

RP number: LH3926



**Places
for People**

Places for People Living+ Limited

Financial Statements
for the year ended 31 March 2018

CONTENTS

2	Board of Management, Executives and Advisers
3	Report of the Board
6	Report of the Independent Auditor
10	Statement of Comprehensive Income
11	Statement of Financial Position
12	Statement of Changes in Reserves
13	Statement of Cash Flows
14	Notes to the Financial Statements

Places for People Living+ Limited
Board of Management, Executives and Advisers
For the year ending 31 March 2018

Board of Management

Non Executives

C Phillips	Chairman
M Brodtman	
A Cleal	(appointed 1 October 2017)
N Hopkins	
G Kitchen	(appointed 1 October 2017)
A Davis	(resigned 30 September 2017)
C Garner	(resigned 30 September 2017)

Group Chief Executive
Managing Director, Living+
Group Executive Director, Finance

Executives
D Cowans
D Marriott-Lavery
A Winstanley

Secretary

C Martin

Registered Office

80 Cheapside
London
EC2V 6EE

Bankers

Barclays Bank Plc
38 Fishergate
Preston
PR1 2AD

Registered Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Registration of the Association

The Association is registered under the Cooperative and Community Benefit Societies Act 2014 (Registered number 20014R) and is registered under the Housing and Regeneration Act 2008 (Registered number LH3926). It is also affiliated to the National Housing Federation and has charitable status.

Places for People Living+ Limited
Report of the Board
For the year ending 31 March 2018

The Board is pleased to present its report and the financial statements for the year ended 31 March 2018.

Places for People Living+ Limited is a charitable registered provider of social housing which focuses on care and supported housing activities.

Objectives

Places for People Living+ Limited is engaged in the development and management of care and supported housing activities for the Places for People Group ("the Group"). It undertakes relevant activities to ensure the future delivery of care and support services to tenants.

Review of the year

The total turnover was £36.9m (2017: £37.5m) including £31.3m (2017: £28.6m) from the letting of housing accommodation and other income of £5.7m, comprising of other social housing activities income of £4.7m (2017: £4.1m) and non-social housing property sales of £1.0m (2017: £4.8m).

The operating surplus for the year was £9.2m (2017: £6.8m).

At the end of the year the net book value of housing properties amounted to £330.4m (2017: £325.2m). The revenue reserves were £135.7m (2017: £127.6m).

All property maintenance services were provided by Places for People Homes Limited and development services were provided by Places for People Developments Limited.

The Association's key performance indicators are aligned with those of the ultimate parent undertaking, Places for People Group, and are included in the consolidated Group accounts.

The Association's strategy is aligned to that of the parent company, Places for People Group Limited, as such the Financial Viability Statement and Value for Money information appropriate to the Association can be found in the Group financial statements that can be obtained from the Group's registered office at 80 Cheapside, London, EC2V 6EE.

Charitable and political donations

During the year Places for People Living+ Limited made £10k of charitable donations (2017: £7k). There were no political donations (2017: £nil).

Going concern

After making appropriate enquiries, the Board confirms it has a reasonable expectation that Places for People Living+ Limited has adequate resources to continue in operational existence for the foreseeable future. Accordingly it continues to adopt the going concern basis in preparing the financial statements.

The Places for People Living+ Limited Board operates to a business plan and budget which has been approved by the Group Board of Directors. Places for People Group exercises control over Places for People Living+ Limited through an Independence and Responsibilities Agreement, a Service Level Agreement and powers granted to the Group in Places for People Living+ Limited rules.

The Group Board has delegated certain matters to committees of the Board of the Places for People Group. Reporting to the Group Board on Group issues are the Audit & Risk Committee, Nominations & Governance Committee and Remuneration Committee.

Compliance with the Regulator of Social Housing's Governance and Financial Viability Standard

The Association has assessed the position and confirms that it has complied with The Regulator of Social Housing's Governance and Financial Viability Standard.

Internal control and risk management

The Group Board has reviewed the effectiveness of the system of internal control for the year ended 31 March 2018, and up to the date of signing these financial statements. It has not identified any weaknesses which resulted in material losses or contingencies or other uncertainties which require disclosure in the financial statements.

Corporate Governance

The Association has complied with the UK Corporate Governance Code (2016 version) except for Code provisions B.7 and E1, and aspects of C.3 and D.2 that contemplate dialogue with external shareholders or decisions being referred to shareholders on matters of director appointments, auditor appointments, existence of an entity-level Audit and Risk Committee, Remuneration Committee, Nominations & Governance Committee and Treasury Committee, and director remuneration and the use of the AGM to communicate with investors. The reason for this is that the Association does not have external shareholders in the sense contemplated by the Code and therefore it addresses the need for scrutiny and evaluation through the board or an appropriate committee of the board and it engages with investors directly and through an annual investors forum. In relation to committee structures, see the paragraph below which explains how the Association relies on the Group-level committees for these relevant functions.

The Group Annual report contains a Governance report that details the governance arrangements of the Group, and how the Code is applied at a Group level.

