	Bisexual	
Female	37.5%	Gay	
Male	62.5%	Lesbian	
Disabled	12.5%	Heterosexual	100%
Non-Disabled	87.5%	Prefer Not to Answer	

Committees and Attendance

The attendance at the Board and Committee meetings during 2018/19 was:

Board/Committees	**2019**	**2018**
Board	75%	91%
Governance & Remuneration Committee	77%	100%
Audit & Risk Committee	90%	77%
Operations Committee	75%	94%

Compliance with Governance and Financial Viability Standard (continued)

Names of Board Members sitting on each Committee

Chair of the Board of Management	Stuart Whyte	
Operations Committee	Claire Stone Shaid Mahmood Sue Howlett Kim Brear	Chair

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

Audit & Risk Committee	Martin Warhurst Jaedon Green Robin Machell Stuart Whyte	Chair
Governance & Remuneration Committee	Sue Howlett Martin Warhurst Claire Stone 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
2019- Nil (2018 - 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.

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.

Going concern (continued)

Annual General Meeting
The Annual General Meeting will be held on 12 September 2019 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 Board Members are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue

By order of the Board

Stuart Whyte
Chair of the Board
Date 24 July 2019

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 2019 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 2019 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 2019.

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the board members responsibilities statement (set out on page 27), 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 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
Date: 2-8-19.

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 2019

	Note	2019 £'000	2018 £'000
Turnover - continuing activities	4	**26,015**	**23,414**
Operating costs	4	(19,435)	(15,245)
Other Income and Gains	4	2,182	412
Operating surplus - continuing activities	4	**8,762**	**8,581**
Interest receivable and similar income	9	58	67
Interest and financing costs	10	(2,591)	(2,469)
Surplus for the financial year		**6,229**	**6,179**
Re-measurement of SHPS obligation actuarial loss to 31 March 2018	11	(2,928)	-
Actuarial loss on defined benefit pension scheme	11	(1,190)	-
Total Comprehensive income for the year		**2,111**	**6,179**

The financial statements were approved by the Board of Management on 24 July 2019 and signed on its behalf by:

J. S. White   [signature]   [signature]

Board Member   **Board Member**   **Secretary**

The notes on pages 39 to 74 form part of these financial statements.

Leeds Federated Housing Association Limited

Association statement of comprehensive income
for the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Turnover - continuing activities	**4**	**26,165**	**23,509**
Operating costs	**4**	(19,426)	(15,237)
Other Income and Gains	**4**	2,182	412
Operating surplus - continuing activities	**4**	**8,921**	**8,684**
Interest receivable and similar income	**9**	58	67
Interest and financing costs	**10**	(2,591)	(2,469)
Surplus for the financial year		**6,388**	**6,282**
Re-measurement of SHPS obligation actuarial loss to 31 March 2018	**11**	(2,928)	-
Actuarial loss on defined benefit pension scheme	**11**	(1,190)	-
Total Comprehensive income for the year		**2,270**	**6,282**

The financial statements were approved by the Board of Management on 24 July 2019 and signed on its behalf by:

Board Member **Board Member** **Secretary**

The notes on pages 39 to 74 form part of these financial statements.

Leeds Federated Housing Association Limited

Consolidated statement of financial position
at 31 March 2019

	Note	2019 £'000	2018 £'000
Fixed assets			
Tangible fixed assets - housing properties, depreciated cost	14	197,191	190,713
Tangible fixed assets – Other	15	1,051	1,340
Investment Properties	16	6,830	5,537
Investments	13	1,795	1,647
		206,867	**199,237**
Current assets			
Debtors	18	1,095	1,211
Investments	19	-	-
Properties Held for Sale	20	838	-
Cash at bank and in hand		2,978	5,495
		4,911	**6,706**
Creditors: amounts falling due within one year	21	(9,632)	(6,980)
Net current liabilities		**(4,721)**	**(274)**
Total assets less current liabilities		**202,146**	**198,963**
Creditors: amounts falling due after more than one year	22	(149,430)	(152,351)
Net assets excluding pension liability		**52,716**	**46,612**
Pension liability	11	(7,268)	(3,275)
Net assets		**45,448**	**43,337**
Capital and reserves			
Share capital	29	-	-
Income and expenditure reserve		45,448	43,337
		45,448	**43,337**

The financial statements were approved by the Board of Management and authorised for issue on 24 July 2019 and signed on its behalf by:

Board Member **Board Member** **Secretary**

The notes on pages 39 to 74 form part of these financial statements.

