

Financial Conduct Authority Registration Number 31218R  
Regulator of Social Housing Registration Number L4238

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# **ASPIRE HOUSING LIMITED**

## **ANNUAL REPORT AND FINANCIAL STATEMENTS**

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**Year Ended 31<sup>st</sup> March 2018**

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**BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS**

**BOARD**

<b>Chair</b>	Philippa Holland
<b>Executive director</b>	Sinéad Butters
<b>Other non-executive directors</b>	Kevin Richardson Philip Thomas-Hands Marina Barrett Nicola Winn Helen Collins (resigned 31 <sup>st</sup> March 2018) Hamid Ghafoor Sandra Hambleton (resigned 14 <sup>th</sup> May 2018) Ian Dale Jenny Danson (appointed 5 <sup>th</sup> June 2018) Mike Lawton (appointed 1 <sup>st</sup> July 2018) Elizabeth Shenton (appointed 6 <sup>th</sup> July 2018)
<b>Secretary</b>	Paul Medford

**EXECUTIVE TEAM**

<b>Group Chief Executive</b>	Sinéad Butters
<b>Managing Director – Aspire Housing</b>	Wayne Hughes (resigned 28 <sup>th</sup> January 2018)
<b>Deputy Chief Executive</b>	Will Nixon
<b>Executive Director of Finance</b>	Mark Thrasher from 13 <sup>th</sup> August 2018 John Lindsay to 12 <sup>th</sup> August 2018
<b>Executive Director of Customer Experience</b>	Tracey Johnson
<b>Executive Director of Property</b>	Dan Gray (appointed 28 <sup>th</sup> January 2018)
<b>Executive Director of Operations</b>	Andrei Szatkowski (appointed 16 <sup>th</sup> July 2018)

**Registered office:** Kingsley  
The Brampton  
Newcastle-under-Lyme  
Staffordshire  
ST5 0QW

**ADVISORS**

**Auditors:** Beever and Struthers  
St George's House  
215 – 219 Chester Road  
Manchester  
M15 4JE

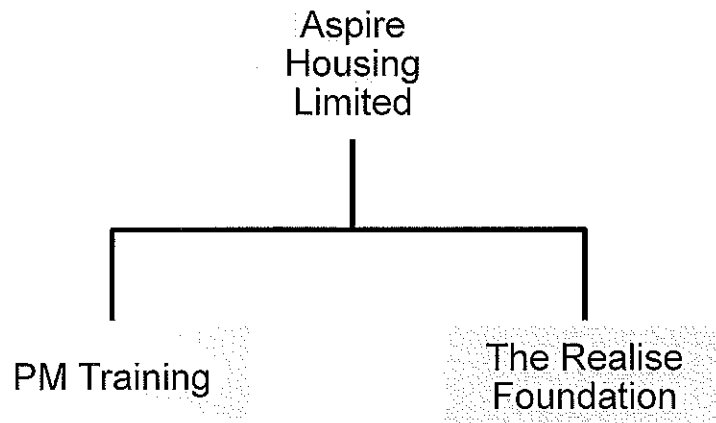
**Principal Solicitors:** Anthony Collins LLP  
134 Edmund Street  
Birmingham  
B3 2ES

**BANKERS**

**Principal Bankers:** Barclays Bank Plc  
PO Box 3333  
15 Colmore Row  
Birmingham  
B3 2WN

## Report of the Board

The Aspire Housing group structure is set out in the chart below:



Aspire Housing Limited is registered with the Financial Conduct Authority as a Registered Society under the Co-operative and Community Benefit Societies Act 2014, and with the Homes and Communities Agency as a social landlord.

Project Management (Staffordshire) Limited (PM Training) is a limited company registered at Companies House.

The Realise Foundation is registered with the Financial Conduct Authority as a Registered Society under the Co-operative and Community Benefit Societies Act 2014.

Since the year end a further two companies have been established, in June 2018, as subsidiaries of Aspire Housing Ltd, Durata Developments Limited and Incana Sales Limited.

### **Board Members and Executive Directors**

The board members and executive directors of the Aspire Group who served during the year and up to the date of approval of these financial statements are set out on page 1.

The Chief Executive, Sinéad Butters, is an executive director of Aspire Housing. Sinéad Butters holds no interest in the association and acts as Chief Executive within the authority delegated by the board.

Insurance policies indemnify board members and officers against liability when acting for Aspire Housing and its subsidiaries.

The Directors are remunerated for their service, with regular reviews made of the remuneration levels to ensure that they remain appropriate.

The board normally meets 4 times per annum.

Non-executive directors are appointed for three year terms although retiring directors are permitted to serve one further term on the board. The standard period of service is six years, with annual extensions permissible to a maximum of nine years subject to Nominations Committee approval.

## **Governance**

Aspire Housing has adopted the NHF 2015 code of governance, 'Promoting board excellence for housing associations'. A check of compliance with the code is undertaken annually and this confirms that Aspire is fully compliant. Aspire has also adopted the NHF merger code.

During 2017-18 Aspire Housing has been working with an external consultant to provide a 360 degree feedback process for Directors. The work will lead to the development of both individual and collective action plans. These in turn will further strengthen the ability of the board to successfully lead the delivery of the 2016-21 Corporate Plan.

All Directors receive an annual appraisal, which in 2017-18 has been based on the outputs of the 360 degree feedback review. This supports the creation of a personal development plan. A Board Training Programme is also provided which is designed to enhance skills in key areas for all Directors.

## **Employees**

Aspire Housing is committed to ensuring that an effective framework for colleague consultation is in place, and that information on matters that concern them is effectively communicated to all colleagues. Regular colleague briefings are held, and a staff forum has been established which meets regularly. The organisation also seeks to work positively with trade unions, and regular meetings are held with the recognised trade unions.

The group is committed to equal opportunities and full and fair consideration is given to applications for employment made by people with disabilities, having regard to their particular aptitudes and abilities.

The board is aware of its responsibilities on all matters relating to health and safety. Aspire has prepared detailed health and safety policies and provides training both to colleagues and to the board on health and safety matters. A Health and Safety Committee, chaired by the Executive Director Customer Experience, meets regularly. An independent survey of Aspire's health and safety framework has been carried out by the British Safety Council, which awarded a four star rating.