The Group has an Audit & Risk Committee, a Remuneration Committee, a Nominations & Governance Committee and a Treasury Committee. The remit of those committees extends to the Association and its business. The committees draw members from and report to the Group Board and there are members (non-executive and executive) of the Group Board who are also members of the board of the Association, ensuring that information from the committees can reach the Association's board. In this way, the provisions of the Code are met in respect of the Association.

The directors consider the report and accounts, taken as a whole, to be fair, balanced and understandable.

Viability Statement

While the financial statements have been prepared on a going concern basis, the UK Corporate Governance Code requires the directors to make a statement with regard to the viability of the Group. The Group's strategic plan covers a 10-year period, over which the directors have made assumptions regarding the Group's revenues, operating costs and cash requirements.

The projections for the first three years of the plan are based on current opportunities and an expectation of the rental incomes for the Group. There is inherently less certainty in the projections from year four to ten. The Group directors have therefore determined that three years is an appropriate period of the viability statement.

In assessing the Group's prospects and resilience, the directors produced projections which considered the Group's current business position and risk appetite. The projections also included the rent reductions imposed by the Government on social housing rents together with the Group's mitigating actions to reduce costs. A rigorous stress testing exercise was undertaken on the Group's projections which included a review of the impact of further rent reductions and a downturn in the development market. This exercise confirmed the Group would continue to be able to settle projected liabilities as they fall due over a three-year period.

Having assessed the prospects of the Group and the principal risks as outlined in the Directors' Report of the Group financial statements, the Group directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period to March 2021.

The Group assessment of viability includes consideration of the Association's viability within the same timescales.

Board

The persons who served on the board throughout the year are shown on page 2.

Share capital

The share capital of the Association is held by Places for People Homes (800 shares) and 8 individual shareholders.

Statement of Disclosure to the Auditors

At the time of approval of this report:

- a) so far as the board members are aware, there is no relevant audit information of which the Association's auditor is unaware, and
- b) the board members have taken all steps that they ought to have taken as board members in order to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

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 Association and of its surplus or deficit for that period.

In preparing these 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 Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The board is responsible for keeping proper 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. The board 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.



C Martin
Secretary

19 July 2018



Independent auditor's report

to the members of Places for People Living + Housing Association only

Opinions and conclusions arising from our audit

1. Our opinion on the financial statements is unmodified

We have audited the financial statements of Places for People Living + Association ("the Association") for the year ended 31 March 2018 set out on pages 10 to 26. In our opinion the financial statements:

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

Basis for opinion

We 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 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.

Overview		
Materiality:	£0.9m (2016/17:£1.1m)	
Association financial statements as a whole	3.0% (2016/17: 3%) of Association total revenues	
Coverage	100% (2016/17: 100%) of Association turnover	
Risks of material misstatement vs 2016/17		
Recurring	Social Housing Rental Income	◀▶

2. Key audit matters: our assessment of risks of material misstatement

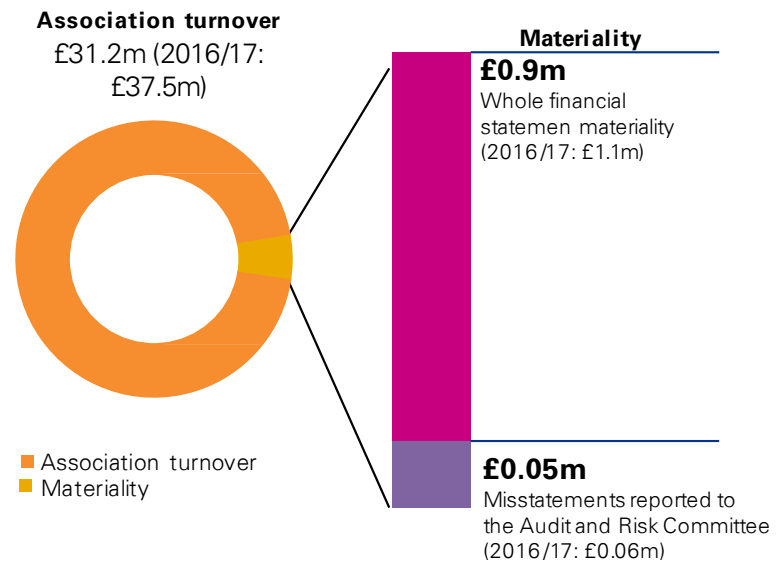
Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter was as follows:

	The risk	Our response
<p>Social housing rental income</p> <p>Rent receivable net of service charges = £12.4 million (2017: £11.7 million)</p> <p><i>Refer to page 4 (Corporate Governance section of the Report of the Board), pages 14 to 16 (accounting policies) and pages 17 and 18 (financial disclosure)</i></p>	<p>Social housing rental income comprises rental income from tenants of the entity's social housing stock.</p> <p>Key risks associated with this balance are:</p> <ul style="list-style-type: none"> — rental income is not recognised for a tenant occupying the property (completeness risk); — rental income is recorded for tenants which do not occupy the property (existence risk); and — rental income is recorded for an amount that does not agree to the annual rent letter (accuracy risk). <p>This is classified as a key audit matter due to the size of the balance and this is where most audit resource is spent (i.e. ahead of any other individual balance).</p>	<p>Our procedures included:</p> <p>Tests of details</p> <ul style="list-style-type: none"> — Agreeing a sample (across range of property types) of brought forward and current year property numbers to underlying source documentation (e.g. rental agreements and fixed asset system) to check completeness, existence, accuracy and classification of properties. — Developing an expectation of social housing rental income values for each disaggregated property type (e.g. general needs), utilising stock numbers, government changes in rent regime and other influencing factors to inform our expectation. — Comparing the actual social housing rental income values for each disaggregated property type against our expectations and assessing whether they fall within our acceptable difference threshold (which is set using appropriate, pro-rated proportions of our material level for this entity). Where the difference is outside the acceptable threshold, either per property type or in aggregate, we investigate further using underlying data and making further inquiries.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Association financial statements as a whole was set at £0.9 million (2017: £1.1 million), determined with reference to a benchmark of Association total revenue, of which it represents 3.0% (2017: 3.0%). We consider total turnover to be the most appropriate benchmark as the Association is a not-for-profit organisation, therefore the focus is on turnover and any surplus generated is variable and reinvested.

We reported to the Audit & Risk Committee any corrected or uncorrected identified misstatements exceeding £45,000 (2017: £55,000), in addition to other identified misstatements that warranted reporting on qualitative grounds.



4. We have nothing to report on 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.

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, 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.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Registered Social Landlords Determination of Accounting Requirements 2012.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the directors' confirmation within viability statement on page 4 that they have carried out a robust assessment of the principal risks facing the Association, including those that would threaten its business model, future performance, solvency and liquidity;
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated; and
- the directors' explanation in the viability statement of how they have assessed the prospects of the Association, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Association will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Corporate governance disclosures

We are required to report to you if:

- we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the directors' statement that they consider that the annual report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary to assess the Association's position and performance, business model and strategy; or
- the section of the annual report describing the work of the Audit and Risk Committee does not appropriately address matters communicated by us to the Audit and Risk Committee.

We have nothing to report in these respects.

6. We have nothing to report on the other 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.

7. Respective responsibilities

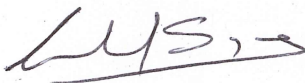
Directors' responsibilities

As explained more fully in their statement set out on page 5, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing 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 they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do.

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



Andrew Sayers (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square, Canary Wharf, London, E14 5GL

20 July 2013



Irregularities – ability to detect

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our sector experience, through discussion with the directors and other management (as required by auditing standards).

We had regard to laws and regulations in areas that directly affect the financial statements including financial reporting (including related company legislation) and taxation legislation. We considered the extent of compliance with those laws and regulations as part of our procedures on the related financial statements items.

In addition we considered the impact of laws and regulations in the specific areas of health and safety, liquidity and certain aspects of legislation recognising the nature of the Association's activities. With the exception of any known or possible non-compliance, and as required by auditing standards, our work in respect of these was limited to enquiry of the directors and other management. We considered the effect of any known or possible non-compliance in these areas as part of our procedures on the related financial statements items.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

As with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

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

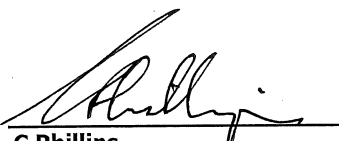
This report is made solely to the Association's members, as a body, in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 69 of the Housing (Scotland) Act 2010. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

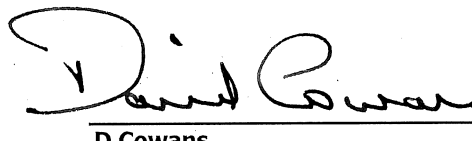
Places for People Living+ Limited
Statement of Comprehensive Income
For the year ending 31 March 2018


	Notes	2018 £'000	2017 £'000
Turnover	2	36,890	37,533
Cost of sales	2	(290)	(3,846)
Operating costs	2	(27,438)	(26,914)
Operating surplus before interest	2	9,162	6,773
Gain on revaluation of investment properties	12	53	-
Surplus on sale of fixed assets	4	40	63
Interest receivable and similar income	7	51	357
Interest payable and similar charges	8	(1,273)	(1,037)
Surplus and total comprehensive income for the year		8,033	6,156

The notes on pages 14 to 26 form and integral part of these financial statements.

The Association has not acquired or discontinued activities other than those disclosed above.


