Financial Statements
Plus Dane Housing Limited

For the year ended 31 March 2018

A Charitable Registered Society No: 31012R

Regulator of Social Housing No: L4556

Contents

Board members	Sir Peter Fahy (Chair) Rob O'Malley Tom Murtha (resigned 16 November 2017) Sandra Palmer Robin Lawler Brian Gowthorpe Cllr David Brown Dr Ann Hoskins Julie Gill Jon Corner Thomas McIlravey Lyndsey Burkett (appointed 1 May 2017)
Executive officers:	Barbara Spicer (Chief Executive) Madeleine Nelson (Executive Director – Neighbourhoods) John Kent (Executive Director – Finance) Ian Reed (Assistant Chief Executive) Claire Griffiths (Executive Director – Property – resigned 31 July 2017) Jim Preston (Interim Executive Director – Asset Management – appointed 3 July 2017)
Company Secretary	John Kent (appointed 1 September 2017) Frank Harasiwka (resigned 1 September 2017)
Registered office	Baltimore Buildings 13-15 Rodney Street Liverpool L1 9EF
Auditors	KPMG LLP 1 St Peter's Square Manchester M2 3AE
Bankers	National Westminster Bank plc Liverpool One Branch 49 South John Street Liverpool One L1 8BU

Chair's statement

I have great pleasure in presenting Plus Dane Housing's financial statements for 2017/18.

This year we completed a process to simplify the organisation moving away from a group structure and becoming a single legal entity; this report reflects that change which will over time enable us to improve our efficiency further and ensure maximum resources are prioritised towards providing services for our customers.

At Plus Dane we have over 13,400 properties across Cheshire and Merseyside that over 29,000 people call home. We remain committed to our social purpose; providing affordable homes, with different products available to suit the different needs of our customers. During 2017/18, we were able to help 41 customers onto the property ladder through shared ownership, 21 customers increased the share they have in their shared ownership home and as the North West Help to Buy agent, we have helped over 5,700 people into a new home.

We were delighted that in March 2018, following a period of reactive engagement with the Regulator for Social Housing to have been upgraded to G1 V1 in our regulatory judgement. In arriving at the grading, the regulator assesses how well social housing providers meet the Governance and Viability Standards they set out for the sector, with G1 V1 being the highest possible grading. While Board and the Executive were clear the focus was on improvement and delivery and not chasing an upgrade, it was pleasing that the regulator recognised the amount of work that had been done to improve our governance and financial viability over the last four years.

This statement reports on the second year of delivery of the corporate plan. It is disappointing we did not hit one of our key targets on operating margin; 22.8% against a target of 26%. This is as a result of two one off costs accounted for in the year which although had an adverse effect on our target, will benefit our future performance.

It is pleasing that we have maintained performance on bad debt and bad debt provision through improvements to income management and collection rates despite welfare reform which continues to challenge. Overall income has reduced as a result of the decision taken not to bid for the Ellesmere Port Management Contract which ended in June 2017.

The third year of the corporate plan will be a period of transition for the organisation while we develop our future plan for transformation. The transformation plan will identify areas where we want to change the way we do things, being clear about the benefits the change will deliver. It will focus on creating a recognisable culture for the future organisation, based on core values and behaviours; improving performance; creating better customer services and outcomes; reducing costs and delivering

Chair's statement

efficiencies; generating greater financial resilience and capacity within the organisation.

Plus Dane published its first Gender Pay Gap report in March which was on the whole positive with on average the organisation paying female employees 7p more than male employees per hour. This reflects our stance of recruiting based on the contribution a role makes to the organisation and a candidate's suitability for a role, not gender. In compiling the report, we have identified that in trades roles there is a clear gender skew towards males. This is something the sector as a whole will need to explore further and look at ways to attract a more balanced workforce and ensure females are not discouraged from a career in trades.

Our continued support to the Liverpool City Region as one of our key operating areas has grown this year following our Chief Executive Barbara Spicer taking up the post of Mayoral Advisor on Social Housing Growth in January 2017. We are also working with Cheshire East partners to plan for future challenges that the sector and wider public services face over the coming years.

We have been working to embed our approach to increasing the customer voice set out in the corporate plan. We currently have over 1,000 customers that have opted in to get involved and ensure we hear their views on any work we are progressing that impacts on them. Our Scrutiny Panel has also invested a considerable amount of time digging deeper into how we currently do things to help improve our service delivery.

This year we excitedly began work on the regeneration of the Welsh Streets in Toxteth Liverpool. With a long history in the Welsh Streets, we are delighted to be working alongside Liverpool City Council and Homes England to deliver 99 extensively remodelled affordable homes and supporting local residents and partners working in the area to return the neighbourhood back to its vibrant self. We recently launched the first six homes, developed as part of our pilot phase to overwhelmingly positive feedback so we are very much looking forward to working together with the local community over the coming months and years to create something really special.

The sector and our tenants still face huge challenges so our transformation will continue to ensure we deliver services in the most efficient way possible and that our customers and staff have a strong voice both in the development and delivery of services.

Sir Peter Fahy

Plus Dane Housing

Directors’ Report

Directors' Report

The Board has pleasure in presenting its report and financial statements for Plus Dane Housing Limited (PDHL) together with the audited financial statements for the year ended 31 March 2018. The results of PDHL are presented as if its transfer of engagements took place on 1 April 2017. The comparative figures for the 2016/17 financial year for PDHL are the combined figures for the three original registered providers.

Following a decision taken by Board to simplify the structure of the organisation Plus Dane Housing Group Limited and Plus Dane (Cheshire) Housing Association Limited undertook a transfer of engagement into Plus Dane (Merseyside) Housing Association Limited which was then renamed Plus Dane Housing Limited.

Plus Dane Housing Limited therefore consists of:

- Plus Dane Housing Limited (Parent)
- Dane Partnership Homes Limited
- Three60 Property Investors Limited
- Include Neighbourhood Regeneration Limited

Principal Activity

Plus Dane Housing provides affordable homes for rent and shared ownership together with housing support for vulnerable and elderly residents. It also has interests in major regeneration projects and partnerships to deliver change to the neighbourhoods and communities which it serves.

Status

Plus Dane Housing Limited is a Registered Society incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Regulator of Social Housing as a Registered Provider of social housing as defined by the Housing and Regeneration Act 2008.

Business Review

Details of the organisation’s performance for the year and future plans are set out in the Strategic Report that follows this Directors’ report.

Basis of accounting

Plus Dane Housing has prepared its accounts in accordance with Financial Reporting Standard (FRS) 102 for the year ended 31 March 2018.

Tenant and Customer Involvement

Plus Dane Housing recognises that it can make a real difference to homes and neighbourhoods and improve future service provision and delivery by working closely with the tenants and customers, and is committed to co-regulation through its Tenant and Customer Scrutiny Panel.

Directors' Report

Employees

The strength of Plus Dane Housing lies in the quality and commitment of its employees and the ability to meet its objectives and commitments to customers and tenants depends on them.

Plus Dane Housing is committed to working towards equal opportunities for all its employees and continues to invest in staff training and development and has improved systems of appraisal and performance management.

Plus Dane Housing seeks employees' views on how to improve the organisation and the services it provides, as well as matters of common concern using surveys and union representation.

Efficiency

The Board is committed to delivering an effective and efficient service to tenants, customers and other stakeholders.

Plus Dane Housing employs a range of techniques to improve and monitor efficiency and effectiveness including: regular budget monitoring and reforecasting; tracking of savings plans; re-evaluating contracts through competitive procurement processes; use of our own in-house repairs service; benchmarking with others and targeting the reduction of staff turnover, sickness and absenteeism, following the implementation of Plus Dane Housing's Absence Management Policy.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. Plus Dane Housing has prepared detailed health and safety policies and provides Board and staff training and education on health and safety matters, including safeguarding. Health and safety is also regularly reported to the Audit and Risk Committee and is a key part of the internal audit cycle.

Board members and Executive Directors

Those Board members who served during the period and Plus Dane's executive directors are set out on page one.

Whilst the Board is responsible for Plus Dane Housing's overall strategy, management is delegated to the Chief Executive. The Executive Management Team (EMT) consisting of: Executive Director – Finance; Executive Director – Neighbourhoods, Executive Director – Assets and Assistant Chief Executive, act as executives within the authority delegated by the Board. EMT meets fortnightly under the chairmanship of the Chief Executive to consider management issues and key decisions.

The Board

The Board comprises up to twelve non-executive members and is responsible for the strategy, policy framework and managing the affairs of Plus Dane Housing. The Board members are drawn from a wide background bringing together professional, commercial and local experience. The Board delegates the day-to-day management and implementation of that framework to the Chief Executive and other members of the executive team.

Directors' Report

Board and independent committee members are selected by a panel of Board members (including the Chair and the Chief Executive) following public advertisement for recruitment.

Remuneration policy

The People and Governance Committee, comprising a Chair and a minimum of two other Board members, is responsible for setting Plus Dane Housing's remuneration policy for the Chief Executive. It also recommends to the Board the remuneration levels for board members.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration levels of the Chair, Chairs of Committees, Board Members, Independent Members and Chief Executive.

Details of the emoluments of Board Members and Executive Directors are set out in note 5 of the financial statements.

Statement of Board's responsibilities in respect of the Board's report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It

Directors' Report

is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Statement of compliance

In preparing this report a review of the organisation's governance procedures has been undertaken. Following this review, it is the opinion of the Board that Plus Dane Housing complies with the latest Governance and Financial Viability Standard issued by the regulator.

National Housing Federation (NHF) Code of Governance

Plus Dane adopts the NHF's Code of Governance (2015) and the supporting Code of Conduct (2012), which is a requirement of the Code of Governance.

The code is framed around nine principles, which the Board ensures that the organisation upholds:

1. *Ethics* - it operates according to high ethical standards, explicit values and appropriate codes of governance and conduct.
2. *Accountability* – there is proper accountability to and involvement of stakeholders, primarily residents
3. *Customer First* – the needs of current and future customers are at the heart of the strategy
4. *Openness* – A spirit of openness and transparency in matters of governance
5. *Diversity and Inclusion* – There is fairness, equality of opportunity and diversity in all aspects of governance
6. *Review and Renewal* – formal and open processes for the periodic review of the board's own performance are established
7. *Clarity* – roles and responsibilities between board members and staff are clear
8. *Control* **–** Effective systems for internal delegation, audit, risk management and control are in place. The board receives adequate and timely advice to inform its decisions
9. *Structures* – There are effective staffing and committee structures to support the board's work

The Board carries out an annual appraisal of governance in terms of its compliance against its chosen Code. For both the overarching Code of Governance and the supporting Code of Conduct the assessment is conducted on a "comply or explain" basis. Based on the self-assessment completed in May 2018, Plus Dane can

Directors' Report

evidence overall compliance with the principal recommendations of the NHF Code of Governance 2015 and the supporting Code of Conduct.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness annually, as set out in the International Standards of Auditing (UK and Ireland) and the NHF Code of Governance.

The system of internal control is designed to provide the Board with reasonable but not absolute assurance that risks are identified on a timely basis and dealt with appropriately; that operations are being managed both efficiently and effectively; that assets and people are safeguarded; that proper accounting records are maintained; and that the financial information used within the business or for publication is reliable and that the organisation is compliant with rules, laws and regulations.

The organisation has a number of arrangements in place that comprise the overall internal control framework, which are used to provide Board with assurance about the adequacy of this framework. This is summarised as follows:

The Board has ultimate responsibility for the system of internal control but has delegated authority to the Audit and Risk Committee to regularly review its effectiveness. The Audit and Risk Committee was formed to oversee the internal control framework across the organisation. It does this by reviewing the effectiveness of the system of internal control across the spectrum of the framework. This includes considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety and value for money and organisational efficiency.

Directors' Report

The Audit and Risk Committee received and considered reports from management on risk management and control arrangements at each meeting during the year and the Board discusses risk and the impact of the decisions that it takes at each meeting.

The Audit and Risk Committee has received from the Director of Business Effectiveness the report on the annual review of the effectiveness of the system of internal control for the Group, alongside the annual report of the internal auditor, and has reported its findings to the Board.

The table below summarises the assurance position for each area of the controls framework, using a tier grading which has been developed by the Institute of Internal Auditors against each key area.

Control Area	Summary of opinion
Governance Arrangements	A Unitary Board that, following simplification of the organisational structure, is supported by a refreshed and approved Governance suite (policies and standing orders) for 2018/19. This suite of policies is on track for review and update by end of 2018/19 in line with the agreed schedule.
Corporate Planning Framework	A contemporary framework is used for corporate planning. The Board reaffirmed its clear definition of purpose and strategic ambition in November 2017, which focused on horizon scanning to understand emerging threats and opportunities within the operating environment in order to frame the future strategic direction of the Board. The Leadership Team used this to shape the delivery plans that will discharge the ambition of the Board and deliver positive outcomes for Plus Dane's tenants and customers and the communities that the organisation serves.
Financial Planning Framework	The Framework is contemporary, effective, and embedded into both our business planning and budget monitoring activities. Alignment of the business planning and corporate planning frameworks has been achieved to deliver a credible and robust strategic plan for 2018/19. The framework has been strengthened further throughout 2017/18 to respond to internal audit recommendations, which centred on consistent and timely management information being provided.
Policy Framework	A new policy development framework has been implemented with clear stages (including tenant and customer involvement) and distinction between those policies preserved for Board and those that are delegated to EMT. Whilst this remains effective as an approach, there are a number of policies, mostly relating to our People strategies that are due for review and refresh. These will be re-programmed to ensure that the underpinning work on Culture and Values can inform the policies.
Risk Management	The Risk Management Strategy was refreshed in 2016/17 with a move to weighted risk assessments. The Board continues to use this framework effectively and considers itself 'compliant' in respect of

Directors' Report

Control Area	Summary of opinion
Framework	meeting the requirements of the NHF Code of Governance. Risk management is embedded as a standing item on each board meeting agenda to ensure that a dynamic and ongoing assessment of the impact of decisions on the risk profile of the organisation is maintained.
Performance Management	A full refresh of the performance scorecards is complete and approved by the Board and each if its committees. Key Performance Indicators (KPIs) are now being run monthly to enable a real-time assessment of performance. Any adverse variances will form part of the continuous improvement programme to ensure a dynamic approach to improvement. The "Golden Thread" of performance is established and the links between Corporate Objectives and employees' individual targets have been continually strengthened.
Procedural Framework	When taken as a whole the procedural framework is sufficient and in some cases is leading practice. New procedures have been introduced to take account of revisions to legislation, in particular around the new General Data Protection Regulation (GDPR) where the risk to the organisation has increased. Areas of concern on Health and Safety continue to be closely monitored by Audit and Risk Committee. The procedural framework for the key compliance processes is being strengthened with new coherent process maps and procedures being developed. A number of improvement audits on key compliance processes have been included as part of the Internal Audit programme for 2018/19. Until this is fully complete and embedded, the assessment remains 'some improvement needed'.
Audit	Internal audit services are provided by PWC, with KPMG providing external audit. We will start to build capacity across 2018/19 to start to bring some of our internal audit programme in-house and this has been factored into the programme with PWC for the year.

The process for identifying, evaluating and managing the risks faced by Plus Dane Housing is ongoing and has been in place throughout the period commencing 1 April 2017 up to the date of approval of the annual report and financial statements.

A monitor on fraud is also maintained and reviewed by the Audit and Risk Committee at every meeting. No significant instances of frauds have been reported during the year.

Based on the above assessment, the Audit and Risk Committee has confirmed that there has been improvement across the internal controls framework since its last annual review and the application of the framework is generally adequate. It is a shared view that 2017/18 has continued to be a period of significant change across the organisation and that actions are being taken to proactively identify any areas of underperformance with a view to embedding a focus on continuous improvement and ensuring appropriate and timely responses to mitigate risks.

The Board has accepted the conclusion of the Audit and Risk Committee based on their review and scrutiny.

Directors' Report

Annual General Meeting

The Annual General Meeting will be held on 20 September 2018.

Auditors

A resolution to reappoint KPMG as external auditors will be proposed at the Annual General Meeting.

The Directors Report was approved on 20 September 2018 and signed on its behalf by:

John Kent

Company Secretary

20 September 2018

Strategic Report

Background

Plus Dane Housing has operated for over 40 years in a number of different forms across Merseyside and Cheshire. It currently owns and manages c13,400 homes.

The organisation employs c.500 staff organised across four directorates: Neighbourhoods, Property, Finance and the office of the Chief Executive. The organisation has reduced its operations and staff numbers following the cessation of the Ellesmere Port and Neston management contract on 30 June 2017.