## **Strategic Report**

### **Principal activities**

The principal activities of Aspire Housing and its subsidiaries are:

- Housing for rent primarily for families who are unable to rent or buy at open market values and sheltered schemes for the elderly; as well as managing c9,000 properties, Aspire also develops new affordable housing;
- The provision of high quality training and employment opportunities across both the private and public sectors, and
- The provision of regeneration services including support for lifelong learning, apprenticeships and environmental improvements through the Realise Foundation.

### **Review of financial year**

The Aspire Group produced a surplus for the year of £3.8m compared to the 2016-17 surplus of £10.7m. Whilst this represents a significant reduction in surplus from year to year, this has arisen as a result of significant one off costs incurred from one off events and

activities, and the underlying operational performance remains strong and comparable to the previous year.

One off costs were incurred during the year in the securing of new loan funding for Aspire Housing and the re-structuring of existing funding, which incurred breakage costs of £4.7m. Additional one off costs of £0.8m were incurred as a result of a re-structure of the Aspire Response repairs service, and total asset write off costs of c£0.5m arose on the disposal of Furniture Mine, an asset recycling business, and on the termination of the lease for Aspire Housing's town centre premises at Merial Street prior to the move to new premises at Newcastle Borough Council's new offices.

As a result of the movement in deficit arising from the annual actuarial review of the Staffordshire Local Government Pension Scheme, there was a requirement to charge an additional cost of c£0.8m to the Statement of Comprehensive Income over and above actual pension contributions made during the year. In contrast, re-measurements of the values of scheme assets and liabilities had a favourable impact of £1.4m, giving an overall net reduction in the pension deficit of £0.6m compared to March 2017. The actuarial estimate of Aspire's share of the deficit for this scheme as at 31 March 2018 was £14.5m. We continue to actively review our long-term pension strategy, and during 2018 we will be consulting colleagues on a proposal to close both defined benefit schemes to future accrual.

The operating surplus was £17.0m compared to £18.4m in 2016-17. The reduction in surplus arose due to the one off costs and year end pension adjustment referred to above. Aspire Housing was required to apply a 1% rent cut to all of its social and affordable rents in compliance with government policy, and further rent cuts will be required in each of the next two years.

Despite the challenging economic environment in which Aspire operates, income collection and arrears management performance has remained strong with current tenant rent arrears at the year end representing 0.96% of the rent debit (2017: 0.82%) and with 99.7% of rent collected in the year. The rent lost in the year from bad debts was £136k (0.38% of rent and service charges). Void rent loss for the year of £218k (0.59%) represented an improvement compared to the previous year's loss of £247k (0.67%).

Aspire has continued to invest significant resources both in its existing homes and neighbourhoods and in the development and acquisition of new social and affordable housing for rent and low cost home ownership.

Repairs, maintenance and improvements to the housing stock continued to represent the largest element of Aspire Housing's expenditure with total expenditure of £13.1m of which £3.8m was capitalised, which was broadly comparable to the previous financial year.

We continue to plan and deliver investment in our stock based on accurate stock condition data that is regularly reviewed and updated, and we have sought and received independent confirmation from Savills of the adequacy of our long term business plan provision for stock investment.

The Aspire Housing board has approved a strategic disposal programme of up to 50 dwellings per annum as part of its broader asset management strategy. Properties are selected using a number of defined criteria including relative net present value, stock type and condition, location and demand. During 2017-18 44 houses were disposed of, as well as various land sites. This generated receipts of c£3.9m which will be utilised to fund the development of new homes.

During 2017-18 we have delivered 205 new homes as part of our five year target to provide at least 1,700 over the five year period to 2021. We are on target to deliver these ambitious development plans.

PM Training achieved an operating profit of £205k in 2017-18 which was significantly lower than in 2016-17 (£525k). This reduction in profit arose primarily as a result of the impact of the introduction of the Apprenticeship Levy which had an adverse impact on the number of new apprenticeship starts during the year, and this in turn led to a significant reduction in ESFA grant funding.

During 2017-18 PM Training has, through its training division, supported over 1,400 companies locally with their workplace skills needs. Over 500 young people participated in its pre-apprenticeship employability programmes, including study programmes and traineeships, with around 73% positively progressing. There were 678 apprenticeship starts during the year and the overall success rate of 69% was above the national average.

PM Training continues to provide Homeworks services including gardening, decorating, environmental improvements and estate caretaking to people in North Staffordshire. In March 2018 Homeworks also commenced the delivery of Aspire Housing's grounds maintenance service. These teams have enabled learners to engage with local neighbourhoods and to prepare for employment.

During 2017, Aspire Housing restructured its existing loans, and secured significant new funding, increasing its total facilities from £162.5m to £205m, including a £60m private placement with Legal and General, as well as loans with Aspire's existing funders, Barclays and Lloyds banks. These facilities will provide sufficient funds to deliver our five year development programme.

### **Objectives and strategy**

The 2017-18 financial year was the second year of Aspire Housing's 2016-21 corporate plan which sets out our vision for "Building Better Futures". By 2021 we have the following objectives:

- To be recognised by industry experts as an exemplar of best practice nationally
- To be successful in building new homes and in creatively managing our existing portfolio
- To be digitally led, seamlessly using technology to enhance communication, drive efficiencies and improve customers' experiences across all of our businesses
- To be known as much for our smart professionalism and agility, as for our ability to raise aspirations, transform lives and help communities to prosper
- To be recognised as a great place to work

We have increased our ambitious target for new homes delivery from 1,500 units to 1,700 units over the five year period of the business plan, having secured increased funding during 2017, and increasing our total facilities from £162.5m to £205m.

We will continue to prioritise support for people to get into work as a mitigant of Welfare Reform, through our apprenticeship programmes and the ability we have, uniquely, to help local businesses prosper through training and employment support. We remain committed to the future strength and prosperity of North Staffordshire and its people.



## Risks and uncertainties

### Financial risk management objectives and principles

Aspire Housing uses various financial instruments, including loans and cash, and other items such as rental arrears and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for its operations.

The existence of these financial instruments exposes the organisation to a number of financial risks. The main risks arising from financial instruments are considered by the directors to be interest rate risk, liquidity risk and credit risk. The board reviews and agrees policies for managing these risks.