C Phillips
Chairman

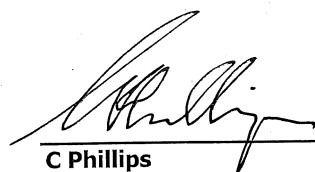

D Cowans
Board Member

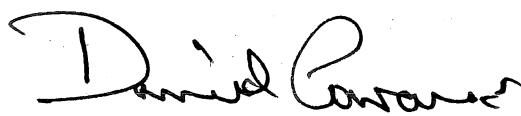

C Martin
Secretary


Places for People Living+ Limited
Statement of Financial Position
As at 31 March 2018

	Notes	2018 £'000	2017 £'000
Fixed assets			
Housing properties - depreciated cost	11	330,392	325,156
Investments	12	28,296	6,077
Total fixed assets		358,688	331,233
Current assets			
Stock	13	173	155
Debtors: amounts falling due after more than one year	14	72	72
Debtors: amounts falling due within one year	15	1,931	1,592
Cash at bank and in hand		104	-
		2,280	1,819
Creditors - amounts falling due within one year	16	(12,287)	(9,852)
Net current liabilities		(10,007)	(8,033)
Total assets less current liabilities		348,681	323,200
Creditors - amounts falling due after more than one year	17	189,947	172,503
Capital and reserves			
Non-equity share capital	19	1	1
Revenue reserves		135,681	127,648
Restricted reserves		188	184
Revaluation reserves		22,864	22,864
Total capital and reserves		158,734	150,697
		348,681	323,200

The financial statements on pages 10 to 26 were approved by the Board on 19 July 2018 and were signed on its behalf by:


C Phillips
Chairman


D Cowans
Board Member


C Martin
Secretary

Places for People Living+ Limited
Statement of Changes in Reserve
For the year ending 31 March 2018

	Income & Expenditure Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total Reserves £'000
Balance at 1 April 2017	127,648	184	22,864	150,696
Total Comprehensive income for the year				
Surplus for the year	8,033	-	-	8,033
Restricted reserve movement	-	4	-	4
Balance at 31 March 2018	<u>135,681</u>	<u>188</u>	<u>22,864</u>	<u>158,733</u>

Places for People Living+ Limited
Statement of Cash Flows
For the year ending 31 March 2018

	2018 £'000	2017 £'000
Net cash generated from operating activities (see note a)	12,129	9,330
Cash flow from investing activities		
Purchase of tangible fixed assets	2,571	(8,561)
Proceeds from sale of tangible fixed assets	305	-
Purchase of fixed asset investments	(33,251)	-
Proceeds from disposal of fixed asset investments	-	1,463
Receipt of government and other grant	59	-
Dividends received	50	-
Interest received	1	357
Net cash flow from investing activities	(30,265)	(6,741)
Cash flow from financing activities		
Repayments of external borrowings	(11,639)	(11,523)
Repayment of government and other grants	-	(533)
Drawdown of loans	31,350	7,405
Receipts from restricted reserves	5	12
Tax paid	4	(22)
Interest paid	(1,273)	(1,067)
Net cash flow from financing activities	18,447	(5,728)
Net change in cash and cash equivalents	311	(3,139)
Cash and cash equivalents at beginning of year	(207)	2,932
Cash and cash equivalents at end of the year	104	(207)
Note a		
Surplus for the year	8,033	6,156
<i>Adjustments for non-cash items to reconcile surplus for the year to net cash generated from operating activities</i>		
Depreciation and impairment of tangible fixed assets	3,004	4,698
Gain on revaluation of investment properties	(53)	-
Decrease in stock	(18)	2,224
Increase in trade and other debtors	(350)	(108)
Increase/(decrease) in trade and other creditors	2,580	(1,846)
Gain in sale of fixed assets	(40)	(63)
Grant amortisation	(2,249)	(2,441)
Interest payable	1,273	1,067
Interest receivable	(51)	(357)
Cash flow from operating activities	12,129	9,330

The notes on pages 14 to 26 form and integral part of these financial statements.

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements of the Association are prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice Accounting by Registered Housing Providers 2014 and comply with the Accounting Direction 2015 for Registered Providers of Social Housing.

The financial statements of the Association are prepared on a going concern basis. The principal accounting policies adopted in the preparation of the financial statements are set out in note 1 below.

The Association is registered under the Cooperative and Community Benefit Societies Act 2014 and is registered with the Regulator of Social Housing (RoSH) as a housing provider.

The Association's ultimate parent undertaking, Places for People Group Limited, includes the Association in its consolidated financial statements. The consolidated financial statements of Places for People Group Limited are prepared in accordance with FRS 102 and are available to the public and may be obtained from Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. In these financial statements, the Association is considered to be a qualifying entity for the purposes of this FRS and has applied the exemptions available under FRS 102 as below.

As the consolidated financial statements of the ultimate parent undertaking, Places for People Group Limited, include the equivalent disclosures, the Association has also taken the exemptions under FRS 102 available in respect of financial instruments and has not provided disclosures otherwise required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Significant estimates and critical judgements

Significant judgements

The following are the significant judgements, apart from those involving estimations (which are set out separately below), that have been made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Investment properties

The Association owns a range of different property types. This requires the Association to assess which properties should be classified as investment properties as these properties are held at a market valuation, not at depreciated cost.