Plus Dane continues to focus on efficiency, delivering excellent customer service and value for money across its services. Financial performance in 2017/18 has generated a net surplus of £6.9m.

In April 2017, Plus Dane received an improved regulatory judgement of G2:V2. The Regulator referenced a series of improvements focused on strengthening governance arrangements and providing assurance through some of our key strategic functions that the organisation was well managed with clear accountability for decision making.

In the past year, significant focus has been invested to establish the appropriate levels of assurance to meet the required standards as set out in the Regulator's economic standards focused on Governance and Financial Viability. Across the year, our regulatory colleagues have offered supportive challenge to enable Plus Dane to move forward positively. This resulted in a number of key achievements including simplification of our governance structures, a review and refresh of the majority of our underpinning business strategies, a more granular approach to performance reporting and improved financial resilience. This will ensure that Plus Dane Housing can withstand reasonable external and internal shocks and still deliver the corporate plan and satisfy the banking covenants.

Having been previously the lowest graded registered provider in the sector in terms of regulatory performance, the organisation has gone through a root and branch review of everything it does. This was with the underlying aim of achieving day-to-day stability and an increased operating surplus from 19% to a minimum of 25%. This is with the sole purpose of enabling Plus Dane Housing to realise its ambitions for growth and increase its contribution to creating more homes for the people in our communities.

As the organisation embarks on 2018/19 and beyond it has restructured its formal entities into a single housing entity and is in the process of closing down two unregistered subsidiaries. It has been graded by the Regulator as fully compliant with an updated Regulatory Judgement of G1:V1.

The one-off costs of simplification amounted to £1.4million. These costs have been fully expensed in the financial year, with the resulting impact on operating surplus.

Strategic Report

Plus Dane Housing continues to operate in a changing external environment, both within the housing sector and on a macro-economic level. It is clear that the operating environment will continue to be challenging with:

- The Government's continued drive to reduce public sector expenditure and the impact on communities and partners with whom Plus Dane Housing works;
- Economic uncertainty as Brexit continues to dominate the political outlook with the full impact unknown. This uncertain economic landscape has weakened the pound, resulting in inflationary pressure, which is squeezing budgets both in respect of development costs and for tenants' household budgets.
- Inflationary impact as economic growth has slowed, which amounts to a new squeeze on household incomes.
- Welfare Reform and the impact of Universal Credit will likely impact on tenants and customers' social wellbeing and is predicted to influence an increase in homelessness.
- Our ageing population, which may see tenants and customers with health issues adversely impacted by the increasing pressure on public services.
- Increased merger activity with this expected to extend to medium sized organisations and new delivery partnerships and vehicles.
- Climate change and severe weather that will continue to influence Plus Dane Housing's long-term asset management strategy.

As a result of these factors, there is a continuing drive for efficiency and looking at how Plus Dane Housing can deliver its services in new innovative ways.

As the organisation moves into the next phase of its development, the Board has empowered the Executive Team to determine its operational priorities and deliver. This is as a result of the progress made in the past two years and the resulting increase in confidence that the Board has in the Executive Team.

Five year financial summary

The Board is pleased to report a surplus for the year of £4.3 million (2017: £10.9 million) before movements in relation to pension schemes. Total comprehensive income after actuarial adjustments is £6.9 million (2017: £8.2 million), following an actuarial gain of £2.6 million (2017: actuarial loss of £2.8 million).

Strategic Report

Statement of Comprehensive Income

The following table provides a summary of the Group's results:

For the year ended 31 March £m	*2018**	2017*	2016*	2015*	2014
Income from social housing lettings	*65.2*	64.8	64.4	61.1	55.8
Group turnover	*78.5*	94.4	96.9	103.7	87.0
Operating surplus	**17.9**	**25.1**	**20.6**	**22.7**	**16.6**
Incl. surplus on sale of property	*1.0*	*0.4*	*0.6*	*4.6*	*0.3*
Net interest payable	*13.0*	13.8	14.5	13.5	11.3
Surplus for the year after tax	***4.3***	**10.9**	**5.2**	**9.6**	**4.8**

* Prepared under FRS102 accounting standard

Group turnover has decreased by £15.9 million (16.8%) in the year from £94.4 million to £78.5 million. This is primarily due to the decision not to bid for the Ellesmere Port and Neston management contract. The contract ended on 30 June 2017.

The operating surplus reduced from £25.1 million to £17.9 million. In percentage terms, this represents a reduction from 26.6% to 22.8%. However, the operating surplus of £17.9 million is after two sets of one-off costs amounting to £4.7 million. Without these costs, the operating surplus for the year would have amounted to £22.6 million, representing an operating surplus percentage of 28.8%. This underlying percentage operating surplus represents a steady increase compared with the previous year. The one-off costs are a £3.3 million write off of a pension asset relating to the Ellesmere Port and Neston contract and £1.4 million costs related to the simplification of Plus Dane's corporate and financial structure.

As a result of loan repayments, supported by continuing low interest rates on variable rate loans, there has been a reduction in net interest costs of £0.8 million.

Strategic Report

Statement of Financial Position

The following table provides a summary of the Group's results:

As at 31 March £m	2018*	2017*	2016*	2015*	2014
Housing properties	589.5	579.9	576.1	576.6	301.4
Other fixed assets	11.8	12.3	15.8	16.9	15.5
Tangible fixed assets	**601.3**	**592.1**	**591.9**	**593.5**	**316.9**
Debtors receivable > one year	5.0	5.1	5.5	5.3	-
Net current assets / (liabilities)	(18.2)	(6.5)	(1.9)	(4.8)	(0.2)
Total assets less current liabilities	**588.1**	**590.8**	**595.5**	**594.0**	**316.7**
Loans due > one year	(278.5)	(293.0)	(304.4)	(306.6)	(291.1)
Creditors due > one year incl. grant	(243.3)	(239.6)	(244.2)	(245.1)	(1.1)
Pension provision	(12.1)	(10.9)	(7.8)	(14.7)	(8.6)
Total net assets	**54.2**	**47.3**	**39.1**	**27.6**	**15.9**
Reserves:					
Revenue reserve	54.2	47.3	39.1	27.6	21.3
Revaluation reserve	-	-	-	-	(6.7)
Designated reserve	-	-	-	-	1.3
Total reserves	**54.2**	**47.3**	**39.1**	**27.6**	**15.9**

* Prepared under FRS102 accounting standard

The housing properties owned by Plus Dane Housing are carried in the balance sheet at cost less depreciation of £589.4 million (2017: £579.9 million).

The freehold commercial investment properties were subject to an independent valuation as at 31 March 2018 and this resulted in a negligible upward valuation, which is a significant improvement in the valuation trend of previous years.

Plus Dane Housing is showing net current liabilities of £18.2m (2017: £6.5m liabilities). This is due to a loan of £10.5 million being repayable in January 2019, which has been classified as a current liability as it falls due within one year.

As a result of the above and loan repayments, longer term borrowing has reduced by £14.5m year on year to £278.5m from £293.0m.

Strategic Report

The organisation's five year headline performance and accommodation figures are summarised below, which link through to the key measures and targets set out in the Corporate Plan:

Headline performance

	2018	2017	2016	2015	2014
Housing properties:					
Social housing	13,304	18,666	18,658	18,655	18,426
Non-social housing	123	116	116	113	112
Total housing stock owned and managed	**13,427**	**18,782**	**18,774**	**18,768**	**18,538**
Headline financial performance:					
Operating surplus	22.8%	26.6%	21.3%	21.9%	19.1%
Operating surplus on social lettings	32.9%	35.0%	28.6%	25.0%	24.1%
Net surplus after tax as % of turnover	5.4%	11.5%	5.4%	9.3%	5.5%
Rent losses[1]	2.0%	1.6%	2.4%	4.5%	2.8%
Rent arrears[2]	6.3%	6.2%	6.1%	5.7%	8.3%
Liquidity[3]	43%	72%	93%	84%	99%
Interest cover[4]	129%	235%	188%	195%	156%
Debt per unit owned (£'000)	22.1	22.7	23.7	24.3	23.8

At 31 March 2018, the organisation owned or managed 13,427 properties (2017: 18,782). The reduction in homes managed is principally due to the cessation of the Ellesmere Port and Neston (EPN) contract.

The decrease in operating surplus as a result of the one-off costs has also led to a reduced interest cover ratio, however it is still within an acceptable range (Interest cover excluding EPN pension adjustment is 152%).

[1] Voids and bad debts as % of social lettings rent and service charges receivable
[2] Gross arrears as % of social lettings rent and service charges receivable
[3] Current assets divided by current liabilities
[4] Interest cover based on adjusted operating surplus (operating surplus plus housing depreciation less component replacement spend), divided by gross interest payable

Strategic Report

Liquidity has reduced to 43% from 72% mainly due to classifying the £10.5 million loan repayment as a current liability. Excluding the impact of this, the liquidity ratio would have been 64%. This is more representative as the maturing loan will be immediately replaced by longer term funding from existing loan facilities. At 64%, the current ratio is still lower than the prior year. However, at 31st March 2017, cash balances were unusually high, which boosted the ratio.

Investment for the future

The investment of surpluses in the organisation's future financial stability is a key tenet of our financial strategy. The investment is in the form of development of new homes, investment in existing stock, extension and improvement of services, and regeneration of our communities and neighbourhoods.

We have invested £8.5million in capital improvements to our existing stock this year, with a further £4.7million invested but charged to revenue.

During the year, 144 new homes have been developed (2017: 93), including 92 (2017: 79), for affordable rent and 52 (2017: 14), for low cost home ownership. At the year end, a further 295 properties were under development (2017:188).

Our investment in housing properties this year was funded through a mixture of cash generated from operations, social housing grant and loan finance.

The Group continues to track progress against commitments under the 2015-18 Affordable Homes Programme and other funding arrangements including Section 106 schemes, through regular reporting to Property Committee, Audit and Risk Committee and Board, as part of the overall finance report.

Treasury management

There is a robust Treasury Strategy in place which addresses interest rate risk, covenant compliance, funding and liquidity risk and exposure to counterparties. The Treasury Policy is reviewed annually and is approved by the Board. It includes the following approved instruments: instant access deposit accounts, fixed term deposits, call deposits, collateral deposits, money market fund investments and UK Government securities. The Treasury Policy recommends that between 50% and 80% of the organisation's debt should be fixed.

Management of the loan portfolio is the responsibility of the Executive Director – Finance and the Director of Finance and is managed in accordance with the Treasury Management Strategy and Policy. Plus Dane Housing Limited borrows at both fixed and floating interest rates. Regular updates on treasury activity are provided to the Audit and Risk Committee and the Board, as part of the overall Finance Report.

The Group does not make use of hedging instruments other than to fix variable rate debt either at the time of drawdown or following a review of the loan portfolio and market conditions.

Investment Powers

The Plus Dane Housing Limited's rules permit investment of monies not immediately required to carry out its objectives, as it determines and is permitted by law.

Strategic Report

Capital structure and treasury policy

Plus Dane Housing borrows principally from banks, at both fixed and floating rates of interest, and only in sterling so is not exposed to currency risk.

Total borrowings as at 31 March 2018 were £291.4 million (2017: £295.8 million).The fixed rate loans account for approximately 70% of the total borrowing, which falls within the recommended parameters of the Treasury Policy. Variable rate borrowings are those where the interest rate is fixed for less than 12 months from the balance sheet date.

The movement in loans year on year represents net loan repayments in line with loan agreement repayment schedules. Cash balances at the end of the year stood at £4.8 million (2017: £8.7million). Interest costs reduced to £12.6 million (2017: £13.3 million), and the overall weighted cost of capital reduced to 4.3% (2017: 4.4%).

Plus Dane Housing has total facilities of £362.9 million, leaving £71.5 million (2017: £46.5 million) of unutilised committed borrowing facilities.

The maturity of the Group's borrowings is detailed in note 21 of the financial statements.

The Group is subject to a range of covenants through its loan agreements, which vary between lenders. For the financial year 2017/18, the Group has complied with all of these covenants.

Corporate Plan - objectives and strategy

The Corporate Plan for Plus Dane was developed in 2015 with a five-year planning horizon starting in 2016/17. The priorities detailed in this plan were focused on future -proofing the organisation through a focus on improved efficiency, strengthened governance arrangements and through enhancing the voice and influence of our tenants and customers. The development of a new People strategy also focused on enhancing the voice of the people who work across Plus Dane to bring about greater influence and insight.

This plan would then lead the organisation into a period of transition, which would see a continued focus on efficient service delivery and strong social purpose with inbuilt resilience to continue to meet the changing needs of the communities in Merseyside and Cheshire.

At the start of the year, the Board reaffirmed Plus Dane as an organisation with a strong social purpose focused on the provision of homes at below market cost to tenants and customers of modest means.

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Direction from the Board

In September 2016, in line with the Board rotation plan, half of the Plus Dane Board changed and Sir Peter Fahy was appointed as Chair. At this time the Board reviewed the Corporate Plan agreed at the beginning of the year and took the view that the direction of travel articulated was suitably robust and the journey outlined should continue to be followed:

- Plus Dane will remain ambitious and outward-facing with a focus on being a trusted partner, and a contributor to community wellbeing.
- The Board will be proactive in setting the pace of and ambition for change, driving innovation, and managing risk appetite across different activities.
- Plus Dane will be continue to be committed to focussing on the basics of being a housing association; delivering the core elements of housing management, maintenance and development services for tenants and customers; focussing on sustainable tenancies
- For non-core housing activity Plus Dane will focus on supporting people out of dependency by acting as facilitators and catalysts for conversations with others.
- Plus Dane should not seek to always be in a delivery role but will look to deliver through identified vehicles, shared services and partnerships.
- No activity should be pursued that puts the core business at risk, is a distraction from progressing the business or is a divergence from Plus Dane's core purpose.
- A positive, value-based internal culture is key.
- Plus Dane should learn from others, aiming to bring the outside in.

Working Principles

In 2015 as part of engaging staff in developing the strategic direction of the organisation, a series of working principles were established that would underpin the work of Plus Dane. This was developed further in 2017/18 when work started to develop a more comprehensive values and behaviours framework that will drive culture change and organisational performance and underpin our transformation plan.

This work is a key part of our People Strategy and will be completed for roll-out in 2018/19. This will strengthen our performance whilst simultaneously continuing to support the future proofing of the organisation through the building of capacity and capability.

Strategic Goals

In 2015/16, the Board outlined four strategic goals that would frame its ambition and risk appetite across the following five years. These are known as 'the Big 4' and these four overarching strategic outcomes have continued to frame the delivery objectives for 2017/18 and will be reviewed for their ongoing relevance each year as the organisation moves into a transformational agenda.

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1) Customer, Products & Services	• Provide a range of products and services that residents want and can afford
2) Financial Resilience	• Improve financial resilience to ensure that the organisation can withstand reasonable internal and external demands
3) Growth	• Deliver greater positive impact on place
4) People	• An environment of engagement, accountability, empowerment & opportunity for our people. All colleagues understand the contribution they make and feel valued

The strategic goals are underpinned by a delivery plan that sets out at a directorate and team level the actions and activities that will be delivered in-year to realise the Big 4 objectives.

The 2017/18 Corporate Plan was ambitious and reflected the focus on performance and delivery that Plus Dane has committed to deliver to ensure that it is maximising its contribution to the sector and delivering for our customers and tenants. The majority of the commitments detailed in the plan have been delivered, which represents a strong performance for the organisation. The key achievements under each of the Big 4 objectives are as follows:

Customer, Products and Services

Key achievements in 2017/18 include:

- A managed exit from the Ellesmere Port and Neston management contract that resulted in an effective and seamless handover of responsibilities.
- Embedding of structural changes including our outward facing Neighbourhoods directorate to strengthen the customer experience.
- Successful completion of the second-year evaluation of Waves of Hope.
- Welfare Reform plan developed to mitigate any potential impact on the business plan and on our tenants.
- Embedding of tenant scrutiny and customer engagement across the organisation, which saw a number of service reviews completed with recommendations being built into service plans.
- Development of the year two improvement programme for the Repairs service.
- Implementation of Landlord Plus, which has resulted in an integrated and targeted approach to enable tenants to sustain their tenancies and in doing so protect Plus Dane’s future income stream supporting greater financial resilience with measurable outcomes that are quantifiable and have a positive financial and social impact

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- Completion of an open procurement process to replace our Housing Management System, which will completely modernise the way in which we manage data and information and will also provide a platform for our customers to be able to access our services digitally.

Outcomes for 2018/19:

The outcomes that we will seek to deliver in 2018/19 in respect of our customers and the products and services that we offer focus on embedding the work completed in the first two years of the plan to realise efficiencies and build services focused on customer value.