Leeds Federated Housing Association Limited

Association statement of financial position
at 31 March 2019

	Note	2019 £'000	2018 £'000
Tangible fixed assets - housing properties, depreciated cost	14	197,623	191,034
Tangible fixed assets – Other	15	1,051	1,340
Investment Properties	16	6,830	5,537
Investments	13	1,795	1,647
		207,299	**199,558**
Current assets			
Debtors	18	1,104	1,197
Investments	19	-	-
Properties Held for Sale	20	838	-
Cash at bank and in hand		2,973	5,473
		4,915	**6,670**
Creditors: amounts falling due within one year	21	(9,636)	(6,992)
Net current (liabilities)		**(4,721)**	**(322)**
Total assets less current liabilities		**202,578**	**199,236**
Creditors: amounts falling due after more than one year	22	(149,430)	(152,351)
Net assets excluding pension liability		**53,148**	**46,885**
Pension liability	11	(7,268)	(3,275)
Net assets		**45,880**	**43,610**
Capital and reserves			
Share capital	29	-	-
Income and expenditure reserve		45,880	43,610
Association's funds		**45,880**	**43,610**

The financial statements were approved by the Board of Management and authorised for issue on 24th July and signed on its behalf by:

T. Smith

Board Member **Board Member** **Secretary**

The notes on pages 39 to 74 form part of these financial statements.

Leeds Federated Housing Association Limited

Group Comprehensive Statement of changes in reserves
for the year ended 31 March 2019

Comprehensive Statement of changes in reserves

Group	Income and expenditure Reserve	Total
	£'000	£'000
Balance at 1 April 2017	**37,158**	**37,158**
Surplus for the year	6,179	6,179
Balance at 31 March 2018	**43,337**	**43,337**
Surplus for the year	2,111	2,111
Balance at 31 March 2019	**45,448**	**45,448**

Leeds Federated Housing Association Limited

Association Comprehensive Statement of changes in reserves
for the year ended 31 March 2019

Comprehensive Statement of changes in reserves

Association	**Income and expenditure Reserve**	**Total**
	£'000	**£'000**
Balance at 1 April 2017	**37,328**	**37,328**
Surplus for the year	6,282	6,282
Balance at 31 March 2018	**43,610**	**43,610**
Surplus for the year	2,270	2,270
Balance at 31 March 2019	**45,880**	**45,880**

Leeds Federated Housing Association Limited

Consolidated Cash Flow Statement
For The Year Ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Surplus for the financial year		2,111	6,179
Adjustments for:			
Depreciation of Fixed Assets - housing properties	14	4,390	3,923
Depreciation of Fixed Assets – other	15	799	337
Amortisation of Loan set up costs	-	76	77
Amortised Grant	8	(1,956)	(1,939)
Net fair value losses/(gains) recognised in income statement	16	(27)	-
Movement in fair value of investments	16	(1,292)	-
Interest payable and finance costs	10	2,356	2,471
Interest receivable	9	(58)	(67)
Difference between net pension expense and cash contribution	11	3,992	(475)
Surplus on sale of fixed assets - housing properties	7	(862)	(412)
Release of loans receivable	20	-	11,421
Decrease (Increase) in debtors	18	117	(375)
Increase in creditors	21	(194)	(854)
Cash from Operations		**9,452**	**20,286**
Management of liquid resources			
Payments to acquire listed investments	13 & 20	39	(145)
Net cash used in management of liquid resources		**39**	**(145)**
Cash flows from Investing activities			
Proceeds from sale of fixed assets - housing properties	7	1,947	1,101
Purchase of fixed assets - housing properties	14	(14,523)	(19,296)
1st Tranche sales costs included in surplus for the financial year	-	2,396	1,095
Purchase of fixed assets - other	15	(510)	(233)
Receipt of grant	24	1,975	505
Costs associated with selling properties	-	64	-
Interest received	9	37	63
Cash paid to THFC to hold for security after sale of property	13	(109)	-
Net cash from investing activities		**(8,723)**	**(16,765)**
Cash flows from Financing activities			
Interest paid	10	(2,598)	(2,244)
New loans - bank	27	2,000	5,000
Loan premium received	20	-	818
New loans - set up costs	27	(136)	(93)
Repayment of loans - bank	27	(2,551)	(2,418)
Net cash used in financing activities		**(3,285)**	**1,063**
Net increase/(decrease) in cash and cash equivalents		(2,517)	4,439
Cash and cash equivalents at beginning of year		5,495	1,056
Cash and cash equivalents at the end of year		**2,978**	**5,495**

1 Legal status

The association is registered under the Cooperative and Community Benefit Society Act 2014, and is registered with the Homes England as a social housing provider. The registered office is Arthington House, 30 Westfield Road, Leeds LS3 IDE.

The companies, Leeds Federated Housing Association Limited and its subsidiary Leeds Federated Property Services, are referred to as "the group". The principle activity of the group is the provision of social housing and housing management.

Leeds Federated Property Services is a company limited by shares, registered with Companies House under the Companies Act 2006. The principal trading activities of the company is the development of new housing for sale to the Association.

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, and 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. These estimates and judgements are disclosed in note 3.

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.

2 Accounting policies (continued)

Going concern (continued)

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.

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 2019 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 14 days from availability at 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.

Bad debt
Bad debts are included within the financial statements at £659k. This includes 85% of current tenant arrears older than 13 weeks and 100% of former tenants arrears, which includes collection fees associated with historical arrears and rechargeable repairs. Bad debt on other income sources is assessed depending upon the individual circumstances present.

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 in the year incurred.

2 Accounting policies (continued)

Deferred tax

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.

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.

In the previous year the association was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHPS. For the year ended 31 March 2018, the association had recognised as a past service deficit liability of £3,275k within creditors, based on the present value of the Associations deficit funding agreement.