The Association considered the FRS 102 definition of investment property which refers to property held to earn rentals or for capital appreciation, rather than for administrative purposes or for sale in the ordinary course of business. The Association has also reviewed Section 16 of FRS 102 that precludes the classification of property held primarily for the provision of social benefits being classified as investment property. The Association has applied this by judging that properties without public subsidy attached to them or offices used for administrative purposes are investment properties.

Accounting estimates

The nature of estimation means that actual outcomes may differ from the estimates made. It is considered that the estimate of residual value of social housing properties has a significant impact on the carrying value of social housing assets.

The Association considers that the residual value of social housing property to be cost. The net book value of social housing properties is £330m. The residual value of social housing property structure is £33m above the carrying value as at 31 March 2018. A 10% reduction in residual value would result in no impact to the depreciation charge.

Turnover

Turnover represents rental income and service charge income receivable, fees and grants from local authorities and Homes England.

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

VAT

The majority of the Association's turnover is exempt from VAT. Certain activities are liable to VAT and give rise to a small amount of VAT recovery. Costs are stated including irrecoverable VAT.

1. ACCOUNTING POLICIES

Depreciation

Fixed assets, other than freehold land, are depreciated at rates calculated to reduce the net book value of each component element to its estimated residual value, on a straight line basis, over the expected remaining useful economic life of the component. Freehold land is not depreciated. During the year, management revised its estimates of residual value of housing properties from nil to cost. This change in estimate reduced depreciation by £2m in the current year. The estimated lives of assets and components is as shown in the table below:

Assets	Depreciation period (years)
<u>Rented housing & commercial properties:</u>	
Kitchens	20
Bathrooms	20
Boilers	15
External windows & doors	30
Roofs	45
Fire safety systems	20
Fencing	30
Digital TV aerials	10
Lifts	20
Social Alarms	From 20-40
Surveys	15
Initial and replacement scheme assets	From 1 to 5
Other elements (new build)	100
Other elements (rehab)	80
Other elements (Leasehold)	Lesser of term of lease or 100 years
<u>Shared Ownership housing</u>	
All elements (new build)	100
All elements (rehab)	80
All elements (leasehold)	Lesser of term of lease or 100 years
<u>Other Fixed Assets:</u>	
Offices (new build)	100
Offices (rehab)	80
Office refurbishment	From 10-20
Offices (long leasehold)	Lesser of term of lease or 100 years
Offices (short leasehold)	Terms of lease
Plant & Equipment	5
Cars and commercial vehicles	5
Computer hardware, software and infrastructure	From 5-15

Housing properties and land

Housing properties are stated at depreciated cost and land is stated at cost. The cost of properties is their purchase price together with costs of acquisition and improvements, including related development costs and interest payable. Properties purchased for improvement for sale, together with properties held for sale, are treated as current assets and all other social housing properties are treated as tangible fixed assets. Properties held as current assets are stated at the lower of cost and estimated selling price less costs to sell.

Impairment

The Association assess at each reporting date whether there is an indicator of impairment. Where such an indicator exists, the Association performs an impairment assessment at the cash-generating unit level. This involves comparing the carrying value of the cash-generating unit to its recoverable amount.

When the carrying value of a cash generating unit exceeds its recoverable amount, the impairment loss is charged to the Statement of Comprehensive Income as expenditure.

1. ACCOUNTING POLICIES (Continued)

Impairment (continued)

Social housing properties are held for their service potential and are not held solely for the cash inflows generated. As such, there is no requirement to perform an impairment assessment on initial recognition of those schemes that are developed or acquired and completed in accordance with approved Group policies and planned scheme appraisals.

When undertaking impairment reviews to assess whether assets or cash generating units are held at the lower of cost or recoverable amount, recoverable amount is defined as its value in use. Recoverable amount is normally assessed using discounted cash flow techniques for all anticipated cash flows to generate a net present value.

Costs are assigned to all schemes on a detailed basis, including mixed tenure schemes.

The Association defines Cash Generating Units as schemes except where its schemes are not sufficiently large enough in size and it is more appropriate to consider individual assets. This approach supports effective appraisal of schemes as it aligns with management and operation of the business.

Social Housing Grant (SHG) and other capital grants

Where SHG or Housing Association Grant is retained following the disposal of property, it is shown under the disposal proceeds and recycled capital grant funds in creditors. These funds will be used for the provision and improvement of new social housing for rent and sale.

Social housing grant (SHG) is initially recognised at fair value as a long term liability, specifically as deferred grant income and released through the statement of comprehensive income as turnover income over the life of the housing property components in accordance with the accrual method applicable to registered providers of social housing accounting for housing properties at cost.

On disposal, SHG associated with those properties is transferred to either the Recycled Capital Grant Fund (RCGF) or the Disposal Proceeds Fund (DPF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

Capitalisation of interest and development overheads

Interest is capitalised on loans financing schemes in development up to their completion. This is calculated by reference to the Association's cost of borrowing and the development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the staff time directly spent on this activity.