We will continue to improve customer service whilst considering the wholesale transformation of other key areas that are high value services for our customers such as Repairs.

Our ambition as a housing provider centres around providing choice for those tenants and customers who want to access other homes and tenures as their lives evolve and their circumstances change. We will actively focus on joining up our housing offer to enable our existing tenants to access the full range of housing tenures as their circumstances allow. We will make better use of our insight and intelligence to model future demand for our products, targeting interventions to develop homes in the right place, at the right time and sustaining tenancies through improved services.

We will also focus on how we adapt our products and services to meet demands of the next generation of customers who will increasingly want greater flexibility to live their lives.

Strengthening our Customer Voice to ensure that our services remain relevant will remain a key priority and both customer scrutiny and real-time feedback from customers will provide strong evidence of how tenants and customers voices are shaping the services they receive. We are re-thinking the way in which we collect customer feedback to better reflect how our customers want to interact with us.

How we will know:

- We will have a sustained and evidenced improvement in overall customer satisfaction that captures real time data to inform us about how we are performing. Ensuring that our customers and tenants have sufficient redress is imperative and our new processes for gathering data will take account of this.
- We will remain compliant with the requirements of our Regulators and ensure that a culture of continuous learning and improvement is embedded across the organisation.
- Tenancy sustainment will improve and we will enable people in making positive choices to move through the tenures of our homes
- We will measure the contribution that we make to communities via the development of a social return measurement framework
- We will start to create opportunities for digital channel shift to enable our customers and tenants to access our services more easily and quickly

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Financial Resilience

Key achievements in 2017/18 include:

- Improved financial resilience that will ensure we can withstand reasonable external and internal shocks and still deliver the corporate plan and satisfy the banking covenants.
- The organisation has restructured some elements of its finances to protect its social housing assets from unnecessary commercial risk, introduced tighter treasury management policies with the aim of achieving more day to day stability.
- Simplification of our governance structures to form a single entity, Plus Dane Housing.
- A review and refresh of the majority of underpinning business strategies to create clarity and resilience in our governance arrangements.
- Improvements to the quality of board and committee reporting to strengthen assurance and provide the basis for informed challenge across all of our key performance indicators and decision-making processes.
- A revised and more granular approach to performance reporting that is underpinned by a clear framework for continuous improvement.
- Clear value for money outcomes, which were included in our Internal Audit programme as part of the Efficiency Planning review.
- Strengthening of our financial management processes including a wholesale review and redesign of our management accounts to enable the Executive and the Board to make informed decisions about the direction of the business.
- Embedding of structural changes including our Finance team to build capacity and capability and better align resources to the needs of the business.

Outcomes for 2018/19:

Financial resilience is a key priority to ensure that the organisation can withstand reasonable external and internal demands and still deliver the objectives set out by the Board, whilst remaining financially viable and able to satisfy the requirements of our banking covenants. The underlying enabler for financial resilience will continue to be a focus on income collection to ensure that we are able to remain financially viable and able to continue to reinvest in homes and deliver services to our tenants and customers. We will also continue to use our financial resources wisely to ensure we deliver value for money.

The Board have set an ambition to realise an operating surplus of 30% within 3 years in order that Plus Dane can sustain itself and grow. This will be dependent on the development and implementation of the transformation plan, which will see the organisation develop a new operating model to frame the way in which we work.

The achievement and stress testing of the measures that will underpin our success is confirmed in the annual Business Plan and this will be revisited throughout the year by the Board to ensure that it remains relevant, fit for purpose and reflective of the external operating environment.

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How we will know:

- We will maintain covenant headroom of greater than 10%
- Interest cover will exceed 120% (trigger point)
- Operating margin will exceed 25% by the end of 2018/19
- Debt per unit to will be less than £25k
- We will have no reliance on sales income to fund our corporate plan priorities
- Loan facilities will be in place to cover committed development programme

Growth

Key achievements in 2017/18 include:

- Development of a new Asset Management Strategy, focused on increased investment in existing stock.
- Established a “standard” for investment in existing homes that defines the standard and frequency of investment over the life of the 30-year Business Plan, whilst also providing certainty for tenants and enable the organisation to deliver an investment.
- Development of 144 new homes across Merseyside and Cheshire as part of our new homes development programme.
- Commenced the regeneration of The Welsh Street in Liverpool to create modern and contemporary homes in a key historic area of the city.
- Further developed the asset and liability register which is a tool to improve asset value; manage risk across the business by understanding the cumulative risk based on liabilities; increase headroom and improve our financial resilience.

Outcomes for 2018/19:

Plus Dane Housing has a clear ambition to continue to develop homes as part of our strategic objective for growth and as part of our role in the creation of place in the communities that we serve. Our development and asset management plans are ambitious and forward looking and we will blend the development of new homes with a focus on investment in our existing homes to ensure that we achieve maximum asset values. We will create a strong pipeline of new homes whilst making a positive impact on place making that is specific to the needs of that area.

As we shift to a focus on place we expect that more of our work will be in regenerating communities and working with strategic partners to create great places where people want to live, work and prosper. Working with our partners we will seek to bring capacity to achieve economies of scale.

Our key target will be to achieve an overall increase in asset value across our total stock rather than focusing on individual asset values.

We will actively pursue shared services and joint ventures with likeminded partners to ensure that we deliver based on respective strengths. We will explore new growth opportunities with local authority and other partners.

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How we will know:

- We will be able to evidence an increase in total asset value across the Plus Dane asset portfolio
- We will see sustained development of new homes in line with our development plan
- Development of a number of value-add strategic relationships will be driving a programme that is bringing value to communities across Merseyside and Cheshire.

People

Key achievements in 2017/18 include:

- All of Plus Dane's Leadership team have undertaken development in line with the Leadership Framework and have started to work towards an approved accreditation in coaching.
- Embedding of a coaching culture has moved forward with a number of managers achieving a formal qualification and others working towards an accreditation.
- 5% of the workforce continues to be made up of apprentices or entry level placements.
- Plus Dane's two-year Graduate Programme was launched and we welcomed seven new graduates into our business.
- We commenced work with Board and colleagues to develop a Values and Behaviour framework, which will set out ‘how' we work in order to provide clarity and consistency for all employees of the organisation.
- Responded to two legislative changes in respect of the people agenda; the introduction of the Apprentice Levy and the implementation of Gender Pay Gap reporting.

Outcomes for 2018/19:

Our ambition for our people is simple to articulate but will take strong leadership and meaningful engagement to achieve. We are committed to building a team environment where everybody is empowered to act and be accountable.

We remain committed to entry level recruitment and to creating opportunity for new perspectives to join our business. We are proud to be members of the 5% club and our graduates and apprentices complement an already skilled and knowledgeable workforce.

The coming year will see us complete the work to underpin our current ways of working with a revised values and behaviours framework. This will provide clarity and consistency for all employees across the organisation and provide a platform to enable a strengthening of our performance management framework.

We will strengthen our employee voice through our partnership with Trade Unions and through other direct relationships to ensure that we leverage the capabilities of people from across the organisation in shaping our future and achieving excellence.

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Our goal is to focus on strategic workforce management, which will enable us to attract the right people with the right skills and attitude and focus on the future needs of the organisation.

Above all we will continue to pursue our goal of being a healthy and high-performing organisation. We are modelling our People offer using the employee lifecycle and our ambition to continue to develop a coaching culture to support confidence, capacity building and wellbeing across our people is nested in our retention strategies. Employee wellbeing and advocacy is key and will be measured by a year on year upward Employee Net Promoter Score (ENPS). We will strive to have a positive external reputation for being a good employer and a place where people want to join and develop their career.

How we will know:

- Evidenced incremental employee satisfaction and advocacy
- Our people will have taken personal accountability for wellbeing and will be making appropriate use of the Plus Dane wellbeing programme
- Strategic Workforce Planning will be embedded into our people strategy and will be driving recruitment and selection decisions
- Our chosen management culture of coaching will be established and will also be driving strong employee advocacy as people are empowered to find new solutions to old problems

In a small number of cases other factors have required the organisation to re-evaluate the delivery timeline for a number commitments from 2017/18. The following activities have been rolled over into 2018/19 with agreement from the Board:

- *Accommodation Strategy* – The Board agreed in January 2018 to explore options for relocation of the business by March 2019 and allocated a budget of £300k to support the programme.
- *Development of a Rent Strategy* – an initial first draft has been carried forward into 2018/19. This will see the development of a strategy that balances the right product and price mix and supports our financial capacity to provide new homes and maintain our existing homes.
- *Cost Effective Funding* – this is now re-titled as Refinancing Plus Dane and has been deferred to enable simplification of the governance structures to be complete.
- *Employee Recognition Framework* – this will be reviewed with a view to incorporating recognition into a wider review of Terms and Conditions.

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Operating performance in the period

Plus Dane uses a balanced scorecard which captures performance against a number of key measures linked to the Corporate Plan. The table below summarises the year-end outturn position against the measures within each perspective.

Scorecard Summary (excluding measures that are data only)			
Perspective	**Total Number of Measures**	**Number on track**	**Number below target**
Financial Resilience	9	6	3
Customer, Products & Services	6	2	4
Growth	1	1	0
People	1	1	0

Overall, the end of 2017/18 showed strong or improving outturns in the following areas:

- Financial management and control - achieving a turnover in line with target.
- Income management - achieving a collection rate of 99.81% marginally missing target of 100%.
- Delivery of New Homes - achieved target of 144.
- Gas Safety - had a strong performance throughout 2017/18; at the end of the year, three properties had an expired certificate, all of which were completed and compliant during April 2018.
- Void rent loss - outturn was 1.43%, with only 0.37% of the stock empty at year-end. Overall average re-let times consistently exceeded target of 25 days throughout the year with a year-end outturn of 22.6 days.

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Overall there were seven performance indicators that were below target at the year-end point, which are explained in the table below and the following narrative.

Summary of Measures by exception					
Traffic Light Icon	Indicator	Q3 2017/18 Value	**Q4 2017/18 Value**	**Target Value**	**Short Term Trend Arrow**
	Operating Margin	25%	**22%**	**27%**	
	Surplus	£7,264	**£2,357**	**£7,299**	
	Total cost per property	£3,164	**£4,504**	**£4,206**	
	Gas Safety	100%	**99.97%**	**100%**	
	Income Collection Rates	97.61%	**99.81%**	**100%**	
	Customer Satisfaction (repairs)	89.18%	**88.29%**	**94%**	
	Customer Satisfaction (landlord)	88.01%	**87.56%**	**90%**	

- **Financial Performance Indicators:** The three financial performance indicators were impacted in quarter four by the inclusion of the write-off of the EPN pension asset. If the pension costs were excluded a total cost per property of £4,265 is generated, which is still slightly over target, but can be explained by additional spend on repairs, simplification costs and a reduction in the development fees that were capitalised.
- **Gas Safety** – Three properties had expired gas safety certificates as at end of quarter four. All three were subject to the 'no access' process and were brought back into compliance in April 2018.
- **Income Collection** – The year-end performance for income collection was 99.81%, against a target of 100%. Whilst slightly disappointing that 100% was not achieved, the income collected is very marginally below the rent debit for the year of £63.2m. This is partially impacted by the timing of year-end which fell over a bank holiday weekend but also attributed to the impact of Universal Credit (UC). This was a very marginal underperformance and was reported to Board because there are no permissible tolerances for financial indicators due to the prudent risk appetite around our financial performance indicators.
- **Customer Satisfaction (repairs)** – This measure is always triggered as a result of a repair transaction with a customer. Although below target, satisfaction has remained high. This measure is made up of a number of sub-indicators, which are showing variable levels of performance. Overall quality of work and the assessment of operatives continue to achieve over 95%

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satisfaction. Questions around how satisfied tenants are with the way Plus Dane dealt with the work has finished at year end at 88.29%. We have benchmarked this level of satisfaction against the other registered providers, this reports the average year end out turn in other providers was 83.09%. Whilst this will continue to be an area of focus, Plus Dane is performing around external benchmarks in this area.

- **Customer Satisfaction (landlord)** – Despite this target looking at overall satisfaction, similarly to the measure above, the respondents for this target are triggered as a result of a transaction with the organisation. As such, this target is inextricably linked with the target above. Overall satisfaction has remained stable this year but is consistently around 2% below target. We are in the process of reviewing our approach to the measurement of customer satisfaction to move towards a more representative sample of customers and improve the statistical validity of this measure.

Value for Money summary

The Regulator of Social Housing (RSH) updated its requirements for compliance with the Value for Money (VfM) Standard in April 2018. This requires Registered Providers to demonstrate a robust approach to achieving value for money, underpinned by clear and informed decision making that is owned by the board.

Plus Dane's VfM approach defines value for money as the relationship between effectiveness, efficiency and economy; the aim being to ensure a good balance between all three – achieving high productivity and outcomes from our cost base.

Understanding our cost base and continually looking for opportunities to realise and achieve enhanced VfM is important for Plus Dane as delivering value creates opportunity to further our social and charitable objectives. One of our Big 4 strategic objectives is focused specifically on Financial Resilience and we see activities focused on VfM being critical to achieving our goals.

Our Corporate Plan confirms that the underlying enabler for financial resilience will be a focus on income collection balanced with a continued emphasis on using our financial resources wisely to ensure that we deliver value for money. This ensures that we remain financially viable alongside focusing our resources on the continued investment in homes and delivery of services to our customers and tenants.

The Board's ambition of achieving an operating surplus of 30% in three years will be dependent on the development and implementation of a transformation plan, which will be underpinned by a focus on value for money and will see the organisation develop a new operating model to frame the way in which we work. A key outcome of this plan will be to continue to generate a surplus which will enable Plus Dane to sustain itself and grow in order to make an ever-increasing contribution to the communities and people that it serves.

As part of setting its ambition, the Board has developed eight key business drivers that underpin the Big 4 strategic goals and ensure that the Board's ambition for growth underpinned by VfM is focused holistically across the organisation's key priorities. These drivers describe where resources will be targeted to deliver value.

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Driver	Board Ambition
1) Development of homes	Build strong strategic partnerships to maximise our capacity and capability across Merseyside and Cheshire to create social and economic value for the communities, families and individuals that we serve. New build housing for outright sale will not form part of the development plan this year.
2) Empowering communities and people	Invest resources alongside partners into our role as an enabler to help current and future tenants and customers to start well, live well and age well. This means that we will act as an enabler but rarely be in the delivery role to ensure that our resources are used appropriately.
3) Quality of service	Delivering excellent customer service as determined by our customers and tenants and supporting them to move through the different stages of their lives underpinned by an appropriate residential offer. The ambition around our quality of our service is of equal importance to achieving our growth aspirations and our resources will be invested to achieve this balance.
4) Strategic influence	Our strategic alliances within the Liverpool City Region and in Cheshire will be used to good effect, collaborating to positively influence the sector and deliver more homes.
5) Tenant and customer influence	A strong tenant and customer voice is essential for co-production of our service offer to determine how our customers and tenants determine value and to co-regulate and develop the business.
6) Risk and resilience	The Board's risk appetite will continue to guide our strategies and operational delivery. Our financial management approach will continue to have current and future resilience at its heart with VfM being considered as part of all key decisions.
7) Empowering and engaging our people	Developing a clear employee value proposition that positions Plus Dane as a contemporary employer that is able to attract and retain key people and resources will be clear VfM focus. Strategic Workforce Planning will enable us to target our investment in people to ensure that we secure value today and into the future.
8) Preparing for transformation	Adopting an organisation wide approach to transformation will be a key priority, bringing about new ways of working at every level aimed at improving the customer experience, enhancing the employee value proposition, increasing efficiencies and contributing to an overall positive societal impact. This will be a key enabler to delivering a 30% operating surplus in 3 years, which in turn will enable the organisation to both sustain itself and grow.

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As part of our approach to monitoring VfM, the Board reviews high-level performance on a quarterly basis. We have redesigned our performance reporting framework to establish lead and lag indicators that ensures that the Board and its committees are sighted on performance. Where there are industry best practice measures we will aspire to meet these. Where these benchmarks are not available, we will look for incremental improvements on the baseline position to secure ongoing improvement.

To ensure that value for money is owned at a strategic level, 2018/19 will see the inclusion of specific measures in the Audit and Risk performance report focused on the organisation's VfM performance. This suite of measures will be built out further during the year as the transformation plan is developed and the benefit and value targets are determined. This is in line with the Regulator's requirement set out in the Value for Money Standard for us to provide evidence to enable stakeholders to understand our performance against our own VfM targets but also because the Board embraces VfM as one of our key drivers and ensures that all decisions are based on the value it will realise.