### Interest rate risk

Aspire Housing finances its operations through a mixture of retained surpluses and bank borrowings. The exposure to interest rate fluctuations on borrowings is managed by the use of both fixed and variable rate facilities.

### Liquidity risk

Aspire Housing seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and invests cash assets in accordance with an approved treasury management strategy. In addition to drawn borrowings Aspire Housing had c£60m of undrawn facilities as at 31 March 2018.

### Credit risk

The principal credit risk relates to tenant arrears. This risk is managed by providing support to customers with their application for Housing Benefit and through benefit and debt advice, as well as by ensuring that Aspire has an appropriately resourced and high performing Income Management team. Welfare Reform changes have been identified as a key risk for the organisation and extensive work has been carried out in preparation for the introduction of Universal Credit.

### Going Concern

When approving financial statements the board is required to make an assessment of the organisation's ability to continue as a going concern. In doing this the Board needs to consider all available information about the future, which is at least, but not limited to, twelve months from the date when the financial statements are approved and signed.

Aspire Housing's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Long-term debt facilities of £205m are in place (including c£60m of undrawn facilities at 31 March 2018), which provide adequate resources to finance committed reinvestment and development programmes, as well as day to day operations. Aspire 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.

Risks that may prevent Aspire Housing and its members achieving their objectives are considered and reviewed regularly by the executive team, the audit and risk committee and the board. The risks are recorded and assessed in terms of their impact and probability. Major risks, as well as management actions and controls, are reported to the audit and risk committee quarterly and to the Aspire Housing board every six months. The major risks to the successful achievement of Aspire Housing's objectives are considered below.

Key risk	Management actions
<p><b>Impact of the increase in final salary pension scheme liabilities</b> At each triennial valuation there is a risk that the scheme deficit will increase leading to increased pensions costs for the employer.</p>	<ul style="list-style-type: none"> <li>• Regular strategic reviews of pensions</li> <li>• Stress testing</li> <li>• DB schemes now closed to new starters</li> <li>• Engagement with actuarial professionals</li> <li>• Adequate provision in the business plan</li> <li>• Planned consultation about DB scheme closure</li> </ul>
<p><b>Impact of government policy including welfare reform</b> Whilst the Local Housing Allowance will not be applied to social housing rents, the introduction of Universal Credit will increase the risks associated with rent collection and tenancy sustainability.</p>	<ul style="list-style-type: none"> <li>• Regular stress testing</li> <li>• Develop understanding of our exposure to policy changes</li> <li>• Strategy for maximising EFA/SFA funding and cost reductions</li> <li>• Acquisition of software to profile Universal Credit risk</li> </ul>
<p><b>Changing demographics result in stock and/or service becoming obsolete</b></p>	<ul style="list-style-type: none"> <li>• Asset Management Strategy</li> <li>• Development Strategy</li> <li>• Marketing Strategy</li> <li>• Older Person's Strategy</li> <li>• Project to review customer insight</li> </ul>
<p><b>Grant availability</b> Central and local government policy changes lead to reduction in available funding</p>	<ul style="list-style-type: none"> <li>• Local investment plans</li> <li>• Good relationships with development partners and stakeholders</li> <li>• Good appraisal models</li> <li>• Strategic market positioning</li> <li>• Alternative models for developments without grant</li> </ul>

### Capital structure and treasury policy

During the year existing loan facilities were reviewed and restructured, and new facilities were agreed which increased total facilities from £162.5m to £205.3m. These facilities include traditional bank loans, both at fixed and variable rates of interest, a revolving credit facility, and a private placement with Legal and General. At the year end total borrowings amounted to £145.3m.

Aspire Housing borrows at both fixed and floating rates of interest. Aspire's policy is to keep at least 60% of its borrowings at fixed rates of interest. At the year end 95% of its borrowings were at fixed rates with all-in interest rates in a range between 3.4% and 7.2%. The weighted average rate on variable rate borrowing at 31 March 2018 was 2.1%.

### Future developments

We plan to deliver c1,700 new homes over the period from 2016-21.

Aspire Housing will continue to make significant investment in its stock and to ensure that its properties meet the Decent Homes Standard (DHS).

We will continue to assess the impact, and to manage the risks to our business of government policy, including the impact of Universal Credit and Voluntary RTB policy.

### Statement of compliance

In preparing this Strategic Report, the board has followed the principles set out in the SORP 2014.

## Value for Money

### Our strategic approach to VfM

Aspire Housing is committed to the achievement of value for money in the delivery of all of its services. VfM is embedded within our culture and within all of our key strategies, as articulated in our ambition to be "smarter, slicker, simpler" in everything we do. We define value for money as the achievement of optimal value from the use of our resources as measured through the delivery of successful outcomes.

Our 2016-21 corporate plan sets out our vision of generating additional capacity to achieve responsible growth through improving our efficiency and increasing our operating margins, whilst at the same time improving the quality of our services and our customers' experiences. The achievement of improved VfM will help to ensure that:

- we maintain a financially viable and robust business plan
- we provide services that are affordable and valued by our customers
- we generate capacity to provide new affordable homes

We set clear targets for financial efficiency and service quality, and progress against these targets is reported regularly to the board.

Through a combination of the additional capacity created in the plan as a result of the achievement of efficiencies, and by securing additional funding, we aim to have provided at least 1,700 new affordable homes by 2022, more than tripling our previous development target.

### Asset Management Strategy

Our Asset Management Strategy provides the framework within which decisions on investment, remodelling, disinvestment and disposal are made. In delivering this strategy we aim to:

- Operate an active asset management model that enables Aspire to optimise its return on investments
- Understand asset performance and customer perspectives on the full range of assets
- Differentiate between routine cyclical investment, remodelling, redevelopment and disposal
- Have clear long term investment plans, developed from high quality data, supported by long range procurement, visible to stakeholders
- Have clarity of delivery solutions and a clear order book to maximise efficient delivery by contractors
- Provide homes that meet the needs of our customers and are valued by them

### Land Management and Strategic Disposals

We have continued our strategy of assessing properties for disposal on becoming void in line with criteria approved by board, with up to 50 disposals per annum. In 2017-18 we sold 44 properties either at auction or by private treaty, generating gross sales proceeds of £3.5m (16-17: £3.7m). The resources generated from these sales will be re-invested in the delivery of new affordable homes.