For the year ended 31 March 2019 the Association is now able to identify its share of scheme assets and scheme liabilities from April 2018 and therefore has applied defined benefit accounting from this date. The deficit funding liability previously recognised in creditors has been derecognised and from April 2018 the net defined benefit pension liability of £7,268k is recognised in the statement of financial position with the resulting difference of £4,118k is recognised in the statement of comprehensive income.

2 Accounting policies (continued)

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 4).

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 held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale. The group's policy is to capitalise the costs associated with acquiring land and building, indirect costs directly attributable to the new build and development expenditure including direct development staff costs.

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

Properties held for sale

Shared ownership first tranche sales are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development costs. Net realisable value is based on estimated sales prices allowing for all further costs of completion and disposal. All properties are held within current assets, under properties held for sale and stock.

Sale of tangible fixed assets

The surplus or deficit recognised on disposal of property assets that are deemed to be in the normal course of business will be included in operating activities and shown within operating surplus. These will include planned individual property sales, right to bury, right to acquire and stock rationalisation.

Investment properties

Investment properties consist of commercial properties and other properties built with the intention of not holding these for social benefit. 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 and accounted for in other income and gains.

2 Accounting policies (continued)

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.

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.

2 Accounting policies (continued)

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. Management have estimated the UEL of components by liaising with the asset team to gain their professional opinion based on knowledge and experience.

The group depreciates the major components at the following rates:

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

Freehold land is not depreciated.

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

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% LFHA to break down rates

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.

Operating Leases

Operating leases annual rents 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.

2 Accounting policies (continued)

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.

Properties held for sale

Shared ownership first tranche sales are valued at the lower of costs and net realisable value. Cost comprises materials and direct labour. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Gift Aid Policy
Leeds Federated Housing Association Limited receives gift aid from its subsidiary undertaking, Leeds Federated Property Services Limited. Gift aid received this financial year was £134,900.

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.

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

• 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.

• the anticipated costs to complete on a development scheme based on anticipated construction cost, 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.

The 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.

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

• 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.

• Capitalisation of maintenance costs
Any expenditure on an existing property that meets one of the following circumstances is capitalised into one of the housing property components;

- Replacement of a component of the property that has been previously treated separately for depreciation purposes and has been depreciated over its individual useful economic life.
- The economic benefits of the property have been enhanced in excess of the previously assessed standard of performance.

Any expenditure on an existing property that does not replace a component or result in an enhancement of the economic benefits of that property is charged to the Statement of Comprehensive income.

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

4 Particulars of turnover, operating costs and operating surplus

Group	**2019**			**2018**		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings	19,801	(15,323)	4,478	19,338	(13,008)	6,330
Other social housing activities						
Agency charges	1,012	(643)	369	835	(453)	382
First tranche shared ownership sales	4,371	(2,396)	1,975	2,309	(1,095)	1,214
Supporting people	-	-	-	-	-	-
Community regeneration	-	-	-	-	-	-
Development administration	0	(298)	(298)	0	(163)	(163)
	5,383	(3,337)	2,046	3,144	(1,711)	1,433
Non-social housing activities						
Lettings	734	(707)	27	843	(467)	376
Feed InTariff Income/ gift aid/ recharges	97	(68)	29	89	(59)	30
	831	(775)	56	932	(526)	406
	26,015	(19,435)	6,580	23,414	(15,245)	8,169
Surplus on disposal of fixed assets			862			412
Movement in property and gilt valuations			1,320			0
Total Other Gains			**2,182**			**412**
Operating Surplus - continuing activities			**8,762**			**8,581**

Leeds Federated Housing Association Limited

Notes forming part of the financial statements
for the year ended 31 March 2019 *(continued)*

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

ASSOCIATION	2019			2018		
	Turnover £'000	Operating costs £'000	Operating surplus £'000	Turnover £'000	Operating costs £'000	Operating surplus £'000
Social Housing Lettings	19,801	(15,308)	4,493	19,338	(13,000)	6,338
Other social housing activities						
Agency charges	1,012	(643)	369	835	(453)	382
First tranche shared ownership sales	4,371	(2,396)	1,975	2,309	(1,095)	1,214
Supporting people	-	-	-	-	-	-
Community regeneration	-	-	-	-	-	-
Development administration	15	(298)	(283)	12	(163)	(151)
	5,398	(3,337)	2,061	3,156	(1,711)	1,445
Non-social housing activities						
Lettings	734	(707)	27	843	(467)	376
Feed InTariff Income/ Gift aid	232	(74)	158	172	(59)	113
	966	(781)	185	1,015	(526)	489
	26,165	**(19,426)**	**6,739**	**23,509**	**(15,237)**	**8,272**
Surplus on disposal of fixed assets			862			412
			1,320			-
Total Other Gains			**2,182**			**412**
Operating Surplus - continuing activities			**8,921**			**8,684**

*Other Gains relates to the cumulative fair value movements of investment properties and the price of investment gilts.