Investment Property

Investment properties are held at fair value with changes in fair value recognised in the statement of comprehensive income. Commercial properties are shown in investment properties and valuations are completed on an annual basis by an experienced in-house team using detailed rental income stream and yield information.

Special needs housing managed by voluntary agents on behalf of the Association

Due to the nature of the relationship between the Association and its managing agents, these financial statements exclude the financial performance of projects managed by our agents.

Pensions

Employees joining the Association have the option of joining a Stakeholder scheme to which the company contributes. The costs of the stakeholder scheme are accounted for in the year in which they occur.

Operating leases

Costs in respect of operating leases are charged to the statement of comprehensive income on a straight line basis over the lease term.

Restricted reserves

The Grace Gillett Legacy represents a bequest to the Association for future support of a scheme in Bristol.

Stock

All property held within stock is subject to regular appraisal to confirm the assets are recoverable at least at the carrying value.

Tenant arrears, Trade and other debtors

Tenant arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

2. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING SURPLUS

	2018			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	31,283	-	(22,752)	8,531
Other social housing activities				
Social housing property sales	-	-	(108)	(108)
Charges for support services	4,651	-	(4,281)	370
Charges for domiciliary care services	-	-	(3)	(3)
Other	4	-	(105)	(101)
Total	35,938	-	(27,249)	8,689
Non social housing activities	952	(290)	(189)	473
Total	36,890	(290)	(27,438)	9,162

	2017			
	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/(deficit) £'000
Social housing lettings (note 3)	28,570	-	(22,911)	5,659
Other social housing activities				
Social housing property sales	-	-	(1)	(1)
Charges for support services	4,148	-	(3,736)	412
Charges for domiciliary care services	-	-	(5)	(5)
Other	-	-	(133)	(133)
Total	32,718	-	(26,786)	5,932
Non social housing activities	4,815	(3,846)	(128)	841
Total	37,533	(3,846)	(26,914)	6,773

Analysis of turnover	2018		2017	
	£'000		£'000	
Social housing turnover	35,938		32,718	
Non-social housing activities				
Non social housing property sales	952		4,815	
Total	36,890		37,533	

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2018		2017	
	Supported housing and housing for older people £'000	Other £'000	Total £'000	Total £'000
Income from social housing lettings activities				
Rent receivable net of identifiable service charges	12,446	-	12,446	11,710
Service charge income	8,791	-	8,791	7,019
Amortised government grants	1,143	1,123	2,266	2,441
Other income	1,283	6,497	7,780	7,400
Turnover from social housing lettings	23,663	7,620	31,283	28,570
Expenditure on social housing lettings activities				
Management costs	(5,685)	(143)	(5,828)	(5,468)
Service charge costs	(8,462)	(61)	(8,523)	(6,864)
Routine maintenance	(1,654)	(79)	(1,733)	(1,871)
Planned maintenance	(933)	(92)	(1,025)	(779)
Major repairs expenditure	(113)	(83)	(196)	(173)
Bad debts	(135)	-	(135)	(144)
Depreciation on housing assets	(1,814)	(1,190)	(3,004)	(4,698)
Intra group property recharges	(1,872)	-	(1,872)	(1,872)
Other costs	(424)	(12)	(436)	(1,042)
Total expenditure on lettings	(21,092)	(1,660)	(22,752)	(22,911)
Operating surplus	2,571	5,960	8,531	5,659
Void losses	(351)	-	(351)	(404)

4. PROFIT ON SALE OF FIXED ASSETS

	2018 £'000	2017 £'000
Proceeds	326	346
Carrying value	(283)	(280)
Sales costs	(3)	(3)
	40	63

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

5. DIRECTORS' EMOLUMENTS

The ultimate parent, Places for People Group Limited (the Group), has determined that subsidiary governance is achieved through functional management arrangements.

The Group has created posts for functional managers, whose responsibilities may cover more than one Group member.

Board Members' emoluments during the year were met by Places for People Group Limited.

Included within operating costs is a share of the salary costs of the Board Members.

6. EMPLOYEE INFORMATION

	2018	2017
	No.	No.
The average number of employees expressed as full time equivalents employed during the year was:		
Central administration services	12	10
Care services	281	277
	293	287

Average number of employees is calculated by ascertaining for each calendar month in the financial year, the number of persons, by category, employed by the company. The monthly numbers are then added together and divided by the number of months in the financial year.