### Stock investment

We continue to maintain a 30 year stock investment plan and rolling stock condition survey aligned with the business plan, with regular reviews of priorities and re-alignment of

funding to meet the needs of the asset base and of our customers. We periodically commission an independent validation of the accuracy of our stock condition data (most recently in 2016) which provides assurance that our investment plans have a firm evidential base and that our resources can be targeted effectively.

### Growth Strategy and new homes provision

We intend to deliver 1,700 new homes over the period to March 2022, using additional capacity from operational efficiencies, property and land disposals, and cross-subsidy generated by homes for shared ownership and outright sale. This represents more than a threefold increase in development activity compared to our previous plans to build 500 homes in the period from 2014-19.

### VfM metrics and targets

The new Value for Money standard published by the Regulator of Social Housing in April 2018 requires Registered Providers to report on a number of VfM metrics within their financial statements, and these are set out in table 1 below.

We also participate in the Sector Scorecard benchmarking exercise and additional Sector Scorecard metrics are set out in table 2.

Aspire Housing has established a set of VfM targets, linked to broader strategic objectives, which have been agreed with the Board, and performance against these targets is monitored and reported to the Board on a regular basis. The chosen KPIs are drawn from the RSH and Sector Scorecard metrics, as indicated in the tables below, with the addition of a number of additional Aspire Housing specific KPIs set out in table 3.

**Table 1: Regulator of Social Housing metrics**

	Aspire Housing			Global accounts 16-17	
	2016-17 Actual	2017-18 Actual	2018-19 Target	Median	1 <sup>st</sup> Quartile
Re-investment %	9.5%	11.0%	13.1%	5.7%	8.7%
New Supply - social housing %	1.4%	2.3%	2.2%	1.3%	2.3%
New Supply – non-social housing %	0.0%	0.0%	0.0%	n/a	n/a
Gearing	64.9%	64.3%	61.5%	42.4%	32.8%
EBITDA-MRI interest cover	240.6%	206.1%	217.8%*	216.4%	283.1%
Headline social housing cost per unit	£2,404	£2,679	£2,550*	£3,298	£2,932
Operating margin (social housing units)	39.2%	35.6%	39.1%*	34.4%	39.3%
Operating margin (overall)	36.9%	32.2%	35.5%*	31.2%	35.9%
Return on capital employed (ROCE)	9.1%	7.7%	7.7%*	5.8%	7.0%

**Table 2: Sector Scorecard metrics**

	Aspire Housing			HouseMark 2016-17	
	2016-17 Actual	2017-18 Actual	2018-19 Target	Median	1 <sup>st</sup> Quartile
New supply delivered – units	125	205	156*	n/a	n/a
Overall satisfaction with service provided	94.7%	94.7%	95.0%*	86.6%	91.0%
Re-investment in communities %	3.2%	3.9%	3.0%	1.0%	4.0%
Occupancy at 31 March 2018	100.0%	99.9%	99.4%	99.5%	99.8%
Ratio of responsive to planned repairs	53.6%	54.6%	59.9%	68.0%	44.0%
Management costs per unit	£577	£698	£644	£939	£744
Service costs per unit	£290	£330	£334	£371	£239
Maintenance costs (revenue) per unit	£1,002	£1,053	£952	£925	£782
Planned/Major Repairs (capital) per unit	£404	£426	£459	£683	£491
Other social housing costs per unit	£131	£172	£161	£239	£142
Rent collected as % of rent due	100.4%	99.7%	99.5%*	99.5%	99.8%
Overheads as % of adjusted turnover	9.5%	10.4%	9.5%	12.3%	9.4%

**Table 3: Additional Aspire Housing metrics**

	Aspire Housing			HouseMark Quartile 2016-17
	2016-17	2017-18	2018-19	
EBITDA operating margin	42.1%	41.2%	40.0%*	n/a
Void rent loss	0.7%	0.6%	0.6%*	1 <sup>st</sup>
Current arrears	0.8%	1.0%	1.2%*	1 <sup>st</sup>
Satisfaction with repairs service	83.3%	86.0%	87.0%*	2 <sup>nd</sup>
Satisfaction with VfM of services provided	93.1%	94.6%	93.0%*	1 <sup>st</sup>

\*Aspire Housing VfM target

Aspire Housing's overall social housing cost per unit increased from £2,404 in 2016-17 to £2,679 in 2017-18 (2016-17 sector top quartile cost per unit: £2,932). This increase arose in part as a result of a restructure of Aspire Response completed in March 2018 which reduced the staffing establishment by 22, incurring one off redundancy and pension actuarial costs of c£800k, with the objective of achieving on going and long term efficiencies. Increased costs also arose from the year end actuarial valuation of the Staffordshire Pension Fund which estimated a shortfall of contributions compared to service costs for the financial year. The 2018-19 budget has set a target of £2,550 for social housing cost per unit, a reduction of £129 (4.8%) per unit.

Aspire Housing measures its VfM performance through the achievement of a balance of cost and quality indicators. In 2017-18, Aspire achieved top quartile performance compared to our HouseMark peer group with regards customer satisfaction with the overall service provided and with Value for Money of those services. However, whilst customer satisfaction with the repairs service improved from 83% to 86%, this only reflected second quartile performance. The cost per unit of Aspire Housing's responsive repairs also remains higher than the median, and this is an area where we are seeking to improve performance in 2018-19 through the implementation of revised structures and more effective information systems.

Whilst our key performance indicators suggest high levels of satisfaction, we believe that we can do more to encourage effective customer engagement and to improve our customer focus, by placing the customer at the centre of everything we do. To this end we have established a corporate project to review our approach to customer services in order to achieve these objectives.

### **Social return on assets**

The achievement of positive social impact is a core element of Aspire Housing's corporate aims reinforced by our Corporate Plan and associated strategies. PM Training delivers high quality employment and training opportunities across the public and private sectors and The Realise Foundation, our charitable subsidiary, provides regeneration services including support for lifelong learning, apprenticeships and environmental improvements. The same principles of VfM that underpin the strategic approach of the parent organisation, equally apply to the subsidiaries. PM Training is a profit making company and PM Training profits provide the main source of funding for The Realise Foundation.