4 Turnover, operating costs and operating surplus on lettings (continued)

Income and expenditure from Social Housing Lettings - Group

	General Needs Housing	Supported Housing and Housing for Older People	Low cost home Ownership	2019	2018
	£'000	£'000	£'000	£'000	£'000
Income					
Rents net of identifiable service charges*	14,893	1,081	799	**16,773**	16,063
Service charge income*	428	423	47	**898**	906
Charges for support services*	-	254	-	**254**	512
Net rental income	15,321	1,758	846	**17,925**	**17,481**
Amortised Government Grants	1,704	121	51	**1,876**	1,857
Government Grants taken to income					
Grants	-	-	-	-	-
Turnover from social housing lettings	**17,025**	**1,879**	**897**	**19,801**	**19,338**
Expenditure					
Management	(4,339)	(555)	(181)	**(5,075)**	(3,918)
Support services costs	-	(297)	-	**(297)**	(475)
Service charge costs	(437)	(363)	(20)	**(820)**	(707)
Routine maintenance	(2,534)	(179)	(59)	**(2,772)**	(2,383)
Planned maintenance	(752)	(39)	-	**(791)**	(766)
Major repairs expenditure	(1,020)	(41)	(10)	**(1,071)**	(712)
Bad debts	(184)	(5)	(2)	**(191)**	(202)
Property lease charges	(42)	-	-	**(42)**	(44)
Impairment of housing properties	(96)	-	-	**(96)**	-
Depreciation of housing properties					
-annual charge	(3,694)	(238)	(167)	**(4,099)**	(3,720)
-acceleration on disposal of components	(69)	-	-	**(69)**	(81)
Other costs					
Operating costs on social housing lettings	**(13,167)**	**(1,717)**	**(439)**	**(15,323)**	**(13,008)**
Operating surplus on social housing lettings	**3,858**	**162**	**458**	**4,478**	**6,330**
Void losses	**160**	**58**	**1**	**219**	**187**

*All net of void losses

4 Turnover, operating costs and operating surplus on lettings (continued)

Income and expenditure from Social Housing Lettings - Association

	General Needs Housing	Supported Housing and Housing for Older People	Low cost home Ownership	2019	2018
	£'000	£'000	£'000	£'000	£'000
Income					
Rents net of identifiable service charges*	14,893	1,081	799	**16,773**	16,063
Service charge income*	428	423	47	**898**	906
Charges for support services*	-	254	-	**254**	512
Net rental income	**15,321**	**1,758**	**846**	**17,925**	17,481
Amortised Government Grants	1,704	121	51	**1,876**	1,857
Government Grants taken to income	-	-	-	-	-
Grants	-	-	-	-	-
Turnover on social housing lettings	**17,025**	**1,879**	**897**	**19,801**	19,338
Expenditure					
Management	(4,324)	(555)	(181)	**(5,060)**	(3,910)
Support services costs	-	(297)	-	**(297)**	(475)
Service charge costs	(437)	(363)	(20)	**(820)**	(707)
Routine maintenance	(2,534)	(179)	(59)	**(2,772)**	(2,383)
Planned maintenance	(752)	(39)	-	**(791)**	(766)
Major repairs expenditure	(1,020)	(41)	(10)	**(1,071)**	(712)
Bad debts	(184)	(5)	(2)	**(191)**	(202)
Property lease charges	(42)	-	-	**(42)**	(44)
Impairment of housing properties	(96)	-	-	**(96)**	-
Depreciation of housing properties					
-annual charge	(3,694)	(238)	(167)	**(4,099)**	(3,720)
-acceleration on disposal of components	(69)	-	-	**(69)**	(81)
Operating costs on social housing lettings	**(13,152)**	**(1,717)**	**(439)**	**(15,308)**	(13,000)
Operating surplus on social housing lettings	**3,873**	**162**	**458**	**4,493**	6,338
Void losses	**160**	**58**	**1**	**219**	187

* All net of void losses

4 Turnover, operating costs and operating surplus (continued)

Particulars of turnover from non-social housing lettings:

GROUP AND ASSOCIATION	Group 2019	Group 2018	Association 2019	Association 2018
	£'000	£'000	£'000	£'000
Student accommodation	472	**590**	472	**590**
Market rent	262	**253**	262	**253**
External gardening contract	81	**72**	81	**72**
Feed InTariff Income/ gift aid	16	**17**	151	**100**
	831	**932**	**966**	**1,015**

5 Supported housing managed by agencies

Group and Association

Where the agency carries the financial risk, the Group's income and expenditure account includes only the income and expenditure for which it retains responsibility. The Group owns 234 supported housing units (2018:243) 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 2019	Number of bedspaces 2018
	Number	Number
Turning lives around	58	76
Foundation	58	64
Touchstone (Group Homes + Floating support)	14	14
Community Links	16	16
Gipsil	8	8
Leeds Women's Aid	34	34
Others including 14 (2018:14) Care home bed spaces	46	31
	234	**243**

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:

	2019	2018
Social Housing	No.	No.
Social rent		
General needs	3,142	3,046
General needs leased	12	14
Supported Housing	16	24
Housing for Older people	255	256
Intermediate rent		
General needs	18	12
Affordable rent		
General needs	217	194
General needs leased	2	2
Supported Housing	4	4
Shared ownership	298	255
Shared ownership leaseholders paying service charge only	13	12
Total social housing units	**3,977**	**3,819**
Units managed by others		
Coop managed units - General Needs	22	22
Agency managed units	198	221
Agency managed leased	8	8
Care home bed spaces	14	14
Total Social units managed by others	**242**	**265**
Non-Social Housing		
Student accommodation	62	62
Market rent	23	23
Total Non-Social Housing	**85**	**85**

	2019	2018
Summary:		
Owned Social - managed and managed by others	4,196	4,060
Not owned Social - managed and managed by others	23	24
Non social	85	85
Total Stock	**4,304**	**4,169**

7. Surplus on disposal of fixed assets

Housing Properties	Shared ownership Stair casing 2019 £'000	Other housing properties 2019 £'000	Total 2019 £'000	Total 2018 £'000
Disposal proceeds	862	1,085	1,947	1,130
Cost of disposals	(309)	(117)	(426)	(454)
Selling costs	(6)	(23)	(29)	(7)
Capital Grant recycled (note 25)	(109)	(521)	(630)	(257)
Surplus on disposal of tangible fixed assets	**438**	**424**	**862**	**412**

During the year, 3 properties used the right to acquire legislation to progress an outright sale (2018:3). 11 shared owners increased their shares of equity to 100% (2018:7) and 1 increased their share of equity (2018:4). The Association sold 6 properties (21 rooms) on the open market (2018:0).

8. Operating surplus

This is arrived at after charging/(crediting):	2019 £'000	2018 £'000
Depreciation:		
- housing properties	4,226	3,842
- accelerated depreciation on replaced components	67	81
- impairment	96	0
- other tangible fixed assets	799	337
Amortisation of grants	(1,956)	(1,939)
Operating lease charges:		
- land and buildings	7	7
- other	73	75
Auditor's remuneration:		
- fees payable to the group's auditors for the audit of the group's annual accounts (excluding VAT)	17	16
- all other services	2	1

9. Interest receivable and similar income

Group and Association

	2019 £'000	2018 £'000
Interest receivable and similar income	**58**	**67**

10. Interest and financing costs

Group and Association	2019 £'000	2018 £'000
Bank loans and overdrafts	(2,356)	(2,471)
Amortised Loan Costs	(76)	-
Recycled capital grant fund	(2)	-
Pension interest expense	(157)	(46)
Impact of change in pension assumptions	-	48
	(2,591)	**(2,469)**

11. Employees

Group and Association	2019 £'000	2018 £'000
Staff costs (including directors) consist of:		
Wages and salaries *	4,091	3,963
Social security costs	368	320
Other pension costs	119	96
	4,578	**4,379**

*shown gross - wages and salaries of £116k (2018: £64k) has been capitalised as part of the development activity

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

	2019 No.	2018 No.
Housing management	86	94
Administration	23	24
	109	**118**

During the year we closed our Learning Disability Service and increased our Vision 21, transformation headcount.

11 Employees (continued)

Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026.

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.

For financial years ending on or before 28 February 2019, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Present Values of Defined Benefit Obligation, Fair Value of Assets and Defined Benefit Asset (liability)

	31 March 2019	31 March 2018
	(£000s)	(£000s)
Fair value of plan assets	20,921	20,099
Present value of defined benefit obligation	28,189	26,302
Defined benefit asset (liability) to be recognised	**(7,268)**	**(6,203)****

The SHPS pension scheme was previously accounted for as a defined contribution scheme, with a deficit of £3,275,000 recognised at 31st March 2018. As discussed in the accounting policies, this scheme is now accounted for as a defined benefit plan.
**On transition date of 31st March 2018, the net liability increased to £6,203,000, with the difference of £2,928,000 recognised in other comprehensive income as a re-measurement of SHPS obligation actuarial loss this financial year.

11 Employees (continued)

	Period ended 31 March 2019 (£000s)
Defined benefit obligation at start of period	26,302
Current service cost	188
Expenses	20
Interest expense	669
Contributions by plan participants	142
Actuarial losses (gains) due to scheme experience	55
Actuarial losses (gains) due to changes in demographic assumptions	76
Actuarial losses (gains) due to changes in financial assumptions	1,822
Benefits paid and expenses	(1,085)
Defined benefit obligation at end of period	**28,189**

Reconciliation of Opening and Closing Balances of the Fair Value of Plan Assets

	Period ended 31 March 2019 (£000s)
Fair value of plan assets at start of period	20,099
Interest income	512
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	763
Contributions by the employer	490
Contributions by plan participants	142
Benefits paid and expenses	(1,085)
Fair value of plan assets at end of period	**20,921**

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £1,275,000.