Our Continuous Improvement framework clearly articulates that where there are areas of underperformance, the root cause is clearly understood and corrective actions planned and executed. Similarly, where there are areas of strong performance we will look to embed this across the business. More work will be done on our continuous improvement journey in 2018/19 to fully embed this into the business to ensure that performance focused on driving VfM is a cultural norm at all levels within the business. Robust self-assessments of our internal capacity and capabilities will continue to form a central part of our assurance framework.

The link between the Corporate Plan objectives, the longer term Business Plan and the budget setting and monitoring process is key to achieving value for money.

Our VfM framework includes the following activities:

- **Board Away Days** – to consider the operating environment and the capacity and capability of the organisation to respond effectively to any impact on the business;
- **Board visibility of performance** - based on four strategic elements of the Balanced Scorecard;
- **Annual business planning cycle** – including budget approval and 30 year Business Plan, incorporating long term projections of financial performance and stress testing;
- **Budget monitoring** – monthly budget monitoring and reforecasting with budget holders to keep track of planned efficiency savings;
- **Customer feedback** - we will refresh this in 2018/19 to improve our understanding of our current tenants and customers, their needs, and how we can drive value through the services we provide. We will also focus on horizon scanning to ensure that our products and services are future facing;
- **Benchmarking** – making use of the global accounts data to assess our costs and understand cost drivers, compared to our peer group;

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- **Service reviews** – considering the cost of provision and quality of service;
- **Improved approach to procurement** – setting plans for strategic procurement management that will drive efficiencies in the way we procure services, based on the new Procurement Strategy;
- **Performance Management –** annual corporate plan performance indicators are cascaded down through the organisation to individual team members through annual appraisal and target setting procedures.

Performance against core metrics

The requirements of the new Value for Money (VfM) Standard include reporting on the set of metrics defined by the Regulator of Social Housing (RSH). Although the new Standard did not come into force until April 2018, the Board was keen to report on the new metrics for 2017/18. These are shown in table one (below).

Where the 2017/18 measure has a second value in brackets, this is the calculation with the operating surplus excluding £4.7 million of one-off costs. Of these, £1.4 million relates to simplification costs and £3.3 million to writing off the Ellesmere Port and Neston pension asset.

As part of the review of strategic objectives for 2018/19, the Board will be setting additional targets related to the specific objectives for Plus Dane, which we will report on during the next financial year.

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Table one: 2017/18 core metrics

Core metric	Purpose	2017/18 measure
Reinvestment %	To measure efficiency in terms of investment in existing and new properties as a percentage of the value of total properties	**6.78%**
New supply delivered % - social housing	To measure effectiveness in terms of investment in new social housing as a proportion of total social housing	**1.07%**
New supply delivered % - non-social housing	To measure effectiveness in terms of investment in new non-social housing as a proportion of total housing	**0.05%**
Gearing %	To measure efficiency in terms of the proportion of net debt as a proportion of assets and the degree of dependence on debt finance. A key indicator of appetite for growth	**48.51%**
EBITDA (MRI) interest cover %	To measure efficiency in terms of liquidity and investment capacity, through the ability of the adjusted surplus to cover interest costs.	**132%** ***(169%)***
Headline social housing cost per unit £	To measure the economy of costs	**£3,246**
Operating margin % - overall	Measure of efficiency and profitability of operating assets before exceptional expenses	22.1% ***(29.5%)***
Operating margin % - social housing lettings	Measure of efficiency and profitability of operating assets before exceptional expenses	31.3% **(33.5%)**
Return on capital employed (ROCE)	Measure to assess the efficient investment of capital resources	3.14% ***(3.93%)***

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Peer Group comparisons:

Plus Dane is keen to compare its performance with other Registered Provider's in our peer group, and we have used the HCA's *Global Accounts* (consolidated) dataset to assess how our costs and performance compare to other 'similar' social housing providers.

The following organisations have been identified as our peer group, as they offer similar services to Plus Dane and/or operate in the same geographical locations.

Table two: Peer group and Headline Cost per Unit

Registered Provider	£'000	Homes
Liverpool Mutual Homes Limited	2.64	15,334
Torus62 Limited	2.66	21,589
Knowsley Housing Trust	2.75	13,282
Cheshire Peaks & Plains Housing Trust	2.91	5,065
Wirral Partnership Homes Limited	2.91	12,894
Regenda Limited	2.97	12,929
Plus Dane Housing Limited	3.07	12,946
New Charter Housing Trust Limited	3.07	19,784
Great Places Housing Group Limited	3.07	17,618
Median	3.07	13,096
Mean	3.17	14,056
Halton Housing Trust Limited	3.30	6,893
ForViva Group Limited	3.34	17,661
One Vision Housing Limited	3.45	12,332
First Choice Homes Oldham Limited	3.53	11,571
Rochdale Boroughwide Housing Limited	3.90	13,096
Bolton at Home	3.98	17,846

As the performance data for our peer group is not yet publicly available for 2017/18, published data from their 2016/17 financial statements has been used.

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Table three: Peer group and sector comparison – Core Metrics

Table three: Peer group and sector comparison – Core Metrics	Plus Dane		Peer group average	Sector average
	2018	2017	2017	2017
Investment in homes				
Reinvestment %	6.8%	3.2%	7.3%	7.5%
New supply delivered % - social housing	1.07%	0.7%	0.9%	1.5%
New supply delivered % - non-social housing	0.5%	5.5%	1.0%	1.8%
Key funders' ratios				
Gearing %	49%	50%	47%	46%
EBITDA (MRI) interest cover %	133% **(169%)**	193%	228%	164%
Cost per unit				
Headline social housing cost per unit £	£3,246	£3,074	£3,163	£3,698
Management cost per unit £	722	903	975	943
Maintenance cost per unit £	1,248	994	892	991
Key ratios				
Operating margin % - overall	23% **(30%)**	26%	30%	30%
Operating margin % - social housing lettings	31%	32%	32%	34%
Return on capital employed (ROCE)	3.1% **(3.93%)**	4.1%	5.7%	4.3%

Compared to last year our approach has resulted in a reduction in management cost per unit driven by a number of planned activities to reduce costs without negatively impacting customers. The chart below shows how we compare in this area compared to our peers.

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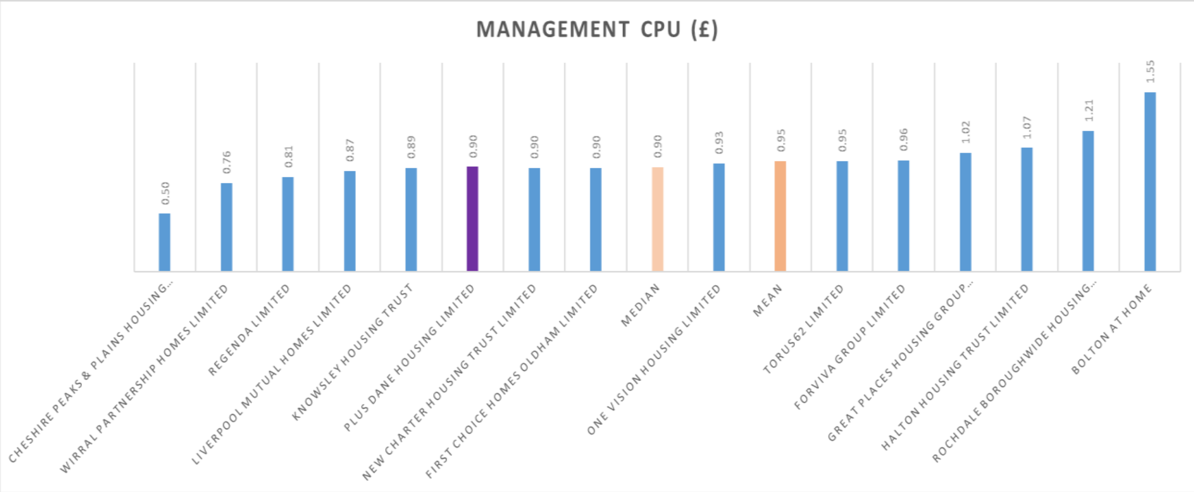
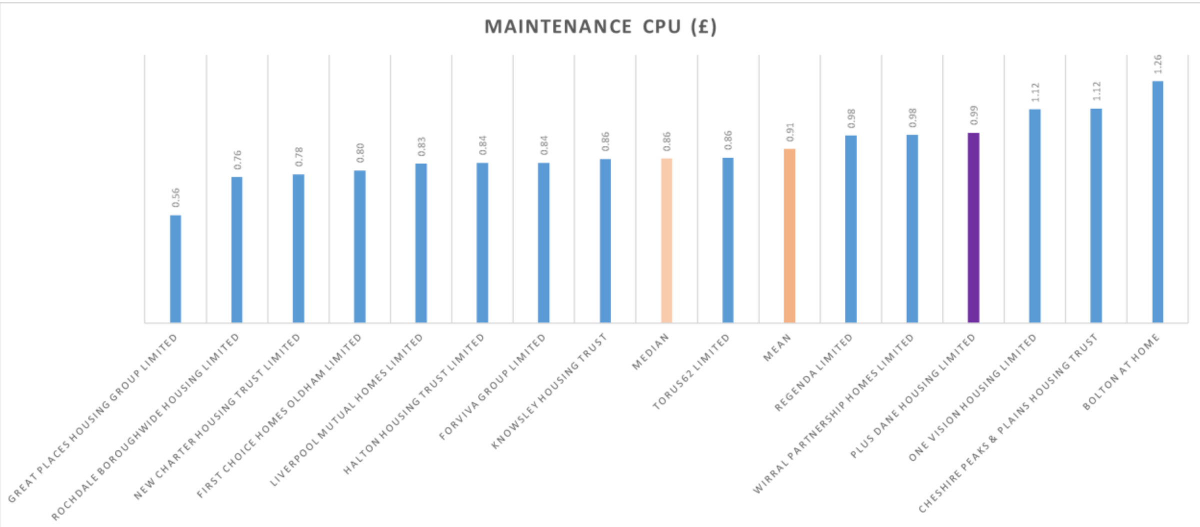


Areas for improvement:

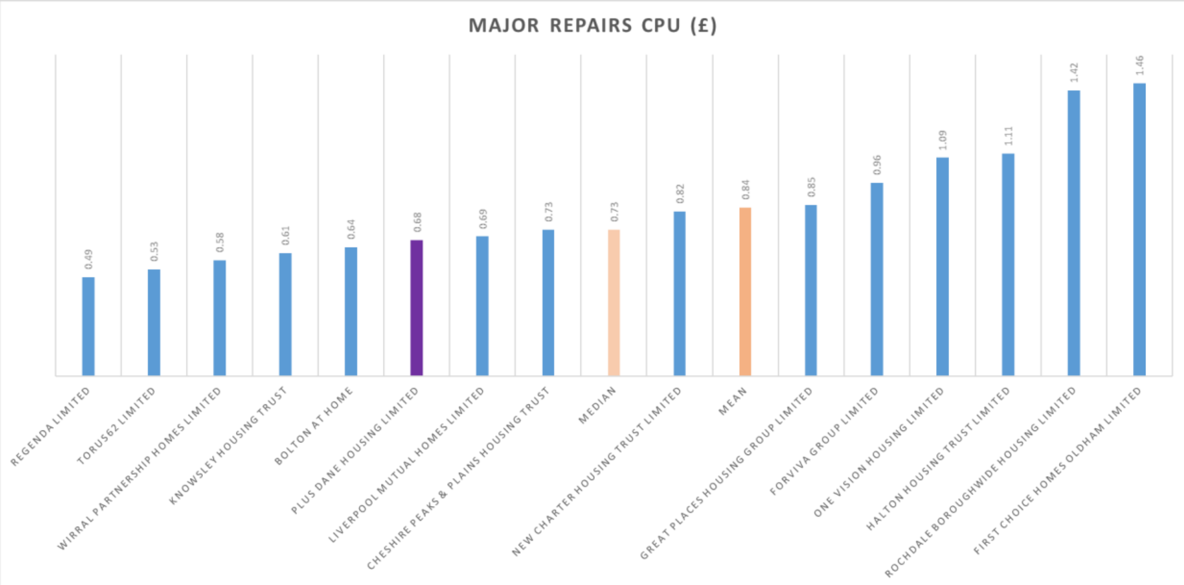
The reinvestment percentage of 6.8% for 2017/18 is based on additions made during the year of £40 million, measured as a percentage of the value of housing properties at cost as at 31st March 2018. This included £13 million invested in existing homes.

The charts below show our cost per units for both maintenance and major repairs.



On maintenance we are in line with the median of our peers and just outside the top 25%. In terms of major repairs we are below the median.

Strategic Report



During 2017/18, we have increased the level of investment in existing homes to £13 million due to this being given increased priority in the Business Plan. At the same time, net development has reduced to £7.3 million as a result of significant levels of slippage on three Affordable Homes Programme (AHP) schemes and a reduction in the number of S.106 schemes coming forward from developers. As a result, the reinvestment percentage has increased to 6.8%.

During the year, Plus Dane developed its new Investment Plan based on an updated stock condition survey and we have prioritised this reinvestment within the Business Plan for 2018/19. As a result of this, over the next five years, reinvestment is planned to increase, with £56 million set aside in the Business Plan for investment in existing homes (including £8.4 million in 2018/19). In addition, there is provision for £37 million over three years for the development programme, including £21 million in 2018/19 to deliver completion of 145 new homes. The percentage of new supply of non-social homes was higher in 2016/17 due to market for sale scheme at Delph. 2017/18 saw the sale of the remaining four units at Delph, and as part of the simplification of Plus Dane and re-focus back on core social purpose, the company which held these assets prior to sale is being wound up.

Our gearing ratio is marginally above our peer group and the sector average, but is well within our own funding covenants, to the extent that we have headroom of c £160 million as at 31st March 2018. As part of the legal simplification of the organisation, we have consolidated our loan funding, which is c. £295 million, under one single company. By year five, c. £130 million of these loans are due for repayment, and therefore re-financing is scheduled from 2020. The 2018/19 Business Plan builds in capacity to deliver a minimum of 150 new homes per year, which is part funded by operating cash surpluses and part funded by loans. It is anticipated that borrowing will need to increase to c. £360 million by year ten to fund this programme and this can be accommodated within the Plan.

Strategic Report

Our interest cover ratio is below the peer group and sector average at 133% for 2017/18. This is well above our minimum threshold agreed with funders (between 105%-110%). Excluding the one off costs identified above, the underlying interest cover ratio increases to 169%.This adjusted ratio is slightly higher than the sector average, but still lower than Plus Dane's ratio for 2016/17 and that of our peer group.

Linked to this our operating margin is below the peer group and sector average, at 23% (26% in 2016/17), but this ratio has been steadily increasing over recent years as our savings programme has continued to deliver improved margins. During the current year, our target is to continue to improve our operating surplus to 30% within three years based on the organisation's developing Transformation Plan. If we look at the underlying operating surplus for the year at 29.5%, it is close to the target of 30%. 30% is also the sector and peer group average.

For social lettings, our operating margin is in line with the peer group average at 31.3% (35.0% in 2016/17). Adjusting for on-off costs, the underlying operating surplus of 33.5% is slightly higher than the peer group average and close to the sector average. This reaffirms the decision to re-focus on core social housing and limit our exposure to the risk of non-social activity.

Our overall social lettings cost per property is below the sector average at £3,246 (£3,074 in 2016/17). The increase for Plus Dane over the year is a result of the increased level of investment in existing housing stock not withstanding sustained reductions in management costs. Total cost per unit increased by £162 per property; however the average value of reinvestment per existing property was £173 for the year. A sustained period of savings has been delivered over the last few years, particularly on management costs as a result of a number of restructures. In 2017/18, a restructure of the Finance and IT team resulted in savings, and further restructures of Human Resources and Business Effectiveness will generate savings in 2018/19. In line with the previous year, our repairs and maintenance cost per property continues to be higher than the peer average. A Repairs Transformation project started in 2017/18 and will continue into 2018/19, with the intention to bring more work in-house, improve productivity and generate savings in this area.

VFM savings delivered in 2017/18:

We have summarised the VfM gains that we have made throughout 2017/18, as well as keeping track of future anticipated VfM gains for 2018/19 onwards. The VfM gains are categorised as follows:

- Administration cost savings (including staff costs);
- Repairs and planned revenue savings;
- Capital investment savings;
- Additional funding / income generated;
- Cost avoidance;
- Social value generated.