Headline outcomes in 2017-18 include the following:

- 541 young people engaged in learning activities funded by the Education and Skills Funding Agency, and 73% of learners who have left the programme have progressed into employment, education or further training
- 45% of the young learners supported by PM Training came from areas that are amongst the 25% most deprived nationally
- PM Training had 211 16-18 year old and 467 adult apprenticeship starts in the year, and 1,341 apprenticeship learners in total
- Through our Information, Advice and Guidance Service we offer employment and skills support to people living in our neighbourhoods, the majority of whom live in our properties. During 2017-18 354 customers accessed support from this service, with 42% of clients gaining employment
- 160 customers accessed support to help them overcome barriers to employment including access to specialised training, transport and childcare
- The Aspire Group is signed up to the national pledge for at least 5% of its staff to be apprentices. At the year-end there were 36 apprentices employed by the Group, representing 9.55% of the workforce
- The Realise Foundation, Aspire Housing's charitable arm, supported c2,000 people during 2017-18, through employability and health and wellbeing initiatives
- PM Training secured the Grounds maintenance contract for Aspire Housing delivering enhanced Value for Money through an improved specification and increased social return through the provision of learner opportunities

- We were granted the Queen's Award for Enterprise in the category of raising opportunity for our work associated with social mobility, having been previously recognised by Government as one of 9 national social mobility champions for our work in supporting communities and individuals to maximise their potential

## **Board statement on internal control**

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

The board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of Aspire Housing's assets and interests.

In meeting its responsibilities the board has adopted a risk based approach to internal controls which is embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the organisation is exposed.

The board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by Aspire Housing, which has been in place throughout the financial year and to the date of the approval of the report and financial statements. The process adopted by the board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

- **Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of Aspire Housing's activities. The Executive Team is responsible for monitoring corporate risk management, other corporate maps, project risk maps and operational maps. The audit and risk committee regularly reviews the strategic risk map, and the board reviews the Aspire Housing risk map.

- **Monitoring and corrective action**

A process of control self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the board. The risk management framework, through the reporting of risk crystallisations, facilitates the reporting of internal control failures and ensures that corrective action is taken.

- **Control environment and control procedures**

The board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection. These are regularly reviewed and revised as appropriate.

- **Strategy and policy with regard to fraud**

Fraud awareness training is provided at various levels within the organisation according to particular need. The audit and risk committee has reviewed the fraud register and has reflected any relevant information in its review of internal control systems.

- **Information and financial reporting systems**

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the board. The board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

- **Independent review**

The internal control framework and the risk management process are subject to regular review by the independent internal auditor. This provides independent assurance to the board via the audit and risk committee. The audit and risk committee considers internal control at each of its meetings during the year.

The board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the audit and risk committee to regularly review the effectiveness of the system of internal control. The audit and risk committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Aspire Housing, and the annual report of the internal auditor, and has reported its findings to the board.

## **Compliance with Governance and Viability Standard**

A programme of internal checks has been undertaken during the year to ensure that Aspire Housing complies with the requirements of the RSH Governance and Financial Viability Standard. The Standard was updated in 2015 and, in relation to governance, providers are expected to:-

- Adhere to all relevant law
- Comply with their governing documents and all regulatory requirements
- Be accountable to tenants, the regulator and relevant stakeholders
- Safeguard taxpayers' interests and the reputation of the sector
- Have an effective risk management and internal controls assurance framework
- Protect social housing assets

The standard also sets out the requirement to develop and maintain an effective assets and liabilities register. Aspire undertook a specific project which was completed in 2016, sponsored at executive level, to redevelop their existing register to ensure that this part of the standard was met. A steering group consisting of senior managers within the business meets on a six monthly basis to review the on-going maintenance and development of the register.

In relation to financial viability, providers are expected to manage their resources effectively to ensure their viability is maintained whilst also ensuring that social housing assets are not put at undue risk. External legal advice has confirmed that the corporate structure acts to ring fence social housing assets to ensure that they are not placed at risk via non-social housing activities.

The internal review undertaken in 2016 was supplemented by an external review of compliance with the standard, involving site visits by an external firm of solicitors and the sampling of documentary evidence by the same firm. A report from the solicitors was then shared with the board, providing both internal and external assurance that the requirements of the standard had been met. During 2018 the same checks have been



undertaken internally and the detailed analysis has been made available to the board for inspection. The board is prepared to certify on this basis that that the organisation is compliant with the Governance and Financial Viability Standard.

## **Statement of responsibilities of the board for the financial statements**

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

Community Benefit Society legislation requires the board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under Community Benefit Society legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of 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 United Kingdom Accounting Standards and the Statement of Recommended Practice: "Accounting by Registered Housing Providers" (2014), have been followed subject to any material departures disclosed and explained in the financial statements;
- 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 adequate accounting records which disclose with reasonable accuracy at any time the financial position of the organisation and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the board members are aware:

- There is no relevant audit information of which the organisation's auditors are unaware;
- and
- The board members have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

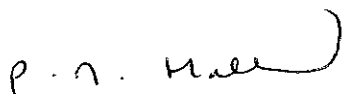
**Annual general meeting**

The annual general meeting will be held on 24 September 2018.

**External auditors**

A resolution to re-appoint Beever and Struthers as auditors of Aspire Housing will be proposed at the Annual General Meeting.

The Report of the board, including the Strategic Report, was approved by the board on 11 September 2018 and signed on its behalf by:



Philippa Holland  
**Chair**

## Independent Auditor's Report to the Members of Aspire Housing Limited

### Opinion

We have audited the financial statements of Aspire Housing Limited ('the parent association') and its subsidiaries ('the group') for the year ended 31 March 2018 which comprise the consolidated and parent association Statement of Comprehensive Income, the consolidated and parent association Statement of Changes in Reserves, the consolidated and parent association Statement of Financial Position, the consolidated Statement of Cash Flows and the notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

### Basis for opinion

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

### Conclusions relating to going concern

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

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

### Other information

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the

other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinions on other matters prescribed by the Co-operative and Community Benefit Societies Act 2014**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

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

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

**Responsibilities of the Board**

As explained more fully in the Statement of the Board's Responsibilities set out on page 15, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at <http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

**Use of our report**

This report is made solely to the association's members, as a body, in accordance with section 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

*Beever and Struthers*

Beever and Struthers, Statutory Auditor  
St George's House  
215/219 Chester Road  
Manchester  
M15 4JE