11. **Employees (continued)**

Defined Benefit Costs Recognised in Statement of Comprehensive Income (SoCI)

	Period from 31 March 2018 to 31 March 2019 (£000s)
Current service cost	188
Expenses	20
Net interest expense	157
Defined benefit costs recognised in statement of comprehensive income (SoCI)	**365**

Defined Benefit Costs Recognised in other Comprehensive Income

	Period ended 31 March 2019 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	763
Experience gains and losses arising on the plan liabilities - gain (loss)	(55)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(76)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,822)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(1,190)
Total amount recognised in other comprehensive income - gain (loss)	**(1,190)**

11 Employees (continued)

Assets

	31 March 2019 (£000s)	31 March 2018 (£000s)
Global Equity	3,520	3,970
Absolute Return	1,810	2,455
Distressed Opportunities	380	194
Credit Relative Value	383	-
Alternative Risk Premia	1,207	762
Fund of Hedge Funds	94	662
Emerging Markets Debt	722	811
Risk Sharing	632	186
Insurance-Linked Securities	600	528
Property	471	925
Infrastructure	1,097	515
Private Debt	281	179
Corporate Bond Fund	976	825
Long Lease Property	308	-
Secured Income	749	745
Over 15 Year Gilts	-	-
Liability Driven Investment	7,651	7,323
Net Current Assets	40	19
Total assets	**20,921**	**20,099**

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

Key Assumptions

	31 March 2019 % per annum	31 March 2018 % per annum
Discount Rate	2.33%	2.58%
Inflation (RPI)	3.28%	3.18%
Inflation (CPI)	2.28%	2.18%
Salary Growth	3.28%	3.18%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

11 Employees (continued)

The mortality assumptions adopted at 31 March 2019 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2019	21.8
Female retiring in 2019	23.5
Male retiring in 2039	23.2
Female retiring in 2039	24.7

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.

	2019 £'000	2018 £'000
Executive directors' emoluments including pensions and benefits in kind	345	327
Amounts paid to non-executive directors including expenses	44	46

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

	2019 £	2018 £
Chief Executive (highest paid director)	**128,047**	**125,736**
Operations Director	**101,189**	**99,380**
Finance and IT Director	**101,578**	**90,495**

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 March 2019 - £43,959.35 (March 2018 - £44,582) Expenses paid during the year to Board members amounted to March 2019 £1,472 (2018 : £1,798).

Emoluments paid to the Board:
Chair [March 2019 - £9,350 (March 2018 - £9,167) Chairs of the Audit & Risk, Operations and Governance & Remuneration Committees each received (March 2019 - £5,950) (March 2018 - £5,833)
Board Members received [March 2019 - £3,656] (March 2018 - £3,585)

12 Directors' remuneration (continued)

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

	2019 Number	2018 Number
£60,000-£69,999	3	3
£90,000-£99,999	-	2
£100,000-£109,999	2	-
£120,000-£129,999	1	1

13. Fixed asset investments

Group and Association

	2019 £'000	2018 £'000
Interest in subsidiary	-	-
Other investments – THFC ISRF restricted access account	1,067	1,048
Other investments – AHF ISRF restricted access account	562	542
THFC Trustees sinking fund account	166	57
Net book value at 31 March 2019	1,795	1,647

Other fixed asset investments

Other fixed asset investment 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 2019 was £1,066,870 (2018:£1,047,758) and in addition there was accrued interest of £1,992 (2018: £1,992)

A further tranche of the AHF loan was completed in September 2017, and added to tranche 1, and in line with the terms gilts were purchased, and added to the original purchase for Tranche 1.These were held together with cash held on business reserves as a requirement to hold a minimum of £433,950, to be held in an Interest Service Reserve Fund, and are carried in the financial statements at market value. The market value of this fund at 31 March 2019 at £541,589 (with accrued interest in addition of £3,805).
A sinking fund was set up during 2015-16, £165,903 (2018: £56,942) as a result of a right to acquire property held as security by THFC.

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
Cost or valuation:						
At 1st April 2018	205,512	2,163	4,620	13,092	2,051	227,438
Additions:						
- construction costs	6,015	-	910	1,606	4,181	12,712
- replaced components	1,569	199	-	-	-	1,768
Completed schemes	3,904	-	(3,920)	1,134	(1,118)	-
Disposals:						-
- properties	(723)	-	-	(470)	(1,754)	(2,947)
- properties current assets (awaiting sale)	(146)	-	-	(692)	-	(838)
- replaced components	(380)	(3)	-	-	-	(383)
At 31 March 2019	**215,751**	**2,359**	**1,610**	**14,670**	**3,360**	**237,750**
Depreciation:						
At 1st April 2018	35,671	361	-	693	-	36,725
Charge for the year	4,034	57	-	135	-	4,226
Disposed properties	(134)	-	-	(41)	-	(175)
- replaced components	(311)	(2)	-	-	-	(313)
- impairment	96	-	-	-	-	96
As at 31 March 2019	**39,356**	**416**	**-**	**787**	**-**	**40,559**
Net book value:						
At 31 March 2019	**176,395**	**1,943**	**1,610**	**13,883**	**3,360**	**197,191**
At 31 March 2018	**169,841**	**1,802**	**4,620**	**12,399**	**2,051**	**190,713**