Strategic Report

The following table shows the overall VfM gains made

Table four: VfM gains

Description	2017/18 £'000	Future years £'000
Administration cost savings	499	642
Repairs and planned revenue savings	-	37
Treasury cost savings	293	-
Capital savings	120	-
Additional funding income	852	-
Cost avoidance	136	-
Total additional resources	**1,900**	**679**
Social value	***96***	**-**

We have set out below some examples of the more significant VfM gains that contribute to the saving in the table above:

Administration cost savings:

- Restructure savings – a saving of £190k was generated as a result of the Finance and IT team restructures, which sought to minimise back office costs whilst still providing efficient and effective services. This is a part-year impact;
- IT contract savings – a saving of £160k has been generated from a review of IT contracts, which has led to cancellation in under-utilised software or licences;
- Insurance savings – a saving of £130k has been generated as a result of the renewal in November and also includes a rebate for low claims;
- Business rates – a saving of c. £15k was generated as a result of taking advantage of lower rates for charitable companies;

Treasury cost savings:

- Interest costs – a saving of £280k was generated as loan fixes that were coming to an end prior to legal simplification were moved onto variable rates to take advantage of ongoing low LIBOR rates. Post-simplification, some of the margins on loans increased, and this increased cost has been netted off;
- Stock valuations – a saving of c. £12k as a result of legal simplification as we were able to defer the costs of stock revaluations for some loans.

Capital savings:

- Replacement – a saving of £120k against budget for lift replacements based on improved reporting and updated stock condition information, it was confirmed replacement was not required during 2017/18 and these have been re-programmed.

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Additional income / funding generated:

- Partnerships – additional funding of c. £90k has been generated through bids and commissioning for a variety of projects led by the Engagement and Partnership team. This includes an employability programme called GiveGetGo, health and wellbeing projects and community group funding by contractors and partners.
- Reduced rent loss from voids – during 2017/18, we have outperformed the void loss budget by c. £205k, which has generated additional income and cash for future reinvestment;
- Help to Buy agent performance – we have outperformed the budget by c. £550k for income generated as the Help to Buy agent for the North West, whilst managing the resources to deliver this within the original budget. The surplus generated from this contract can is reinvested back into the business.

Cost avoidance:

- Tender and procurement savings – the assets team have generated cost avoidance of c. £85k as a result of mini-tenders and procurement exercises, where the lowest cost bidders have been selected subject to meeting quality standards;
- Procurement clubs – through membership of the Northern Housing Consortium, we have made a net saving of c. £15k on goods and services procured through this club. We will be looking to increase this further next year as the average saving for members is c. £30k. Digital meetings – during 2017/18 the business started to undertake a number of meetings using Skype for business which has generated savings in travel time, expenses and venue hire saving c. £12k;

We will develop our VfM target for 2018/19 further, however, we have already been able to build in some planned savings including:

- Full year impact of the saving generated through the Finance and IT restructures - the full year impact in 2018/19 will be c. £280k;
- Full year saving on the insurance renewal – budgeted to save c. £220k;
- Further savings in IT contracts – estimated to be c. £80k as a result of rationalising all contracts;
- Business rates – full year saving of c. £45k as a result of taking advantage of charitable relief.
- Cyclical painting contract re-procurement from April 2018 – contracted to save c. £40k;

Strategic Report

Social value:

- Apprenticeship levy – Plus Dane has made maximum use of its Apprenticeship Levy in 2017/18, which is valued at 0.5% of the total salary bill, or c. £70k. We have recruited 23 apprentices across a number of teams.
- In kind-contributions – contributions from specialist external delivery partners who provider services around health and wellbeing and employment to our customers with a value of c. £10k;
- New cyclical painting contract - Additional benefits of the new contract include c. £10k social value budget, which Plus Dane can allocate to Social Value projects.

Non-housing assets

In addition to housing stock, we are responsible for a small quantity of non-housing assets. We currently have six offices, of which five are owned and one is leased. In our 2016/17 VfM statement we referred to our strategy to rationalise this number and for the organisation to have produced a fully costed Corporate Accommodation Strategy. A decision was taken by the Board to defer this work to enable the organisation to focus its resources on its governance improvement journey with a view to re-visiting this in late 2017/18.

This work has now commenced and will be focused on enabling the co-location of colleagues in a modern workspace that enables flexible ways of working, nurtures collaboration in locations that effectively support our service delivery model, the provision of great customer service, and which create a great place to work for our staff. It is being framed by an agreed set of design principles that will guide the organisation through its decision making process to determine the best accommodation solution for the business:

Plus Dane's future accommodation solution must:

- Be affordable and sustainable;
- Act as a catalyst for change, building momentum for delivering the ambitions for Plus Dane's future;
- Reduce operating costs and deliver efficiencies, realising capital receipts wherever possible;
- Be future-proof - accommodating current headcount whilst providing the flexibility to respond to changing working practices and changes in the commercial property portfolio in the medium to long term;
- Be accessible to customers, whilst supporting channel shift;
- Be fit for purpose - delivering a quality working environment and the technology to facilitate mobile and agile working and channel shift for customers;
- Recognise that the variety of activities undertaken require a range of workspaces suitable for confidentiality, concentration, team-building and collaboration;

Strategic Report

- Support the recruitment and retention of appropriately skilled and experienced staff;
- Be close to good transport links;
- Deliver a reduced carbon footprint and a more energy efficient, environmentally friendly office;
- Support regeneration initiatives and partnership working wherever possible.

The Office Reconfiguration project is a central component of Plus Dane's journey towards transformation. Any future property solution must address Plus Dane's business needs, deliver significant operational and estates benefits and be focused on delivering value for money.

Future Value for Money

To further improve VfM over the short to medium term, we will:

- Develop a comprehensive and robust transformation plan that will see the development of a new operating model for Plus Dane, focused on delivering efficiencies and future proofing the organisation;
- Re-finance the organisation focusing on the most appropriate funding sources that will provide medium to long-term certainty over financial capacity whilst levering resources much more effectively and improve our borrowing capacity to deliver additional new homes;
- Drive out procurement savings through the establishment of two-year procurement plan;
- Deliver further efficiencies as a result of service reviews and new ways of working including a review of our Property function, implementation of the first elements of a new housing management system and through realising the efficiencies identified as part of our transformation of the Repairs service;
- Embed the revised asset management plan based on the new "Plus Dane Standard" of investment.

The Business Plan does not factor in the further improvements in VfM that are anticipated through the improvement projects, as these are not at a stage to be able to quantify the savings. We therefore anticipate these projects will deliver further savings over and above the Business Plan assumptions.

Given the evidence provided within our Value for Money statement and the broader elements of our self-assessment, we are of the opinion that we comply with the RSH Value for Money Standard.

Strategic Report

Principal Risks and Uncertainties

Plus Dane's risk appetite is reviewed regularly by the Board, who has reaffirmed its attitude to risk as "open" in the areas of Finance, Operational Delivery and Reputation; however, in the area of compliance the Board remains "cautious".

Risk is discussed at every Board meeting and includes a live review of the cumulative impact of decisions made by the Board or Executive. The strategic risks at the corporate level have been identified based on the presenting risks in both the internal and external operating environment. The risks and a summary of the mitigation strategies being deployed are detailed in the table below:

Strategic Risk	Mitigation overview
Board and the Leadership Team inhibit the business to achieve on-going success	An established code of governance with clear rules that are reviewed regularly is in place. The organisations goals are set out in the corporate plan which is signed off at Board and reported against regularly and with a strong degree of rigour and robustness
Inability to identify and respond to environmental change for ourselves and stakeholders	Retaining an outward focus on changes in the external environment underpins our Corporate Plan priorities and will continue to do so as the Transformation Plan is developed in the context of positioning the organisation as a key strategic partner.
Inability to appropriately defend and protect the business	Business continuity planning and supporting processes are well established within the business and are subject to annual test to ensure they remain fit for purpose. These processes are being continually tested in the live environment with issues like severe weather management being embedded into business as usual. Our suite of policies focused on probity include key areas of focus such as Anti-Money Laundering, Fraud Prevention and Cyber Security all provide additional assurance.
Poor performance management of Business Plan objectives	The suite of performance scorecards has been refreshed to reflect the priorities in the Corporate Plan and to ensure a top down flow from strategic assurance to Board, through the committees and into operational targets. A focus on Continuous Improvement is underpinned by the rollout of the Continuous Improvement Framework that will be further embedded into the business in 2018/19.
Inadequate resourcing of strategy implementation to deliver products/services to agreed standards	The Board's direction is predicated on informed decision making and having clarity on the financial position of the organisation. There is an effective and coordinated approach to strategic and financial planning across the organisation

Strategic Report

Strategic Risk	Mitigation overview
	Detailed resource plans have been developed to map resource availability across business as usual activity and core change programmes. Directors are actively engaged in decision making around resource planning to ensure that risks are managed and priorities are determined based on the Board's direction alongside the need to fulfil our legal and regulatory responsibilities.
Providing products or services that do not meet the requirements of our customers, market or support our business objectives	Using insight and intelligence and customer segmentation data will enable the organisation to predict future demand for products will shape the development aspirations and strategic partnerships that the organisation will pursue.
Finances are not managed in a way that secures the sustained success of the business	Securing value for money and making best use of the full range of assets available to the organisation sits at the heart of our strategies and plans. Funding arrangements are continually reviewed via our treasury management approach to ensure that the most appropriate funding sources are established to meet the demands of the business. Robust financial reporting is established and embedded from Board through to operational directorates. The Transformation Plan will be developed with securing financial resilience and capacity for growth at its heart. Refinancing of the organisation is a key priority for 2018/19 and will ensure that our financial capacity to grow and develop new homes is maximised whilst securing value for money in our financial arrangements.
Ineffective people management including the delivery of change	A revised Performance Management Framework is a key priority for 2018/19 and already the Corporate Plan is in the process of being cascaded to ensure that every member of staff can see their individual contribution to corporate objectives. Change is delivered across the organisation with programme assurance provided from the central Programmes Team. We operate a portfolio management approach to change design and delivery to ensure that the full impact of projects and interventions can be managed.
Inability to retain or attract talent at Board and staff level	Strategic workforce planning is a key theme for the organisation as it moves into 2018/19. Securing the right skills, knowledge and experience will

Strategic Report

Strategic Risk	Mitigation overview
	be integral to the future proofing of the organisation. Focusing on the employee lifecycle with an emphasis on attracting and retaining talent is a key priority and risk control.
Incorrect alignment between the businesses position in the market and the business objectives	The strategic planning framework allows the Board to assess internal capabilities against the operating environment in order that its purpose and aspirations are aligned
Not maximising /optimising all available income streams	Effective performance reporting and management of all income streams across the organisation is based on a contemporary Rent and Service Charge Strategy and Policy
Breaching regulation and/or legislation	Health and safety awareness and compliance is prioritised across the organisation and underpinned by self-assessment. Clear lines of sight between the operational business and the Board is established. Our regulatory and legislative responsibilities are underpinned by robust risk assessment and management at both the front line and in our corporate services where financial resilience is owned by the Board.
Disjointed organisational effort due to lack of clear corporate culture across the business	Development of a clear aspirational culture for the organisation will frame our people offer and underpin our approach to customer service delivery.

The Board regularly review the risk profile across a number of business activities and reassess the risk scores, which are calculated based on a weighted risk assessment.

The table below shows the movement in risk scores across the year based on when each risk was last assessed. This highlights a broadly consistent risk profile across the year. The downwards arrows against two risks indicates a reduced risk profile.

For Income Optimisation this reflects the Board’s discussion on improved performance, which reduced the likelihood of performance decline. From a resourcing perspective the completion of key restructures and the recruitment of new capabilities to support the business reduced the likelihood of this risk crystallising.

Strategic Report

Strategic Risk Position May 2018				
	May 2018 score			
	Impact	Likelihood	Risk Score	Trend
Strategic Risk				
Board and Leadership Team inhibit success	3	3	**14**	–
Incorrect alignment	3	2	13	–
Income optimisation	4	2	18	↓
Regulatory, statutory or legal breach	4	3	19	–
Lack of clear culture	2	2	8	–
Inability to identify and respond to environment	4	2	18	–
Inability to defend and protect the business	4	3	19	–
Poor performance management	4	3	19	–
Inadequate resourcing	4	2	**18**	↓
Wrong products and services	3	2	**13**	–
Poor financial management	3	2	13	–
Ineffective people management	3	3	14	–
Inability to retain/attract talent	3	2	13	–
Board's Risk Appetite		**Open**		

Statement of compliance

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice for registered social housing providers (2014).

Going concern

Plus Dane's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

After making enquiries the Board has a reasonable expectation that Plus Dane Housing 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.

John Kent

Company Secretary

20 September 2018

Independent Auditors' Report to the Members of Plus Dane Housing Limited

Independent auditor's report to Plus Dane Housing Limited

Opinion

We have audited the financial statements of Plus Dane Housing Limited Association ("the association") for the year ended 31 March 2018 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Changes in Reserves, the Group and Association Statement of Financial Position, the Group Cash Flow Statement and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the group and the association as at 31 March 2018 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group and the association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Other information

The association's Board is responsible for the other information, which comprises Chair's Statement, the Director's Report and the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

Independent Auditors' Report to the Members of Plus Dane Housing Limited

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

Board's responsibilities

As more fully explained in their statement set out on page 6, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Independent Auditors' Report to the Members of Plus Dane Housing Limited

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Hywel Jones

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

1 St Peter's Square

Manchester

M2 3AE

Group and Association Statements of Comprehensive Income

		Group		Association	Combined
		2018	2017	**2018**	2017
	Note	**£'000**	£'000	**£'000**	£'000
Turnover: Group and share of joint venture		**78,983**	94,875	**76,840**	88,848
Less: share of joint venture turnover		**(533)**	(506)	**-**	-
Group turnover	**3**	**78,450**	94,369	**76,840**	88,848
Operating costs	**3**	**(50,238)**	(47,044)	**(49,884)**	(46,971)
Cost of Sales	**3**	**(11,332)**	(22,674)	**(9,976)**	(17,609)
Surplus on sale of fixed assets	**3**	**1,007**	412	**1,007**	412
Group operating surplus before share of joint venture operating profit	**3**	**17,887**	25,063	**17,987**	24,680
Share of joint venture operating profit		**19**	13	**-**	-
Total operating surplus	**9**	**17,906**	25,076	**17,987**	24,680
Interest receivable	**7**	**10**	27	**10**	258
Interest payable and similar charges	**8**	**(12,591)**	(13,348)	**(12,945)**	(13,348)
Share of joint venture interest payable		**(3)**	(4)	**-**	-
Other finance costs	**6**	**(418)**	(518)	**(418)**	(518)
Surplus on ordinary activities before tax		**4,904**	11,233	**4,634**	11,072
Tax on surplus on ordinary activities	**11**	**(608)**	(315)	**(637)**	(353)
Surplus for the year		**4,296**	10,918	**3,997**	10,719
Actuarial (loss) / gain in respect of pension schemes	**6**	**2,608**	(2,837)	**2,608**	(2,837)
Deferred tax movement in respect of pension schemes	**11**	**-**	166	**-**	166
Total comprehensive income		**6,904**	8,247	**6,605**	8,048

All amounts relate to continuing activities.

The financial statements were approved by the Board and signed on its behalf on 20 September 2018.

Sir Peter Fahy	Rob O'Malley	John Kent
Chair	**Board Member**	**Company Secretary**

The accompanying notes form part of these financial statements.

Group and Association Statements of Changes in Reserves

Group

	£'000
Balance as at 31 March 2016	39,066
Total comprehensive income for the year	8,247
Balance as at 31 March 2017	47,313
Total comprehensive income for the year	6,904
Balance as at 31 March 2018	**54,217**

Association

	£'000
Balance as at 31 March 2016 (combined)	41,838
Total comprehensive income for the year	8,048
Balance as at 31 March 2017 (combined)	49,886
Total comprehensive income for the year	6,605
Balance as at 31 March 2018	**56,491**

The accompanying notes form part of these financial statements.

Group and Association Statement of Financial Position

	Note	Group 2018 £'000	Group 2017 £'000	Association Combined 2018 £'000	Association Combined 2017 £'000
Fixed assets					
Housing properties	12	**589,468**	579,865	**591,477**	581,884
Investment properties	13	**6,150**	5,980	**6,150**	5,980
Other fixed assets	14	**4,065**	4,639	**4,061**	4,592
Investments	16	**107**	107	**107**	107
Share of joint venture net assets	16	**51**	43	**-**	-
Homebuy initiative		**1,480**	1,492	**1,480**	1,492
		601,321	592,126	**603,275**	594,055
Debtors: due after one year	19	**4,950**	5,094	**4,950**	6,629
Current assets					
Stock	17	**73**	109	**73**	109
Properties for sale	18	**2,019**	2,615	**2,019**	1,312
Trade & other debtors due within a year	19	**6,906**	6,925	**7,967**	7,482
Cash and cash equivalents		**4,771**	8,688	**4,477**	8,389
		13,769	18,337	**14,536**	17,292
Creditors: falling due within a year	21	**(31,981)**	(24,804)	**(32,428)**	(24,650)
Net current liabilities		**(18,212)**	(6,467)	**(17,892)**	(7,358)
Total assets less current liabilities		**588,059**	590,753	**590,333**	593,326
Creditors: due after more than a year	22	**(521,764)**	(532,570)	**(521,764)**	(532,570)
Provisions for liabilities					
Net pension liability	6	**(12,078)**	(10,870)	**(12,078)**	(10,870)
Total net assets		**54,217**	47,313	**56,491**	49,886
Capital and reserves					
Non-equity share capital	27	**-**	-	**-**	-
Revenue reserve		**54,217**	47,313	**56,491**	49,886
Total reserves		**54,217**	47,313	**56,491**	49,886

These financial statements were approved by the Board and signed on its behalf on 20 September 2018.