Date: *14/9/18*

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2018

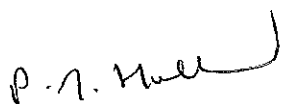
	Note	2018 £'000	2017 £'000
<b>Turnover</b>	3	<b>49,221</b>	47,042
Operating expenditure	3	<b>(35,406)</b>	(31,386)
Gain on disposal of housing properties	6	<u>3,179</u>	<u>2,733</u>
<b>Operating surplus</b>	3	<b>16,994</b>	18,389
Deficit on disposal of other fixed assets	6	<b>(258)</b>	-
Interest receivable and similar income	7	<b>27</b>	19
Interest payable and similar charges	8	<b>(12,546)</b>	(7,335)
Other finance charges	9	<b>(408)</b>	(324)
<b>Surplus before tax</b>		<b>3,809</b>	10,749
Tax (charge) on ordinary activities	11	<b>(46)</b>	(113)
<b>Surplus for the financial year</b>		<b>3,763</b>	10,636
Actuarial gain/(loss) relating to pension schemes	9	<b>1,400</b>	(6,235)
<b>Total comprehensive income for the year</b>		<b>5,163</b>	4,401

The Group's results mainly relate to continuing activities but include a small element of discontinued activity relating to furniture resale with a turnover of £125k (2017: £344k) and operating expenditure of £379k (2017: £347k).

The accompanying notes on pages 26 to 55 form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the Statement of Comprehensive Income.

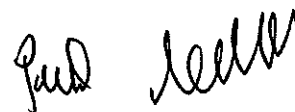
The financial statements were approved and authorised for issue by the Board at a meeting held on 11 September 2018 and signed on its behalf by:



Philippa Holland  
Chair



Sinéad Butters  
Group Director



Paul Medford  
Secretary

**ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2018

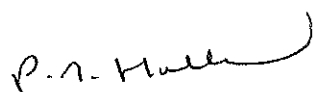
	Note	2018 £'000	2017 £'000
<b>Turnover</b>	3	<b>43,324</b>	41,945
Operating expenditure	3	<b>(29,374)</b>	(26,453)
Gain on disposal of housing properties	6	<u>3,179</u>	<u>2,733</u>
<b>Operating surplus</b>	3	<b>17,129</b>	18,225
Deficit on disposal of other fixed assets	6	<b>(258)</b>	-
Interest receivable and similar income	7	<b>26</b>	16
Interest payable and similar charges	8	<b>(12,546)</b>	(7,335)
Other finance charges	9	<b>(408)</b>	(324)
<b>Surplus before tax</b>		<b>3,943</b>	10,582
Tax (charge) on ordinary activities	11	-	-
<b>Surplus for the financial year</b>		<b>3,943</b>	10,582
Actuarial gain/(loss) relating to pension schemes	9	<b>1,400</b>	(6,235)
<b>Total comprehensive income for the year</b>		<b><u>5,343</u></b>	<u>4,347</u>

The association's results mainly relate to continuing activities but include a small element of discontinued activity relating to furniture resale with a turnover of £125k (2017: £344k) and operating expenditure of £379k (2017: £347k).

The accompanying notes on pages 26 to 55 form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the Statement of Comprehensive Income.

The financial statements were approved and authorised for issue by the Board at a meeting held on 11 September 2018 and signed on its behalf by:



Philippa Holland  
**Chair**



Sinéad Butters  
**Group Director**



Paul Medford  
**Secretary**

**CONSOLIDATED STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 March 2018

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Balance as at 1 <sup>st</sup> April	<b>25,514</b>	21,113
Surplus from Statement of Comprehensive Income	<b>5,163</b>	4,401
Balance as at 31 <sup>st</sup> March	<b><u>30,677</u></b>	<u>25,514</u>

**ASSOCIATION STATEMENT OF CHANGES IN RESERVES**

For the year ended 31 March 2018

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Balance as at 1 <sup>st</sup> April	<b>26,053</b>	21,706
Surplus from Statement of Comprehensive Income	<b>5,343</b>	4,347
Balance as at 31 <sup>st</sup> March	<b><u>31,396</u></b>	<u>26,053</u>



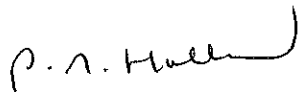
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Fixed assets</b>			
Housing properties	12	202,067	190,784
Other tangible fixed assets	13	5,161	5,807
Intangible fixed assets	15	399	579
		<u>207,627</u>	<u>197,170</u>
<b>Current assets</b>			
Properties developed for sale	16	2,966	1,695
Stock	17	62	55
Trade and other debtors	18	2,811	2,500
Cash and cash equivalents	29	17,211	4,520
		<u>23,050</u>	<u>8,770</u>
<b>Creditors: amounts falling due within one year</b>	19	<u>(9,308)</u>	<u>(6,612)</u>
<b>Net current assets</b>		<u>13,742</u>	<u>2,158</u>
<b>Total assets less current liabilities</b>		<u>221,369</u>	<u>199,328</u>
<b>Creditors: amounts falling due after more than one year</b>			
	20	(176,210)	(158,759)
<b>Pension provision</b>	9	<u>(14,482)</u>	<u>(15,055)</u>
<b>Total Net Assets</b>		<u>30,677</u>	<u>25,514</u>
<b>Reserves</b>			
Income and expenditure reserve		<u>30,677</u>	<u>25,514</u>
<b>Total reserves</b>		<u>30,677</u>	<u>25,514</u>

The accompanying notes on pages 26 to 55 form part of these financial statements.