	2018	2017
	£'000	£'000
Staff costs (for the above persons):		
Wages and salaries	6,201	5,790
Severance pay	3	354
Social security costs	451	422
Other pension costs	266	453
	6,921	7,019

The number of senior staff who received salaries in the following ranges was:

	2018	2017
	No.	No.
£60,000 - £69,999	3	-
£70,000 - £79,999	-	2
£100,000 - £109,999	1	1
£160,000 - £169,999	-	1
£190,000 - £199,999	1	-

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable on loans to related undertakings	-	354
Interest receivable on cash deposits	1	3
Dividend receivable	<u>50</u>	<u>-</u>
	<u><u>51</u></u>	<u><u>357</u></u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
In respect of housing and bank loans	922	1,067
In respect of loans from related undertakings	351	-
Less: Capitalised interest	<u>-</u>	<u>(30)</u>
	<u><u>1,273</u></u>	<u><u>1,037</u></u>

9. SURPLUS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION

	2018 £'000	2017 £'000
The surplus on ordinary activities before and after taxation is stated after charging:		
Depreciation	3,004	4,698
Auditor's remuneration	21	20
Payments under operating leases:		
Motor vehicles	<u>66</u>	<u>34</u>

10. TAXATION

The Association has charitable status and is exempt from corporation taxation under the provisions of Section 505 of the Income and Corporation Taxes Act 1988 therefore there is no corporation tax payable in either 2018 or 2017.

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

11. HOUSING PROPERTIES

	Completed housing properties £'000	Completed LSE & shared ownership housing properties £'000	Housing properties in the course of construction £'000	Total housing properties £'000
Cost				
At 1 April 2017	357,758	6,434	6,336	370,528
Additions	-	-	8,874	8,874
Change of tenure	(324)	-	(106)	(430)
Transfer to completed schemes	15,080	-	(15,080)	-
Disposals	-	(306)	-	(306)
At 31 March 2018	372,514	6,128	24	378,666
Depreciation and Impairment				
At 1 April 2017	(44,607)	(765)	-	(45,372)
Charge for year:				
Depreciation	(2,939)	(65)	-	(3,004)
Change of tenure:				
Depreciation	61	-	-	61
Eliminated on disposal:				
Depreciation	-	41	-	41
At 31 March 2018	(47,485)	(789)	-	(48,274)
Net book value at 31 March 2018	325,029	5,339	24	330,392
Net book value at 1 April 2017	313,151	5,669	6,336	325,156

LSE denotes Leasehold Schemes for the Elderly.

	2018 £'000	2017 £'000
Housing properties comprise, at cost:		
Freehold	317,142	311,165
Long leasehold	59,529	57,781
Short leasehold	1,995	1,582
	378,666	370,528

Additions to housing properties in the course of construction during the year include an apportionment of staff time directly spent on the administration of development activities amounting to £46,000 (2017: £113,000).

Additions to housing properties in the course of construction during the year include capitalised interest of £nil (2017: £1,000).

Expenditure on major works to existing properties during the year was £9,591k (2017: £5,836k).

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

12. FIXED ASSETS INVESTMENTS

	2018	2017
	£'000	£'000
External investments and investment in related undertakings	5,366	360
Investment property	22,930	5,717
Total fixed asset investments	<u>28,296</u>	<u>6,077</u>

	2018	2017
	£'000	£'000
Loans to related undertakings		
At 1 April	-	7,200
Additions in year	-	35,750
Disposals in year	-	(42,950)
At 31 March	-	-
Grace Gillett restricted reserve - investment portfolio	190	187
Triple Point Social Housing REIT plc	5,000	-
Equity Loan	176	173
At 31 March	<u>5,366</u>	<u>360</u>

The Grace Gillett reserve resulted from a legacy left to the residents of River Street. These funds are invested with Barclays Wealth and are managed by Places for People Living+ Limited.

Investment Properties

	£'000
As at 1 April 2017	5,717
Additions	17,163
Change of tenure	(3)
Transfers at cost	-
Revaluation	53
As at 31 March 2018	<u>22,930</u>

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

13. STOCK

	2018 £'000	2017 £'000
Housing properties for sale: Buildings - In progress	<u>173</u>	<u>155</u>

Capitalised interest charged to stock during the year is £nil (2017: £30,000).

14. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018 £'000	2017 £'000
Agency leases	<u>72</u>	<u>72</u>

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Rental debtors	967	936
Less: Provision for bad and doubtful debts	<u>(455)</u>	<u>(438)</u>
	512	498
Other trade debtors	1,278	851
Other taxes	6	32
Capital development debtor	10	10
Sundry debtors, prepayments and accrued income	115	193
Loans to employees	10	8
	<u>1,931</u>	<u>1,592</u>

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018 £'000	2017 £'000
Bank overdraft	-	207
Housing and bank loans - principal payable within one year	1,473	1,340
Recycled Capital Grant Fund (note 19)	108	-
Deferred government grant	2,250	2,250
Interest on housing loans	252	235
Trade creditors	516	750
Amounts owed to related undertakings	3,724	2,369
Other creditors and accruals	3,712	2,367
Prepaid rent	252	334
	<u>12,287</u>	<u>9,852</u>

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

17. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

<u>Debt</u>	2018 £'000	2017 £'000
Housing and bank loans	9,537	19,609
Recycled Capital Grant Fund (note 19)	<u>257</u>	<u>155</u>
	9,794	19,764
Deferred government grant	149,857	152,256
Amounts owed to related undertakings	<u>30,296</u>	<u>483</u>
Creditors falling due after more than one year	180,153	152,739
Total creditors falling due after more than one year	<u>189,947</u>	<u>172,503</u>

Analysis of debt and other financial liabilities

These are repayable as follows:	2018 £'000	2017 £'000
In one year or less	1,582	1,340
In one year or more but less than two years	1,526	1,546
In two years or more but less than five years	33,847	13,710
In five years or more		
By instalments	71	508
Not by instalments	<u>4,000</u>	<u>4,000</u>
	<u>41,026</u>	<u>21,104</u>

All loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest, from 1.30% - 10.24% in instalments.