Sir. Peter Fahy	Rob O'Malley	John Kent
Chair	**Board Member**	**Company Secretary**

The accompanying notes form part of these financial statements

Group Cash Flow Statement

	Note	2018 £'000	2018 £'000	2017 £'000	2017 £'000
Net cash generated from operating activities	**28**		**30,805**		37,838
Cash flow from investing activities					
Purchase of tangible fixed assets		**(26,787)**		(19,231)	
Proceeds from sale of tangible fixed assets		**2,811**		3,765	
Grants received		**5,317**		412	
Homebuy loans repaid		**12**		-	
Interest received		**10**		27	
			(18,637)		(15,027)
Cash flow from financing activities					
Interest paid		**(12,744)**		(13,352)	
Interest element of finance lease payments		**(21)**		(27)	
Repayment of borrowings		**(3,297)**		(11,532)	
Capital element of finance lease rental payments		**(23)**		(37)	
			(16,085)		(24,948)
Net change in cash and cash equivalents			**(3,917)**		(2,137)
Cash and cash equivalents at beginning of the year			**8,688**		10,825
Cash and cash equivalents at end of the year			**4,771**		8,688

The accompanying notes form part of these financial statements

Notes to the financial statements

1. Legal status

Plus Dane Housing Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing as a housing provider.

On 30 November 2017, transfers of engagement were undertaken. On this date the activities, assets and liabilities of Plus Dane Cheshire Limited and Plus Dane Group Limited were transferred to Plus Dane Merseyside Limited; which subsequently, changed its name to Plus Dane Housing Limited.

2. Principal accounting policies

Basis of Accounting

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

Merger accounting has been applied to the business combination brought about by the transfers of engagement. All of the criteria have been met in order for the combination to be treated as a merger for accounting purposes:

a. No party to the combination is portrayed as either the acquirer or acquired by either its Board or management or by that of another party to the combination;

b. There are no significant changes to the classes of beneficiary of the combining entities or the purpose of the benefits as a result of the combination; and

c. All parties to the combination, as represented by the members of the Board, participate in establishing the management structure of the combined entity and in selecting the management personnel. Other such decisions are made on the basis of consensus between the parties to the combination rather than purely by the exercise of voting rights.

The results, assets and liabilities have been presented as though the combined entity has been in existence throughout the whole of the current and prior periods. Further details in respect of the legacy entities are provided in note 32.

The financial statements are presented in Sterling (£).

Going concern

The financial statements have been prepared on a going concern basis.

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. The group has in place long-term debt facilities (including £71.5m of undrawn facilities at 31 March 2018), 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.

Notes to the financial statements

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.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Significant management judgements

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

a. Adjustment to net interest on net defined pension liability

Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS 102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme.

b. Supporting people

Management judgement is applied in determining the extent to which the risks and benefits are transferred to Plus Dane Housing when considering the Income to be recognised.

c. Categorisation of housing properties

The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals.

d. Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. The Group has relied on an external valuation of its investment properties as at 31 March, the group are satisfied that the external consultant has estimated a reasonable fair value.

e. Impairment

The Group assess at 31st March, whether an indicator of impairment exists, if an indicator exists the group perform an impairment assessment at property scheme level. Indicators of impairment are examples of the following: Change in government policy, regulation or legislation, a change in demand of the properties or a material reduction in market values.

f. Capitalisation of property development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Notes to the financial statements

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

a. Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

b. Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 6).

Basis of consolidation

The group accounts consolidate the accounts of Plus Dane Housing Limited and all its subsidiaries at 31 March using the aquisition method.

Investment in subsidiaries

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

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

Turnover and revenue recognition

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

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

Notes to the financial statements

Service charges

Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

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 to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest Payable

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

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or

Notes to the financial statements

b) a fair amount of interest on borrowings of Plus Dane Housing Limited as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to income and expenditure in the year.

Home Buy Loans (including Mortgage Rescue and Shared Equity Schemes)

Home Buy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect any accrued interest. Any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the Home Buy grant. The associated Home Buy grant is recognised as deferred income until the loan is redeemed.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model.

Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds of the issue. Finance interest, transaction costs and associated premium or discount are charged to the Statement of Comprehensive Income using either the effective interest rate (EIR) method or on a straight-line basis where not materially different. The EIR method spreads all associated costs over the life of the instrument by comparing the borrowing amount at initial recognition and amount at maturity. On the basis that the difference produced by the two methods is not material, these costs have been amortised on a straight-line basis in this set of financial statements.

Debtors

Short term debtors are measured at transaction price, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the Statement of Comprehensive Income..

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements

Employee Benefits

Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions

The group participates in the following funded multi-employer defined benefit schemes, the Merseyside Pension Fund (MPF) and the Cheshire Pension Fund (CPF), both Local Government Pension Schemes and the Social Housing Pension Scheme (SHPS), administered by The Pension's Trust.

For both MPF and CPF, scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Re-measurements are reported in other comprehensive income.

For SHPS, it has not been possible to identify the share of the underlying asset and liabilities belonging to the individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the Plus Dane Housing to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability in the Plus Dane Housing Limited and Group's financial statements.

Contributions to an historic defined contribution pension scheme, the Aviva Group personal pension plan, are charged to the Statement of Comprehensive Income in the year in which they become payable.

Housing properties

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

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

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

Notes to the financial statements

Donated land and other assets

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

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. The purpose of holding these assets is to generate surpluses to apply to Plus Dane Housing's charitable purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Government grants

Government grants include grants receivable from Homes England (HE), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

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

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

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

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income. Upon disposal of the associated property, the group is required to recycle grant proceeds and recognise them as a liability.

Other grants

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

Notes to the financial statements

Depreciation of housing properties

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

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

Component	Years
Main structure	100
Pitched Roofs	60
Flat Roofs	20
Windows, doors (including communal fire doors), external joinery and cladding	25
Boilers	15
Heating Systems	30
Kitchens	15
Bathrooms	20
Electrics including PV panels, wind turbines and other generators	25
Septic Tanks	25
Lifts	20
Aids and adaptations	15

Freehold land is not depreciated.

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

Impairment

From 1 April 2015, the group has reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This was a trigger for an impairment review at that time.

As a result, we estimated the recoverable amount of our housing properties as follows:

(a) Determine the level at which recoverable amount is to be assessed (i.e. the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme;

(b) Estimated the recoverable amount of the cash-generating unit;

(c) Calculated the carrying amount of the cash-generating unit; and,

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

Notes to the financial statements

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, we do not consider there to be an impairment charge against social housing properties.

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

PDH has considered the impact of the Grenfell fire and group simplification in this year's impairment review.

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold office building (straight line)	2%
Motor vehicles (on a reducing balance basis)	25%
Fixtures and equipment (straight line)	10% to 33%
Leasehold buildings (straight line)	Over term of the lease

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Leases

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

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

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

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

Notes to the financial statements

Properties for sale

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

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Provisions for liabilities

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

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

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

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

Notes to the financial statements

3a. Turnover, cost of sales, operating costs and operating surplus

	2018				2017			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
Group	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	65,244	-	(43,799)	21,445	64,834	-	(42,166)	22,668
Other social housing activities								
Development services	-	-	(7)	(7)	1,576	-	(1,089)	487
Supporting people contracts	917	-	(2,019)	(1,102)	615	-	(578)	37
Management services and other	37	-	(73)	(36)	29	-	(14)	15
Leased to others	575	-	(216)	359	395	-	(741)	(346)
Community regeneration	-	-	(484)	(484)	-	-	(269)	(269)
First tranche shared ownership	3,473	(2,393)	-	1,080	1,724	(1,248)	-	476
Other	601	-	(1,181)	(580)	648	-	(535)	113
	5,603	(2,393)	(3,980)	(770)	4,987	(1,248)	(3,226)	513
Surplus on sale of fixed assets (Note 10)				1,007				412
	5,603	(2,393)	(3,980)	237	4,987	(1,248)	(3,226)	925
Non-social housing activities								
Lettings	421	-	(652)	(231)	1,045	-	(815)	230
Management contract	3,201	(7,583)	-	(4,382)	17,084	(16,361)	-	723
Income from finance leases	-	-	-	-	326	-	-	326
Other*	3,981	(1,356)	(1,807)	818	6,093	(5,065)	(837)	191
	7,603	(8,939)	(2,459)	(3,795)	24,548	(21,426)	(1,652)	1,470
	78,450	(11,332)	(50,238)	17,887	94,369	(22,674)	(47,044)	25,063

* Other non-social housing activities – other, includes the activities of three60 Property Investors Limited, a subsidiary of the Group, whose principal activity is that of property investment and development.

The management contract income and expenditure is in respect of the Ellesmere Port and Neston management contract.

Notes to the financial statements

3a. Turnover, cost of sales, operating costs and operating surplus

	2018				Combined 2017			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
Association	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	65,244	-	(43,799)	21,445	64,834	-	(42,166)	22,668
Other social housing activities								
Development services	-	-	-	-	1,576	-	(1,078)	498
Supporting people contracts	917	-	(2,019)	(1,102)	615	-	(578)	37
Management services and other	37	-	(73)	(36)	29	-	(14)	15
Leased to others	575	-	(216)	359	395	-	(741)	(346)
Community regeneration	-	-	(484)	(484)	-	-	(269)	(269)
First tranche shared ownership	3,473	(2,393)	-	1,080	1,724	(1,248)	-	476
Other	417	-	(846)	(429)	424	-	(167)	257
	5,419	(2,393)	(3,638)	(612)	4,763	(1,248)	(2,847)	668
Surplus on sale of fixed assets	-	-	-	1,007	-	-	-	412
	5,419	(2,393)	(3,638)	395	4,763	(1,248)	(2,847)	1,080
Non-social housing activities								
Lettings	421	-	(652)	(231)	1,045	-	(815)	230
Management contract	3,201	(7,583)	-	(4,382)	17,084	(16,361)	-	723
Income from finance leases	-	-	-	-	326	-	-	326
Other*	2,555	-	(1,795)	760	796	-	(1,143)	(347)
	6,177	(7,583)	(2,447)	(3,853)	19,251	(16,361)	(1,958)	932
	76,840	(9,976)	(49,884)	17,987	88,848	(17,609)	(46,971)	24,680

Notes to the financial statements

3b. Income and expenditure from social housing lettings

Group and Association

	General needs housing £'000	Shared ownership £'000	Supported housing & housing for older people £'000	Total 2018 £'000	Combined Total 2017 £'000
Rent receivable net of identifiable service charges	**48,542**	**1,617**	**9,165**	**59,324**	59,026
Service charges receivable	**1,119**	**212**	**1,146**	**2,477**	2,460
Charges for support services	**43**	**-**	**382**	**425**	38
Government Grants	**2,617**	**80**	**321**	**3,018**	3,310
Turnover from social housing lettings	**52,321**	**1,909**	**11,014**	**65,244**	64,834
Expenditure on social housing lettings					
Management	**7,788**	**76**	**1,831**	**9,695**	11,689
Services	**1,718**	**280**	**2,375**	**4,373**	3,205
Routine and planned maintenance	**13,440**	**69**	**1,928**	**15,437**	12,870
Major repairs expenditure	**1,141**	**53**	**132**	**1,326**	2,494
Rent losses from bad debts	**422**	**(6)**	**41**	**457**	247
Supporting people	**1**	**-**	**74**	**75**	40
Depreciation of housing properties	**10,487**	**284**	**1,665**	**12,436**	11,493
Provision for bad debts	**-**	**-**	**-**	**-**	128
Operating costs on social housing lettings	**34,997**	**756**	**8,046**	**43,799**	42,166
Operating surplus on social housing lettings	**17,324**	**1,153**	**2,968**	**21,445**	22,668
Rent losses from voids	**620**	**(3)**	**264**	**881**	753

Notes to the financial statements

4. Accommodation in management and development

Group and Association

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

Owned and managed by the Group	2018 Units	Combined 2017 Units
Social housing		
General housing:		
- Social Rent	**8,450**	8,478
- Affordable Rent	**1,812**	1,722
Supported housing	**1,966**	1,959
Low cost home ownership	**623**	607
Leaseholder units	**105**	105
Total owned	**12,956**	12,871
Managed for others	**292**	5,743
Managed by others	**79**	75
Non-social housing		
Market rented	**28**	21
Extra care	**72**	72
	100	93
Total owned and in management	**13,427**	18,782
Under development		
Accommodation in development at the year end	**295**	188

Notes to the financial statements

5. Directors' emoluments and expenses

Group and Association

Directors

The remuneration for the executive directors of the Plus Dane Housing Limited for the year ended 31 March 2018 is detailed in the table below.

	Basic salary £'000	**Benefits in kind £'000**	**Pension contribution £'000**	**National Insurance £'000**	**2018 Total £'000**	2017 Combined £'000
Barbara Spicer Chief Executive	**160**	**-**	**39**	**21**	**220**	197
Madeleine Nelson Executive Director Neighbourhoods	**121**	**-**	**30**	**15**	**166**	150
John Kent Executive Director of Finance	**109**	**-**	**7**	**14**	**130**	48
Ian Reed Assistant Chief Executive	**91**	**-**	**22**	**11**	**124**	-
Jim Preston Executive Director of Assets (Interim)	**150**	**-**	**-**	**-**	**150**	-
Claire Griffiths Executive Director Development (to 31 July 2017)	**37**	**-**	**4**	**5**	**46**	145
Matthew Cooper Executive Director Corporate Services (to July 2016)	**-**	**-**	**-**	**-**	**-**	41
Total	**668**	**-**	**102**	**66**	**836**	581

The emoluments of the highest paid director of the Group, the Chief Executive, excluding pension contributions were £160,000. The Chief Executive was a member of the Merseyside Local Government Pension Scheme. She was an ordinary member of the pension scheme and no enhanced or special terms apply. During the year the Group did not make any further contribution to an individual pension arrangement for the Chief Executive.

Notes to the financial statements

Board members

During the year, fees of £77,906 (2017: £79,583) were paid to Board members and expenses paid amounted to £311 (2017: £2,582).

	2018 Total £'000	2017 Combined £'000
Sir Peter Fahy (Chair)	**14**	9
Brian Gowthorpe	**5**	5
Sandra Palmer	**5**	5
Thomas Murtha	**4**	7
Robin Lawler	**7**	6
David Brown	**5**	5
Julie Gill	**5**	4
Robert O'Malley	**7**	6
Ann Hoskins	**5**	4
Thomas McIlravey	**5**	-
Bridget Guilfoyle	**2**	1
John Corner	**5**	4
John Cocker	**2**	1
Lyndsey Burkett	**5**	-
James Keating	**1**	-
Gary Dixon	**1**	-
Anthony Barwise	**-**	3
Mervyn Jones	**-**	3
George Davies	**-**	5
Gary Mason	**-**	5
Linda Minnis (Former Chair)	**-**	7
	78	80

Notes to the financial statements

6. Employees

Group and Association

The average number of employees is expressed in full time equivalents (calculated based on a standard working week of 35 hours) during the year was:

	2018 Number	2017 Number Combined
Housing, support and care	**428**	560
Administration and Development	**126**	113
	554	673

	2018 £'000	2017 £'000 Combined
Employee costs		
Wages and salaries	**15,915**	18,966
Social security costs	**1,460**	1,764
Other pension costs	**1,990**	2,707
	19,365	23,437

The full time equivalent number of staff (including executive directors and calculated based on a standard working week of 35 hours) who received emoluments within Plus Dane Housing Limited and Group:

	2018 No.	2017 Combined No.
£60,001 to £70,000	**5**	4
£70,001 to £80,000	**2**	3
£80,001 to £90,000	**2**	3
£90,001 to £100,000	**2**	-
£100,001 to £110,000	**-**	-
£110,001 to £120,000	**2**	-
£120,001 to £130,000	**-**	1
£130,001 to £140,000	**-**	1
£140,001 to £150,000	**-**	-
£150,001 to £160,000	**2**	-
£160,001 to £170,000	-	-
£170,001 to £180,000	-	1
£180,001 to £190,000	**-**	-
£190,001 to £200,000	**-**	-
£200,001 to £210,000	**1**	-

Notes to the financial statements

Plus Dane Housing Limited (PDHL) participates in three funded multi-employer defined benefit schemes: the Social Housing Pension Scheme, Merseyside Pension Fund and Cheshire Pension Fund.