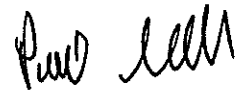
The financial statements were approved and authorised for issue by the Board at a meeting held on 11 September 2018 and signed on its behalf by:



Philippa Holland  
Chair



Sinéad Butters  
Executive Director



Paul Medford  
Secretary

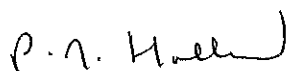
**ASSOCIATION STATEMENT OF FINANCIAL POSITION**

As at 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Tangible fixed assets</b>			
Housing properties	12	202,067	190,784
Other tangible fixed assets	13	5,038	5,744
Investments in subsidiaries	14	3,222	3,222
		<u>210,327</u>	<u>199,750</u>
<b>Current assets</b>			
Property developed for sale	16	2,966	1,695
Stock	17	62	55
Trade and other debtors	18	1,864	1,998
Cash and cash equivalents		15,468	2,485
		<u>20,360</u>	<u>6,233</u>
<b>Creditors: amounts due within one year</b>	19	<u>(8,599)</u>	<u>(6,116)</u>
<b>Net current assets</b>		<u>11,761</u>	<u>117</u>
<b>Total assets less current liabilities</b>		<u>222,088</u>	<u>199,867</u>
<b>Creditors: amounts due after more than one year</b>	20	<u>(176,210)</u>	<u>(158,759)</u>
<b>Pension provision</b>	9	<u>(14,482)</u>	<u>(15,055)</u>
<b>Total Net Assets</b>		<u>31,396</u>	<u>26,053</u>
<b>Reserves</b>			
Income and expenditure reserve		<u>31,396</u>	<u>26,053</u>
<b>Total reserves</b>		<u>31,396</u>	<u>26,053</u>

The accompanying notes on pages 26 to 55 form part of these financial statements.

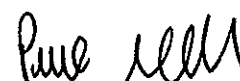
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Chair



Sinéad Butters  
Executive Director



Paul Medford  
Secretary

**CONSOLIDATED STATEMENT OF CASH FLOWS**

for the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
<b>Net cash generated from operating activities</b>	27	<u>19,016</u>	<u>20,837</u>
<b>Cash flow from investing activities</b>			
Purchase and construction of housing properties		(15,402)	(13,816)
Component replacements to housing properties		(3,697)	(3,828)
Purchase of other fixed assets		(341)	(179)
Social housing grant – received		628	807
Proceeds from sale of housing properties		5,371	4,308
Proceeds from sale of other fixed assets		248	336
Interest received		27	19
<b>Net cash outflow from investing activities</b>		<u>(13,166)</u>	<u>(12,353)</u>
<b>Cash flow from financing activities</b>			
Loans received/(repaid)		19,225	(6,500)
Interest paid		(12,384)	(7,342)
<b>Net cash outflow from financing activities</b>		<u>6,841</u>	<u>(13,842)</u>
<b>Net change in cash and cash equivalents</b>	29	12,691	(5,358)
<b>Cash and cash equivalents at the beginning of the year</b>	29	4,520	9,878
<b>Cash and cash equivalents at the end of the year</b>	29	<u>17,211</u>	<u>4,520</u>

The accompanying notes on pages 26 to 55 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

31 March 2018

### 1 LEGAL STATUS

The association is registered, in England and Wales, under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider. The registered office is Kingsley, The Brampton, Newcastle-under-Lyme, Staffordshire, ST5 0QW. The association is a public benefit entity and the accounts are presented in pounds sterling, rounded to the nearest £'000.

### 2 ACCOUNTING POLICIES

#### Basis of accounting

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

Discontinued operations represent the activities of Furniture Mine which was sold on 1 September 2017.

#### Basis of consolidation

The Group accounts consolidate the accounts of Aspire Housing and all its subsidiaries at 31 March.

#### Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue to operate for the foreseeable future.

#### 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 judgements and estimates have been made include;

- **Provision for bad and doubtful debts:** on the basis of likelihood of collection depending on the age of the debt.
- **Impairment:** the association has identified a cash generating unit at a scheme level. Following the government announcement of a change in rent policy from April 2016, which was classed as an impairment trigger, the association carried out an impairment review and concluded there was no impairment and no reduction in net income for any group of cash generating units. There has been no further impairment trigger since.
- **Goodwill:** goodwill within the group is amortised over the life of the investment up to a maximum of ten years.
- **Housing properties classification:** housing properties are properties held for the provision of social housing or otherwise to provide social benefit.
- **Financial instruments:** all of the association's loans have been treated as basic for FRS102 classification. Basic instruments are recognised at amortised historical cost.
- **Defined benefit pension schemes:** the association has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends. Variations in these assumptions could significantly impact the liability.

## ACCOUNTING POLICIES (continued)

### 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) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Turnover in PM Training represents the consideration receivable in respect of training and other services provided during the year, excluding Value Added Tax.

Turnover in Realise represents donations from Aspire Housing and local companies plus fund raising activities undertaken by the members of Realise. Donations and sales income is recognised at the point that invoices are raised whilst other income is recognised at the point of receipt.

The total turnover of the Group for the year has been derived from its principal activity wholly undertaken in the UK.

### Interest payable

Interest is charged to the Statement of Comprehensive Income in the year in which it is incurred.

### Pensions

The Group participates in two defined benefit pension schemes, the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Pension Fund (SCCPF), which provide benefits based on career average pensionable pay. The assets of both schemes are invested and managed independently of the Group. The Group also enrolls all new employees in the SHPS auto enrolment pension scheme.

For the SHPS, it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the Statement of Comprehensive Income represents the employer contribution payable to the scheme for the accounting period plus the discounted cashflow of future deficit payments.

For the SCCPF, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in Other Finance Costs/Income. Actuarial gains and losses are reported in the Statement of Comprehensive Income.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the Projected Unit Method and are discounted at appropriate high quality bond rates. The net deficit is presented separately from other assets on the Statement of Financial Position. A net surplus is recognised only to the extent that it is recoverable by the Group.

### Taxation

The charge for taxation is based on surpluses arising on certain activities which are liable to tax.

## ACCOUNTING POLICIES (continued)

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Statement of Financial Position date where transactions or events have occurred at that date resulting in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the Statement of Financial Position date.

### 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.

### Housing properties

Housing properties are principally properties available for rent, all have been categorised as held for social benefit, and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

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 benefit 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 a fixed asset and included in housing properties less any provisions needed for depreciation and impairment.

### Other properties

Commercial premises, shops and garages are classified as held for social benefit and are accounted for on this basis for reporting purposes.

### Social housing grant

Social Housing Grant (SHG) is receivable from Homes England and is utilised to reduce the capital costs of housing properties, including land costs. It is held as a deferred asset (income) on the Statement of Financial Position and amortised to the Statement of Comprehensive Income, within turnover, over the life of the property to which it relates.

SHG due from Homes England or received in advance is included as a current asset or liability on the Statement of Financial Position. SHG received in respect of revenue expenditure is credited to the Statement of Comprehensive Income in the same period as the expenditure to which it relates.