18. RECYCLED CAPITAL GRANT FUND AND DISPOSAL PROCEEDS FUND

	HE		GLA		Total	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
At 1 April 2017	47	817	108	108	155	925
Inputs to RCGF: Grant recycled	184	47	26	-	210	47
Recycling of grant: Transfers to other group members	-	(817)	-	-	-	(817)
	<u>231</u>	<u>47</u>	<u>134</u>	<u>108</u>	<u>365</u>	<u>155</u>
Amounts 3 years old or older where repayment may be required	-	-	108	-	-	-

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

19. NON-EQUITY SHARE CAPITAL

	2018	2017
	£	£
Shares of £1 each Authorised, Issued, Allotted and Fully Paid		
At 1 April and 31 March	<u>808</u>	<u>808</u>

The Association's shares are not transferable or redeemable. Payment of dividends or other benefits to shareholders is forbidden by the Association's Rules.

20. PENSION OBLIGATIONS

The pension costs for Places for People Living+ Limited relate to two schemes of which employees are members: the Social Housing Pension Scheme and a Stakeholder scheme.

The Places for People Group Stakeholder Scheme

Employees joining the Group from 1 September 2004 have the option of joining a defined contribution retirement benefit scheme, the Places for People Stakeholder Pension Plan and Group Life Assurance Scheme.

The total cost charged to the income and expenditure account of £484,000 (2017: £453,000) represents contributions payable to these schemes by the Association at rates specified in the rules of the plan.

21. CAPITAL COMMITMENTS

The commitments under non-cancellable operating leases for the following year, analysed according to the period in which each lease expires, are set out below.

	Motor vehicles	Motor vehicles
	2018	2017
	£'000	£'000
In one year or less	49	45
Between two and five years	<u>58</u>	<u>62</u>
	<u>107</u>	<u>107</u>
	2018	2017
	£'000	£'000
Capital expenditure that has been authorised and contracted for but has not been provided for in the financial statements	<u>2,316</u>	<u>726</u>
Additional Capital expenditure that has been authorised by the Board of directors	<u>116,466</u>	<u>97,915</u>

22. CONTINGENT LIABILITIES

The Association, together with some fellow subsidiaries of the Places for People Group, has guaranteed to holders of debt issued by members of the Places for People Group, the principal amount and interest accrued in respect of certain debts in the event of default by the issuing entity.

The total capital outstanding at 31 March 2018 in respect of such guarantees was £1,015,817,000 (2017: £641,836,000). The total interest accrued at 31 March 2018 relating to this debt was £11,892,764 (2017: £8,407,000). These represent the maximum exposure for the Association.

The directors consider it extremely unlikely that the company would be required to make any payments in respect of this guarantee.

The Association is party to certain legal actions arising in the ordinary course of business. While the outcome of these cases is uncertain, the directors believe, on the basis of advice received, that no material loss to the Association will occur (2017: £nil).

Places for People Living+ Limited
Notes to the Financial Statements
For the year ending 31 March 2018

23. RELATED PARTY TRANSACTIONS AND ULTIMATE PARENT UNDERTAKING

Places for People Living+ Limited is a subsidiary of Places for People Group Limited, 80 Cheapside, London, EC2V 6EE. Since the parent company publishes consolidated Group accounts, the Association has utilised the exemption not to report transactions with other Group members as permitted in FRS102 section 33.1A..

24. STOCK OF HOUSING

The Association owns or manages 6,385 housing properties, a breakdown of these housing properties is shown below:

	2018	2017
	No.	No.
Social Housing managed		
- Supported Housing	1,235	1,164
- Housing for Older people	881	900
- Low cost home ownership	22	22
Total Social housing managed	2,138	2,086
- Staff	37	23
Total housing managed	2,175	2,109
Total housing owned but managed by another body	4,210	4,079
Total housing owned or managed	6,385	6,188
Garages, commercial premises and other non-residential units managed or serviced	-	10
Total residential and non-residential units managed or serviced	6,385	6,198

As disclosed in the table above, the Association manages 2,138 social housing units.

The number of housing units used for social purposes and owned by the Association are:

Social housing		
- General Needs Housing	2,900	2,860
- Affordable Housing	124	79
- Supported Housing	2,101	1,624
- Housing for Older people	407	407
- Low cost home ownership accommodation	92	93
Social housing stock owned	5,624	5,063

The Group manages 1,087 units which are owned by other Registered Providers.