Social Housing Pension Scheme (SHPS)

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

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

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

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

Deficit contributions

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

Notes to the financial statements

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

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

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	**2,006**	2,330	2,530

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2018 (£000s)	2017 (£000s)
Provision at start of period	**2,330**	2,530
Unwinding of the discount factor (interest expense)	**28**	48
Deficit contribution paid	**(325)**	(313)
Re-measurements - impact of any change in assumptions	**(27)**	65
Re-measurements - amendments to the contribution schedule	**-**	-
Provision at end of period	**2,006**	2,330

Notes to the financial statements

INCOME AND EXPENDITURE IMPACT

	2018 (£000s)	2017 (£000s)
Interest expense	28	48
Re-measurements – impact of any change in assumptions	(27)	65
Re-measurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.72	1.33	2.06

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

Merseyside Pension Fund (MPF)

The MPF is a multi-employer scheme, administered by Wirral Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016 and rolled forward to 31 March 2017 by a qualified independent actuary.

The employers' contributions to the MPF by Plus Dane Housing Limited for the year ended 31 March 2018 were £0.811m (2017: £1.077m) at a contribution rate of 14.6% - 24.6% of pensionable salaries.

Notes to the financial statements

Financial assumptions

Plus Dane Housing Limited has two admission agreements into the MPF, the disclosures for which have been aggregated below.

The major assumptions used by the actuary in assessing scheme liabilities were:

	2018 % per annum	2017 % per annum
Discount rate	**2.7**	2.6
Future salary increases	**3.6**	3.8
Future pension increases	**2.2**	2.3
Inflation assumption	**2.1**	2.3

Mortality

The post retirement mortality assumptions used to value the benefit obligation at March 2017 are based on S2PA CMI_2015_1.75% /1.5% Tables (107% Males, 92% Females) for non-retired members and S2PA CMI_2015_1.75% /1.5% Tables (112% Males, 99% Females) for retired members. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2018 (years)	**2017 (years)**
Current pensioners		
Males	**22.0**	21.9
Females	**24.8**	24.7
Future Pensioners		
Males	**25.0**	24.9
Females	**27.8**	27.7

Amounts Recognised in surplus or deficit

	2018 £'000	2017 £'000
Current service costs	**777**	564
Loss on settlements/curtailments	**31**	-
Amounts charged to operating costs	**808**	564

	2018 £'000	2017 £'000
Net interest	**238**	263
Amounts charged to other finance costs	**238**	263

Notes to the financial statements

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

	2018 £'000	2017 £'000
Opening scheme liabilities	**46,373**	36,104
Current service cost	**777**	564
Interest cost	**1,194**	1,286
Re-measurements	**(2,040)**	9,193
Plan participants' contributions	**186**	224
Curtailments	**19**	-
Benefits paid	**(1,123)**	(998)
Closing scheme liabilities	**45,386**	46,373

Reconciliation of opening and closing balances of the fair value plan assets

	2018 £'000	2017 £'000
Opening fair value of plan assets	**36,811**	28,287
Interest income	**956**	1,023
Return on plan assets (in excess of interest income)	**(218)**	7,198
Plan participants' contributions	**186**	224
Contributions by employer	**833**	1,077
Benefits/transfers paid	**(1,123)**	(998)
Closing fair value of plan assets	**37,445**	36,811

Actual return on scheme assets

	2018 £'000	2017 £'000
Actual return on plan assets	**751**	5,913

Major categories of plan assets as a percentage of total plan assets:

	2018 %	2017 %
Equities	**42.2**	53.6
Government bonds	**6.7**	4.0
Other bonds	**23.3**	11.4
Property	**7.1**	7.8
Cash/liquidity	**5.0**	3.4
Other	**15.7**	19.8

Notes to the financial statements

Cheshire Pension Fund (CPF)

The CPF is a multi-employer scheme, administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2017.

Plus Dane Housing Limited previously had two admission agreements into the CPF, the comparative disclosures for 2017 show the aggregation of the two plans. One of the plans related to the staff who transferred from Chester and West Cheshire Council when Plus Dane took on a management contract with the council in respect of homes in Elsmere Port and Neston (EPN). This contract ended on 30 June 2017 the assets and liabilities of the plan transferred to the new provider. The figures for 2018 relate entirely to the remaining admission agreement, in respect of the former Dane Housing Group Limited.

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities were:

	2018	2017
	%	%
Discount rate	**2.7**	2.6
Future salary increases	**2.7**	2.7
Future pension increases	**2.4**	2.4

Notes to the financial statements

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2013 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2018 (years)	2017 (years)
Current pensioners		
Males	**22.3**	22.3
Females	**24.5**	24.5
Future Pensioners		
Males	**23.9**	23.9
Females	**26.5**	26.5

Amounts Recognised in surplus or deficit	**2018**	2017
	£'000	£'000
Current service costs	**542**	322
Loss on settlements	**-**	-
Amounts charged to operating costs	**542**	322

	2018 £'000	**2017 £'000**
Net interest	**121**	6
Amounts charged to other finance costs	**121**	6

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

	2018 £'000	**2017 £'000**
Opening scheme liabilities	**51,528**	44,410
Current service cost	**542**	1,119
Interest cost	**719**	1,561
Re-measurements	**(512)**	5,097
Plan participants' contributions	**89**	274
Benefits paid	**(710)**	(933)
Effect of EPN settlement	**(23,805)**	-
Closing scheme liabilities	**27,851**	51,528

Notes to the financial statements

Reconciliation of opening and closing balances of the fair value plan assets

	2018 £'000	2017 £'000
Opening fair value of plan assets	**50,220**	44,406
Interest income	**598**	1,555
Return on plan assets (in excess of interest income)	**235**	4,121
Plan participants' contributions	**89**	274
Contributions by employer	**341**	797
Benefits paid	**(710)**	(933)
Effect of EPN settlement	**(27,059)**	-
Closing fair value of plan assets	**23,714**	50,220

Actual return on scheme assets

	2018 £'000	2017 £'000
Actual return on plan assets	**833**	5,676

Major categories of plan assets as a percentage of the plan assets:

	2018 % per annum	2017 % per annum
Equities	**42**	55
Bond	**46**	36
Property	**8**	7
Cash	**4**	2

7. Interest receivable

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest receivable and similar income	**10**	27	**10**	258

Notes to the financial statements

8. Interest payable and similar charges

Group	2018 £'000	2017 £'000
Interest on bank loans and overdrafts	**12,272**	13,087
Finance leases	**21**	48
RCGF Interest	**12**	13
Refinancing costs written off	**422**	379
	12,727	13,527
Less: interest capitalised in housing property costs	**(136)**	(179)
	12,591	13,348
Capitalisation rate used to determine the finance costs capitalised during the period	**4.5%**	4.5%

Association	2018 £'000	2017 Combined £'000
Interest on bank loans and overdrafts	**12,626**	13,087
Finance leases	**21**	48
RCGF Interest	**12**	13
Refinancing costs written off	**422**	379
	13,081	13,527
Less: interest capitalised in housing property costs	**(136)**	(179)
	12,945	13,348

Notes to the financial statements

9. Operating surplus

	Group		Combined Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Is stated after charging:				
Depreciation of housing properties	**12,082**	12,118	**12,082**	12,118
Depreciation of other tangible fixed assets	**533**	908	**533**	864
Impairment of investment properties	**-**	409	**-**	409
Operating lease charges:				
- Land and buildings	**85**	370	**1,616**	2,208
- Motor Vehicles	**518**	612	**518**	612
Auditors' remuneration (excluding VAT):				
- for audit services	**46**	55	**46**	43
- for non-audit services				
- tax advisory	**18**	11	**18**	11
- other	**52**	-	**52**	-

Auditors’ remuneration for subsidiaries has been paid for by the parent in the year.

10. Surplus on sale of fixed assets - housing properties

	Group		Combined Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Disposal proceeds	**2,811**	3,319	**2,811**	3,319
Carrying value of fixed assets	**(1,804)**	(2,907)	**(1,804)**	(2,907)
	1,007	412	**1,007**	412

Notes to the financial statements

11. Tax on surplus on ordinary activities

	Group		Combined Association	
United Kingdom Corporation Tax	**2018 £'000**	**2017 £'000**	**2018 £'000**	**2017 £'000**
Current taxation:				
Current tax on income for year	**431**	889	**427**	885
Adjustment in respect of prior year	**(27)**	(294)	**(26)**	(267)
Total current tax charge/(credit)	**404**	595	**401**	618
Deferred taxation:				
Net origination and reversal of timing differences	**204**	(314)	**236**	(292)
Adjustments in respect of prior periods	**-**	47	**-**	40
Effect of tax rate change on opening balance	**-**	(13)	**-**	(13)
Total tax charge	**608**	315	**637**	353
Tax relating to other comprehensive income				
Deferred taxation:				
Net origination and reversal of timing differences	**-**	(166)	**-**	(166)
Tax relating to other comprehensive income	**-**	(166)	**-**	(166)

Notes to the financial statements

11. Tax on surplus on ordinary activities (continued)

The current tax charge for the year varies from the standard rate of corporation tax in the United Kingdom of 19% (2017 20%). The differences are explained below:

	Group		Combined Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Surplus on ordinary activities subject to tax	**4,904**	11,233	**28**	910
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21%)	**932**	2,246	**5**	182
Effects of:				
Expenses not deductible for tax purposes	**101**	45	**98**	33
Adjustments to tax charge in respect of previous periods	**(27)**	(294)	**(26)**	(267)
Income not taxable	**(958)**	(2,236)	**(69)**	(113)
Fixed asset differences	**323**	695	**321**	695
Amounts charged/(credited) directly to income or otherwise	**-**	(195)	**-**	(195)
Capital gains/(losses)	**10**	-	**10**	-
Losses utilised	**-**	11	**-**	-
Adjustments to tax charge in respect of previous periods - deferred tax	**-**	47	**-**	40
Deferred tax charged/(credited) directly to income or otherwise	**-**	166	**-**	166
Adjust closing deferred tax to average rate of 20%	**2**	91	**6**	42
Deferred tax not recognised	**223**	(270)	**290**	(232)
Deferred Tax timing differences	**2**	9	**2**	2
	608	315	**637**	353

Unrelieved losses of **£nil** (2017: £nil) are carried forward and are available to reduce the tax liability in respect of future surpluses.

Notes to the financial statements

12. Tangible fixed assets - Housing properties – Group

	Housing properties to rent		Shared ownership		
	Held for letting	**Under construction**	**Held for letting**	**Under construction**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Cost					
At 1 April 2017	647,490	10,136	34,333	956	692,915
Additions	8,682	11,413	25	6,673	26,793
Schemes completed in year	9,200	(9,200)	3,140	(3,140)	-
Reclassified properties	962	-	(1,190)	228	-
Transfer (to)/ from current assets	-	-	-	(2,964)	(2,964)
Disposals	(3,680)	-	(935)	-	(4,615)
At 31 March 2018	662,654	12,349	35,373	1,753	712,129
Depreciation and impairment					
At 1 April 2017	110,815	225	2,010	-	113,050
Charged in year	11,753	10	317	2	12,082
Reclassified properties	644	-	(644)	-	-
Released on disposal	(2,389)	-	(82)	-	(2,471)
At 31 March 2018	120,823	235	1,601	2	122,661
Net book value					
At 31 March 2018	541,831	12,114	33,772	1,751	589,468
At 31 March 2017	536,675	9,911	32,323	956	579,865

Notes to the financial statements

Tangible fixed assets - Housing properties – Association

	Housing properties to rent		Shared ownership		
	Held for letting	Under construction	Held for letting	Under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost (Combined)					
At 1 April 2017	649,499	10,136	34,333	966	694,934
Additions	8,682	11,413	25	6,663	26,783
Schemes completed in year	9,200	(9,200)	3,140	(3,140)	-
Reclassified properties	962	-	(1,190)	228	-
Transfer (to)/ from current assets	-	-	-	(2,964)	(2,964)
Disposals	(3,680)	-	(935)	-	(4,615)
At 31 March 2018	664,663	12,349	35,373	1,753	714,138
Depreciation & impairment (Combined)					
At 1 April 2017	110,815	225	2,010	-	113,050
Charged in year	11,753	10	317	2	12,082
Reclassified properties	644	-	(644)	-	-
Released on disposal	(2,389)	-	(82)	-	(2,471)
At 31 March 2018	120,823	235	1,601	2	122,661
Net book value (Combined)					
At 31 March 2018	543,840	12,114	33,772	1,751	591,477
At 31 March 2017	538,684	9,911	32,323	966	581,884

Notes to the financial statements

12. Tangible fixed assets - Housing properties (continued)

The net book value includes £973,348 (2017: £987,507) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £17,847 (2017: £19,856).

Social Housing Grant – Group and Association	**2018**	2017 Combined
	£'000	£'000
Total accumulated SHG receivable at 31 March :	**246,452**	242,071
Recognised in the Statement of Comprehensive Income	**2,945**	2,870
Held as deferred income	**243,507**	239,201
	246,452	242,071

The Group is unable to analyse the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasonable estimate except at excessive costs. It is considered the effect of this omission is negligible.

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2014.

During the year, as a result of the future reduction in income enforced by the Welfare Reform and Work Act 2016, social housing properties were assessed for impairment. No impairment has been realised on these properties. Following the Grenfell fire, fire risk assessments have been reviewed. This has not led to an impairment charge.

Expenditure on works to existing properties:	**2018**	Combined 2017
	£'000	£'000
Amounts capitalised	**8,686**	6,365
Amounts charged to income and expenditure account	**4,481**	4,491
	13,167	10,856

Notes to the financial statements

13. Investment properties

	Total
Group and Association	£'000
Valuation	
At 1 April 2017 (combined)	5,980
Additions	2
Revaluation	168
At 31 March 2018	6,150

The group's freehold commercial investment properties were subject to an external valuation as at 31 March 2018. This valuation was carried out by Avison Young, Manchester under instruction from the directors of Plus Dane Housing Limited. The result of the valuation was an uplift of £168,000 in value, which has been recognised through the Statement of Comprehensive Income in arriving at the surplus for the year.

The valuation represents an assessment of the Market Value (as defined in the Royal Institute of Chartered Surveyors' Valuation Standards) of the individual properties. This was based on an offer for sale on the property as at the end of March 2018.

Notes to the financial statements

14. Other fixed assets

Group

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2017	5,597	1,186	62	7,060	13,905
Additions	-	-	-	2	2
Disposals	-	-	-	(331)	(331)
At 31 March 2018	5,597	1,186	62	6,731	13,576
Depreciation					
At 1 April 2017	(2,637)	(940)	(62)	(5,627)	(9,266)
Charged for the year	(109)	(10)	-	(414)	(533)
Disposals	-	-	-	288	288
At 31 March 2018	(2,746)	(950)	(62)	(5,753)	(9,511)
Net book value					
At 31 March 2018	2,851	236	0	978	4,065
At 31 March 2017	2,960	246	-	1,433	4,639

Association

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2017 (Combined)	5,597	1,186	20	6,507	13,310
Additions	-	-	-	2	2
Disposals	-	-	-	(331)	(331)
At 31 March 2018	5,597	1,186	20	6,178	12,981
Depreciation					
At 1 April 2017 (Combined)	(2,637)	(940)	(20)	(5,121)	(8,718)
Charged for the year	(109)	(10)	-	(414)	(533)
Disposals	-	-	-	331	331
At 31 March 2018	(2,746)	(950)	(20)	(5,204)	(8,920)
Net book value					
At 31 March 2018	2,851	236	-	974	4,061
At 31 March 2017 (Combined)	2,960	246	-	1,386	4,592

Notes to the financial statements

15. Subsidiaries

As required by statute, the financial statements consolidate the results of Plus Dane Housing Limited and its wholly owned and/or controlled subsidiary undertakings, as follows:

- INclude Neighbourhood Regeneration Limited
- Three60 Property Investors Limited
- Dane Partnership Homes Limited

The three subsidiaries listed above are all Limited Companies Registered in England and Wales.

Note 33 explains the transfer of engagements of the former housing entities to form Plus Dane Housing Limited.

In accordance with the Accounting Direction for Private Registered Providers of Social Housing 2015 disclosures have been made in relation to transactions between Plus Dane Housing Limited and non-regulated entities within the Group.