14. Tangible fixed assets - Housing properties (continued)

Association

	General needs Completed	Non - Social housing Completed	General needs Under construction	Shared ownership Completed	Shared ownership Under construction	Total
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Cost or valuation:						
At 1st April 2018	**205,723**	**2,163**	**4,728**	**13,094**	**2,051**	**227,759**
Additions:						
- construction costs	6,015	-	1,020	1,606	4,181	12,822
- replaced components	1,569	199	-	-	-	1,768
Reclassification of properties	170	42	(15)	(212)	15	-
Completed schemes	3,904	-	(3,904)	1,134	(1,134)	-
Disposals:						
- properties	(723)	-	-	(470)	(1,753)	(2,946)
- replaced components	(380)	(3)	-	-	-	(383)
- to current assets	(146)	-	-	(692)	-	(838)
At 31 March 2019	**216,132**	**2,401**	**1,829**	**14,460**	**3,360**	**238,182**
Depreciation:						
At 1st April 2018	35,671	361	-	693	-	36,725
Charge for the year	4,034	57	-	135	-	4,226
Disposed properties	(134)	-	-	(41)	-	(175)
- replaced components	(311)	(2)	-	-	-	(313)
- impairment	96	-	-	-	-	96
As at 31 March 2019	**39,356**	**416**	**-**	**787**	**-**	**40,559**
Net book value:						
At 31 March 2019	**176,776**	**1,985**	**1,829**	**13,673**	**3,360**	**197,623**
At 31 March 2018	**170,052**	**1,802**	**4,728**	**12,401**	**2,051**	**191,034**

14. Tangible fixed assets - Housing properties (continued)

	2019 £'000	2018 £'000
Improvements to existing properties capitalised	1,768	2,546
Major repairs expenditure to statement of comprehensive income	1,071	631
	2,839	**3,177**

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
Cost					
At 1 April 2018	1,683	162	1,410	-	3,255
Additions	-	3	489	18	510
Disposals	(130)	-	-	-	(130)
As at 31 March 2019	**1,553**	**165**	**1,899**	**18**	**3,635**
Depreciation:					
At 1 April 2018	606	153	1,156	-	1,915
Charge for year	520	8	266	5	799
Disposals	(130)	-	-	-	(130)
As at 31 March 2019	**996**	**161**	**1,422**	**5**	**2,584**
Net book value:					
As at 31 March 2019	**557**	**4**	**477**	**13**	**1,051**
At 31 March 2018	**1,077**	**9**	**254**	**-**	**1,340**

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 2019, we revalued the properties which resulted in the value of these properties increasing.

The surplus on revaluation of investment property arising in the year is £1,293k (2018 - £0) and has been credited to the Statement of Comprehensive income as part of other gains.

Movement on the investment properties is as follows:

	Group 2019 £'000	Group 2018 £'000	Association 2019 £'000	Association 2018 £'000
Value as at 1 April	5,537	5,537	5,537	5,537
Revaluation (through Statement of Comprehensive income)	1,293	-	1,293	-
Value as at 31 March	**6,830**	**5,537**	**6,830**	**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 (2018 £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:

	2019 £'000	2018 £'000	Allocation basis
Management services	110	134	percentage of turnover
Staffing Recharge	15	12	administration time
Gift aid received	135	83	paid across in the 18/19 year

18 Debtors

	Group 2019 £'000	Group 2018 £'000	Association 2019 £'000	Association 2018 £'000
Rent and service charge arrears	1,154	991	1,154	991
Less: Provision for doubtful debts	(659)	(575)	(659)	(575)
	495	416	495	416
Other debtors	122	118	122	118
Amounts owed by group undertakings	-	-	18	-
Amounts owed by Joint Venture to include in Other debtors	13	-	13	-
Taxation & Social Security	9	43	-	28
Prepayments and accrued income	456	635	456	635
	1,095	**1,212**	**1,104**	**1,197**

19 Current assets investments

Group and Association	**2019 £'000**	2018 £'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 2019 is £1 (2018 - £1).

The assets and liabilities of these investment entities are not material to the Association or the Group Financial Statements.

20 Properties Held for Sale

Properties held for sale	2019 £'000	2018 £'000
First tranche sale Units	692	-
Social Units	146	-
	838	**-**

Properties held for sale are shared ownership units awaiting first tranche sale.
Social Unit property sold at auctioned March 2019, awaiting 30 day cooling off period before funds received

21 Creditors: amounts falling due within one year

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Trade creditors	451	303	458	277
Loans (note 27)	2,644	2,483	2,644	2,483
Rent and service charges received in advance	468	493	468	493
Recycled capital grant fund (note 25)	99	94	99	94
Disposal proceeds fund (note 26)	118	74	118	74
Contractors for capital work and retentions	439	147	110	147
Loan interest	578	601	578	601
Taxation and social security	171	95	171	95
Loan premium on AHF/ THFC drawdowns	93	93	93	93
Deferred income capital grants/other subsidy	1,956	-	1,956	-
Other creditors	1,653	1,710	1,653	1,710
Amount owed to group undertakings	-	-	333	160
Accruals and deferred income	962	887	955	765
	9,632	**6,980**	**9,636**	**6,992**

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

Group and Association	2019	2018
	£'000	£'000
Loans (note 27)	45,582	46,367
Recycled capital grant fund (note 25)	889	301
Disposal proceeds fund (note 26)	-	43
Loan premium on AHF and THFC drawdowns	2,967	3,060
Deferred income – Capital Grants/other subsidy (note 23)	99,992	102,580
	149,430	**152,351**
Pension deficit liability (note 11)	7,268	3,275
	156,698	**155,626**

23. Deferred income - Capital Grants/ other subsidy

Group and Association	2019	2018
	£'000	£'000
Total Social Housing Grant (SHG) received as at 31 March	102,322	101,682
Total SHG amortisation	(12,702)	(11,042)
	89,620	90,640
Total Other subsidies received as at 31 March	13,949	13,333
Total Other subsidies amortisation	(1,621)	(1,393)
	12,328	11,940
Total Deferred Capital Grant/ other subsidies	**101,948**	**102,580**

24. Deferred Capital Grant

Group and Association	2019	2018
	£'000	£'000
At 1 April 2018	101,682	101,452
Grant received during the year	1,238	569
Grant recycled to Recycled capital grant fund (RCGF)	(630)	(257)
Grant recycled from Recycled capital grant fund (RCGF)	38	35
Released to income during the year	(6)	(117)
Balance at 31 March 2019	**102,322**	**101,682**

25. Recycled Capital Grant Fund

	2019	2018
Group and Association	**£'000**	**£'000**
At 1 April 2018	395	173
Inputs to fund:		
- grants recycled	630	257
- interest accrued	1	-
Recycling of grant:		
- new build	(38)	(35)
Balance at 31 March 2019	988	395
Amounts 3 years or older	56	-

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

26. Disposals Proceeds Fund

	2019	2018
Group and Association	**£'000**	**£'000**
Opening Balance	117	117
Inputs to the fund:		
- interest accrued	1	-
Balance at 31 March 2019	118	117
Amounts 3 years or older	74	-

27 Loans analysis

Maturity of debt:	Loans and Overdrafts	Loans and overdrafts
	2019	**2018**
	£'000	**£'000**
Group and Association		
In one year or less, or on demand	**2,644**	2,483
In more than one year but not more than two years	**2,847**	3,258
In more than two years but not more than five years	**11,473**	10,327
In more than five years	**31,262**	32,782
Total loans net of financing costs	**48,226**	**48,850**

27 Loans analysis (continued)

Group and Association	2019	2018
	£'000	£'000
Due within one year:		
Banks	2,644	2,483
	2,644	**2,483**
Due after more than one year		
Banks	17,577	18,392
THFC	13,162	13,149
AHF	14,843	14,826
	45,582	**46,367**

Loans are shown net of financing costs of £524,000, (2018: £507,000) 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 £5m facility was completed in September 2017 with AHF at a 2.89% coupon rate and an effective rate of 2.073%, to add to the £10m facility was completed with AHF at a 2.89% coupon rate, with an effective rate of 1.983%, from the previous financial year, which 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.

In 2019 the Board agreed to enter into a new £10m loan with Santander, which formed part of the restated £32m loan agreement at fixed rate of 3.34% interest for drawn down funds. As at 31 March 2019, the loan included £19.75m revolving credit facility. The loans will be repayable by 2024.

28 Financial Instruments

Financial assets	**Group 2019 £'000s**	**Group 2018 £'000s**	**Association 2019 £'000s**	**Association 2018 £'000s**
Financial assets that are debt instruments measured at amortised cost	3,608	6,014	3,621	6,007
	3,608	**6,014**	**3,621**	**6,007**

Financial liabilities	**Group 2019 £'000s**	**Group 2018 £'000s**	**Association 2019 £'000s**	**Association 2018 £'000s**
Financial liabilities measured at amortised cost	158,846	159,548	158,850	159,650
	158,846	**159,548**	**158,850**	**159,650**

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

	2019 £	2018 £
At 1 April 2018	**26**	25
Shares issued in the year	**2**	1
Shares cancelled in the year	**(1)**	-
At 31 March 2019	**27**	26

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.

30 Financial commitments

Group and Association	2019 £'000	2018 £'000
Capital commitments		
Capital expenditure commitments are as follows:		
Commitments contracted but not provided for in the accounts	**14,031**	15,199
Commitments approved by the board but not contracted for	**10,144**	7,286
	24,175	22,485

The capital commitments contracted but not provided for are section 106 units in Leeds, Wakefield and Harrogate Local areas

Operating leases

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

	2019 £'000	2018 £'000
Operating leases which expire:		
Within one year	**21**	20
In one to five years	**48**	57
Over five years	**-**	-
	69	77

31 Contingent liabilities

The group and association had no contingent liabilities at 31 March 2019 (2018 - £Nil).

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 one tenant member: Sue Howlett who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was:

		Rent charged weekly for 2018-19	Rent charged weekly for 2017-18	Balance as at 31.3.19	Balance as at 31.3.18
Tenant Board Member	change in status	£	£	£	£
Sue Howlett		£79	£79	(243)	(£243)
Chris Adams	To Oct 2018	£205	£197	(£79)	-

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

33 Legislative provisions

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014 and is Registered Provider of Social Housing registered with the Housing and Regeneration Act 2008.