During the year the Plus Dane Housing Limited had the following intra-Group transactions with Include Neighbourhood Regeneration Limited. These amounted to £60,000 (2017: £81,000). The charges were for management services. These were allocated on the basis of directly attributable costs plus a percentage of overheads based on turnover.

16. Fixed asset investments

Group and Association

	Joint venture loan £'000
At 31 March 2017 (Combined) and at 31 March 2018	**107**

Joint Venture Undertakings

The Group and Plus Dane Housing Limited have the following aggregate interests in joint ventures.

		Combined
	2018	2017
	£'000	£'000
Share of gross assets	**339**	336
Share of gross liabilities	**(288)**	(293)
Share of net assets	**51**	43

Notes to the financial statements

Plus Dane Housing Limited (and hence the Group) holds a 22.5% interest in the ordinary share capital of a joint venture undertaking, Circle Liverpool Limited. This company is incorporated in the England and Wales and manages and operates waste recycling in the Liverpool area.

17. Stock

Group and Association

		Combined
	2018	2017
	£'000	£'000
Consumables	**73**	109

18. Properties for sale

Group	**2018**	2017
	£'000	£'000
Outright sale	**119**	**1,422**
Shared ownership	**1,900**	**1,193**
	2,019	2,615

Association	**2018**	2017
		Combined
	£'000	£'000
Outright sale	**119**	119
Shared ownership	**1,900**	1,193
	2,019	1,312

Notes to the financial statements

19. Debtors

	Group		Combined Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Amounts receivable after one year				
Amounts due under finance lease (note 20)	**4,950**	5,094	**4,950**	5,094
Amounts due from group undertakings	**-**	-	**-**	1,535
Amounts receivable within one year				
Rent and service charges	**4,121**	3,836	**4,121**	3,836
Less: provision for bad debts	**(2,937)**	(2,598)	**(2,937)**	(2,598)
	1,184	1,238	**1,184**	1,238
Amounts due under finance lease (note 20)	**462**	462	**462**	462
Amounts due from group undertakings	**-**	-	**1,227**	746
Loans to employees	**37**	27	**37**	27
Other debtors and prepayments	**3,299**	4,916	**2,975**	4,772
Other tax and social security	**-**	-	**235**	-
Social Housing Grant receivable	**1,847**	-	**1,847**	-
Corporation tax debtor	**26**	26	**-**	-
Deferred tax	**51**	256	**-**	237
	6,906	6,925	**7,967**	7,482
	11,856	12,019	**12,917**	14,111

20. Amounts due under finance lease

Group and Association

Amounts due under finance leases amount to £5,412,000. This represents the value of the finance lease at 31 March 2018 granted to CLS Care Services over The Larches in Macclesfield. The Larches is a 90 unit dementia and extra care village which was completed and the lease granted in October 2007. The lease is for a period of 30 years and the substance of the lease is such that it is deemed to be a finance lease and has been treated in the financial statements accordingly.

Finance leases are receivable as follows:

		Combined
	2018	2017
	£'000	£'000
Within one year	**462**	462
Between one and two years	**462**	462
Between two and five years	**924**	924
After five years	**3,564**	3,708
	5,412	5,556

Notes to the financial statements

Loans to employees

The loans to employees relate solely to the PDH's car loan, travel pass and course loan scheme, the interest rate on all loans being between 3 per cent and 3.5 per cent per annum repayable by monthly instalments.

21. Creditors: amounts falling due within one year

	Group		**Combined Association**	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans (see note 22)	**12,871**	2,437	**12,871**	2,437
Finance lease creditor (see note 22)	**1**	23	**1**	23
Trade creditors	**964**	2,559	**945**	2,544
Social Housing Grant received in advance	**610**	1,732	**610**	1,732
Rent received in advance	**2,778**	2,269	**2,778**	2,269
Other tax and social security	**506**	937	**466**	914
Corporation tax	**-**	243	**-**	243
Accruals and deferred income	**8,009**	6,975	**7,973**	6,860
Recycled Capital Grant Fund (see note 24)	**494**	1,712	**494**	1,712
Disposal Proceeds Fund (see note 25)	**234**	160	**234**	160
Amounts due to Group undertakings	**-**	-	**660**	158
Other creditors	**2,275**	2,414	**2,157**	2,255
Deferred Grant Income (see note 23)	**2,900**	3,018	**2,900**	3,018
Amounts due to pension funds	**339**	325	**339**	325
Deferred tax	**-**	-	**-**	-
	31,981	24,804	**32,428**	24,650

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

Group and Association	**2018**	**2017 Combined**
	£'000	**£'000**
Bank loans	**279,986**	293,342
Less: issue costs	**(1,491)**	(375)
	278,495	292,967
Deferred grant income(see note 23)	**240,607**	236,183
Recycled Capital Grant Fund (see note 24)	**730**	971
Disposal Proceeds Fund (see note 25)	**265**	442
Finance lease creditor	**-**	1
Obligations from pension schemes	**1,667**	2,006
	521,764	532,570

Notes to the financial statements

Debt Analysis

Group and Association	2018	2017 Combined
	£'000	£'000
Debt on bank loans repayable as follows		
In five or more years	**211,106**	214,482
Between two and five years	**65,041**	55,746
Between one and two years	**2,348**	23,114
	278,495	293,342
In one year or less	**12,871**	2,437
	291,366	295,779

Housing loans from lending institutions are secured by specific charges on some of the Group's housing properties and floating charges over the Group's assets and are repayable at rates of interest of between 0.7% and 10.73%. The level of undrawn facilities at the year-end stands at £71.5 million (2017: £46.6 million).

Debt on finance leases repayable as follows	2018	2017 Combined
	£'000	£'000
Within one year	**1**	23
Between one and two years	**-**	1
Between two and five years	**-**	-
After five years	**-**	-
	1	24

Finance leases are secured on the assets to which they relate.

Notes to the financial statements

23. Deferred grant income

Group and Association	2018 £'000	Combined 2017 £'000
At 1 April	**239,201**	241,648
Grants received in the year	**8,000**	1,298
Released to income in the year	**(3,694)**	(3,745)
At 31 March	**243,507**	239,201

	2018 £'000	Combined 2017 £'000
Amounts to be released within one year	**2,900**	3,018
Amounts to be released in more than one year	**240,607**	236,183
	243,507	239,201

24. Recycled Capital Grant Fund (RCGF)

Group and Association	2018 £'000	Combined 2017 £'000
At 1 April	**2,683**	2,741
Additions to fund	**309**	418
Interest credited	**10**	10
Utilised in the year	**(1,778)**	(486)
At 31 March	**1,224**	2,683
Disclosed as:		
Amounts falling due within one year	**494**	1,712
Amounts falling due after one year	**730**	971
	1,224	2,683

Notes to the financial statements

25. Disposal proceeds funds (DPF)

Group and Association	2018 £'000	Combined 2017 £'000
At 1 April	**602**	810
Grant recycled upon relevant events	**75**	189
Utilisation of fund	**(180)**	(400)
Interest credited	**2**	3
Balance at 31 March	**499**	602

Disclosed as:

	2018 £'000	Combined 2017 £'000
Due within one year (see note 21)	**234**	160
Due after one year	**265**	442
	499	602

26. Deferred tax

	Group		Combined Association	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
At 1 April	**(256)**	190	**(237)**	(245)
Origination and reversal of timing differences	**205**	(446)	**237**	8
Prior year adjustment	**-**	-	**-**	-
At 31 March	**(51)**	(256)	**-**	(237)
Deferred tax asset (note 19)	**(51)**	(256)	**-**	(237)
Deferred tax liabilities (note 21)	**-**	-	**-**	-
Net deferred tax liability/(asset)	**(51)**	(256)	**-**	(237)
Comprising:				
Accelerated capital allowances	**(51)**	318	**-**	(237)
Fixed asset timing differences	**-**	-	**-**	-
Losses and other deductions	**-**	(26)	**-**	-
Short term timing differences	**-**	(548)	**-**	-
Net deferred tax (asset)/liability	**(51)**	(256)	**-**	(237)

Notes to the financial statements

27. Share capital

Group and Association	2018 £	Combined 2017 £
Shares of £1 each issued and fully paid		
At 1 April and 31 March	**19**	19

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

28. Notes to the group cash flow statement

Reconciliation of operating surplus to net cash generated from operating activities	2018 £'000	2017 £'000
Operating surplus	**17,887**	25,076
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	**12,615**	12,918
Decrease/(increase) in stock	**36**	3,517
Decrease/(increase) in trade and other debtors	**1,661**	3,351
Decrease/(increase) in trade and other creditors	**3,728**	(3,177)
Pension costs less contributions payable	**(361)**	(456)
Impairment/Revaluation of investment properties	**(168)**	21
Carrying amount of tangible fixed asset disposals	**1,804**	266
Share of operating (surplus)/deficit in associate	**(19)**	(9)
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed Assets	**(2,811)**	-
Government grants utilised in the year	**(2,945)**	(3,017)
Tax	**(622)**	(652)
Net cash generated from operating activities	**30,805**	37,838

Notes to the financial statements

29. Capital commitments

Group and Association

	2018 £'000	2017 Combined £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**21,610**	13,250
Capital expenditure that has been authorised but not yet contracted for	**28,470**	8,482
	50,080	21,732
The Group expects to finance the above commitments by:		
Social Housing Grant receivable	**7,469**	1,586
Loan facilities, shared ownership stair-casing sales and other trading cash flows	**42,611**	20,146
	50,080	21,732

30. Commitments under operating leases

The future minimum lease payments are as set out below. Leases relate to office accommodation, market rent apartments and motor vehicles.

	2018 £'000	2017 Combined £'000
Not later than one year	**583**	610
Later than one year and not later than five years	**1,302**	252
Later than five years	**1,500**	-
	3,385	862

31. Related parties

Councillor David Brown is a councillor with Cheshire East Borough Council which has nomination rights over tenancies for certain properties.

Circle is a Joint Venture of which Plus Dane Housing Group Limited is a member that operates as a waste management company. The investment in Circle stood at £57k (2017: £57k) and the loan stood at £51k (2017: £51k). At 31st March 2018 the balance outstanding owing to Circle for waste management services was £ Nil (2017: £12,000).

During the year the company paid £166,591 in respect of waste disposal (2017: £315,000).

Notes to the financial statements

32. Post Balance Sheet Events

On 26 July 2018, the Board of Plus Dane Housing Limited has approved the winding up of Include Neighbourhood Regeneration Limited and Three60 Investors Property Limited. The liquidation of these companies is expected to be completed before 31 December 2018.

33. Simplification: Transfer of Engagement

In order to improve governance and financial sustainability, a process of simplification was embarked upon. This involved a combination of the three registered providers of social in the group.

As explained in note 2, this transaction has been accounted for under the principles of merger accounting. The combined entity, Plus Dane Housing Limited (PDH), has been accounted for as if the business combination took place on 1 April 2017.

On 30 November 2017, the activities, assets and liabilities of Plus Dane Cheshire Limited (PDC) and Plus Dane Group Limited (PDG) were transferred to Plus Dane Merseyside Limited (PDM) under a Transfer of Engagements. On this date Plus Dane Merseyside Limited changed its name to Plus Dane Housing Limited (PDH).

All three entities are constituted as Registered Societies incorporated under the Co-operative and Community Benefit Societies Act 2014.PDC and PDG are non-charitable societies. PDM (and hence PDH) is an exempt charity.

In terms of the comparative for the period ended 31 March 2017, this has been restated for the Plus Dane Housing Limited (PDH) to show the combined comprehensive income for the period and financial position of the three entities at 31 March 2017.

As PDC and PDM were subsidiaries of PDG before the combination, there was no need to make any adjustments as a result of aligning accounting policies. The combining entities shared common accounting policies prior to the transfers of engagement.

The tables below provide:

- An analysis of the previous year’s total comprehensive income for each party to the merger.
- The aggregate carrying value of the net assets of each party to the merger.

The only adjustments made were in terms of inter entity trading during 2016/17 and inter entity balances at 31 March 2017.

Notes to the financial statements

Comparative Statement of Comprehensive Income for the combined entity as at 31 March 2017

	PDG £'000	PDM £'000	PDC £'000	Intercompany Simplification Adjustments £'000	Combined total £'000
Turnover	12,073	43,512	45,279	(12,016)	88,848
Operating costs	(11,403)	(28,814)	(18,770)	12,016	(46,971)
Cost of property sales	-	(1,248)	(16,361)	-	(17,609)
Surplus on sale of fixed assets	-	266	146	-	412
Operating surplus	670	13,716	10,294	-	24,680
Gift Aid	-	4,500	(4,500)	-	-
Interest receivable	2	247	9	-	258
Interest payable and similar charges	(2)	(7,819)	(5,527)	-	(13,348)
Other finance (costs)	-	(481)	(37)	-	(518)
Surplus on ordinary activities before tax	670	10,163	239	-	11,072
Tax on surplus on ordinary activities	(156)	-	(197)	-	(353)
Surplus / (deficit) for the year	514	10,163	42	-	10,719
Actuarial (loss)	-	(1,820)	(1,017)	-	(2,837)
Deferred tax movement	-	-	166	-	166
Total comprehensive income	514	8,343	(809)	-	8,048

Notes to the financial statements

Comparative Statement of Financial Position for the combined entity as at 31 March 2017.

	PDG £'000	PDM £'000	PDC £'000	Intercompany Simplification Adjustments £'000	Combined Total £'000
Fixed Assets					
Housing Properties					
Cost	-	494,394	200,541	-	694,935
Less: Depreciation and impairment	-	(82,001)	(31,050)	-	(113,051)
	-	412,393	169,491	-	581,884
Investment properties	-	5,980		-	5,980
Other fixed assets	1,097	2,078	1,417	-	4,592
Investment Circle	107	-	-	-	107
Equity Loans	-	1,492	-	-	1,492
	1,204	421,943	170,908	-	594,055
Debtors: due after one year	-	1,535	5,094	-	6,629
Current Assets					
Stock	-	-	109	-	109
Properties developed for sale	-	1,193	119	-	1,312
Debtors: due within one year	859	3,492	5,404	(2,273)	7,482
Cash and cash equivalents	1,735	5,689	965	-	8,389
	2,594	10,374	6,597	(2,273)	17,292
Creditors					
Amounts falling due < one year	3,149	14,196	9,578	(2,273)	24,650
Net current (liabilities)	(555)	(3,822)	(2,981)	-	(7,358)
Total Assets Less current liabilities	649	419,656	173,021	-	593,326
Creditors					
Amounts falling due > one year	-	(354,927)	(177,643)	-	(532,570)
Pension liability	-	(9,562)	(1,308)	-	(10,870)
Total Net Assets	**649**	**55,167**	**(5,930)**	**-**	**49,886**
Capital and Reserves	-	-	-	-	-
Called-up share capital	649	55,167	(5,930)	-	49,886
Income and expenditure account	**649**	**55,167**	**(5,930)**	**-**	**49,886**

Notes to the financial statements

Statement of Comprehensive Income for the combined entity as at 31 March 2018

	PDG	PDM	PDC	Combined	Combined	Combined
	1 Apr to 30 Nov 2017 £'000	1 Apr to 30 Nov 2017 £'000	1 Apr to 30 Nov 2017 £'000	1 Apr to 30 Nov 2017 £'000	1 Dec to 31 Mar 2018 £'000	1 Apr to 31 Mar 2018 £'000
Turnover	1,414	29,140	23,101	53,655	23,185	76,840
Operating costs	(7,689)	(15,263)	(5,326)	(28,278)	(21,606)	(49,884)
Cost of Sales	-	(1,490)	(7,583)	(9,073)	(903)	(9,976)
Surplus on sale of fixed assets	-	242	433	675	332	1,007
Operating surplus	(6,275)	12,629	10,625	16,979	1,008	17,987
Interest receivable	1	3	-	4	6	10
Interest payable and similar charges	-	(6,316)	(3,777)	(10,093)	(2,852)	(12,945)
Gift Aid	-	2,600	(2,600)	-	-	-
Other finance (costs)/income	-	-	-	-	(418)	(418)
Surplus on ordinary activities before tax	(6,274)	8,916	4,248	6,890	(2,256)	4,634
Tax on surplus on ordinary activities	(113)	-	(374)	(487)	(150)	(637)
Surplus for the year	(6,387)	8,916	3,874	6,403	(2,406)	3,997
Actuarial (loss) / gain in respect of pension schemes	-	-	-	-	2,608	2,608
Deferred tax movement in respect of pension schemes	-	-	-	-	-	-
Total comprehensive income	(6,387)	8,916	3,874	6,403	202	6,605