**ACCOUNTING POLICIES (continued)**

SHG is subordinated to the repayment of loans by agreement with Homes England. SHG released on the sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included on the Statement of Financial Position in creditors.

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

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

**Other grants**

Grants received in respect of revenue expenditure are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Capital grants are held as a deferred asset (income) on the Statement of Financial Position and amortised to the Statement of Comprehensive Income over the life of the property to which it relates.

**Disposal Proceeds Fund (DPF)**

Receipts from the sale of SHG funded properties less the net book value of the property and the costs of disposal are credited to the DPF, this creditor is carried forward until it is used to fund the acquisition of new social housing. Following the Housing and Planning Act 2016 disposals made after 1 April 2017 no longer have to be accounted for through the DPF. There will be a winding down period until 2020 to use any funds currently remaining in the DPF.

**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:

Structure	60 years
Aerials	20 years
Showers	30 years
Central heating	30 years
Boilers	12 to 15 years
Energy efficiency	30 years
Roofs	50 years
Kitchens	20 years
Sound insulation	30 years
Bathrooms	30 years
Rewires	30 years
Windows and doors	40 years
Smoke alarms	15 years
Lifts	30 years

Freehold land is not depreciated.

**ACCOUNTING POLICIES (continued)****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 buildings	50 years
Furniture, fixtures and fittings	7 years
Shops	40 years
Freehold office buildings & long leasehold property	60 years
CareCALL equipment	4 years
Computers and office equipment	3 years
Plant & equipment	7 years
Garages	30 years

**Properties for sale**

Shared ownership first tranche sales, complete 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. Shared ownership staircasing sales are treated as property disposals when the staircasing reaches 100%. The association has an asset management strategy which includes disposal of housing properties, land and other housing related assets where it is economically or strategically advantageous to do so. The net proceeds of sale are used for the re-provision of social housing properties or reinvestment in making existing stock fit for long term future use.

**Impairment**

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

**Liquid resources**

Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

**Stock and work in progress**

Stock and work in progress is stated at the lower of cost and net realisable value.

**Holiday pay accrual**

A calculation is made of the amount of unused holiday pay entitlement and where this is material it is accrued.

**Leased assets**

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

**Financial instruments**

The Association only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are measured at transaction price initially, plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.



## **ACCOUNTING POLICIES (continued)**

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method.

### **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

### 3 GROUP TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	2018 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>38,317</b>	<b>(24,683)</b>	<b>13,634</b>
<b>Other social housing activities</b>			
First tranche low cost home ownership sales	3,644	(2,113)	1,531
Other	303	(1,529)	(1,226)
<b>Total social housing activities</b>	<b>42,264</b>	<b>(28,325)</b>	<b>13,939</b>
<b>Non-social housing activities</b>			
Lettings	935	(670)	265
Other	125	(379)	(254)
Amortisation of goodwill	-	(180)	(180)
PM Training	5,873	(5,635)	238
The Realise Foundation	24	(217)	(193)
<b>Total non-social housing activities</b>	<b>6,957</b>	<b>(7,081)</b>	<b>(124)</b>
	<b>49,221</b>	<b>(35,406)</b>	<b>13,815</b>

	Turnover	2017 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>38,390</b>	<b>(23,357)</b>	<b>15,033</b>
<b>Other social housing activities</b>			
First tranche low cost home ownership sales	1,579	(885)	694
Other	488	(1,041)	(553)
<b>Total social housing activities</b>	<b>40,457</b>	<b>(25,283)</b>	<b>15,174</b>
<b>Non-social housing activities</b>			
Lettings	959	(638)	321
Other	344	(347)	(3)
Amortisation of goodwill	-	(241)	(241)
PM Training	5,232	(4,667)	565
The Realise Foundation	50	(210)	(160)
<b>Total non-social housing activities</b>	<b>6,585</b>	<b>(6,103)</b>	<b>482</b>
	<b>47,042</b>	<b>(31,386)</b>	<b>15,656</b>

### 3 ASSOCIATION TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	2018 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>38,317</b>	<b>(24,683)</b>	<b>13,634</b>
<b>Other social housing activities</b>			
First tranche low cost home ownership sales	3,644	(2,113)	1,531
Supporting People contract income			
Other	303	(1,529)	(1,226)
<b>Total social housing activities</b>	<b>42,264</b>	<b>(28,325)</b>	<b>13,939</b>
<b>Non-social housing activities</b>			
Lettings	935	(670)	265
Other	125	(379)	(254)
<b>Total non-social housing activities</b>	<b>1,060</b>	<b>(1,049)</b>	<b>11</b>
	<b>43,324</b>	<b>(29,374)</b>	<b>13,950</b>

	Turnover	2017 Operating expenditure	Operating surplus/ (deficit)
	£'000	£'000	£'000
<b>Social housing lettings</b>	<b>38,390</b>	<b>(23,357)</b>	<b>15,033</b>
<b>Other social housing activities</b>			
First tranche low cost home ownership sales	1,579	(885)	694
Supporting People contract income			
Other	673	(1,226)	(553)
<b>Total social housing activities</b>	<b>40,642</b>	<b>(25,468)</b>	<b>15,174</b>
<b>Non-social housing activities</b>			
Lettings	959	(638)	321
Other	344	(347)	(3)
<b>Total non-social housing activities</b>	<b>1,303</b>	<b>(985)</b>	<b>318</b>
	<b>41,945</b>	<b>(26,453)</b>	<b>15,492</b>

### 3 GROUP AND ASSOCIATION PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2018 £'000	2017 £'000
<b>General Housing</b>		
Rent receivable net of identifiable service charges and net of voids	34,924	34,879
Service charge income	2,787	2,951
Amortised government grants	606	560
<b>Turnover from social housing lettings</b>	<b>38,317</b>	<b>38,390</b>
<b>Operating expenditure</b>		
Management	(6,192)	(5,383)
Service charge costs	(2,930)	(2,701)
Routine maintenance	(4,636)	(4,578)
Planned maintenance	(4,710)	(4,766)
Bad debts	(136)	(148)
Depreciation of housing properties	(6,079)	(5,781)
<b>Operating expenditure on social housing lettings</b>	<b>(24,683)</b>	<b>(23,357)</b>
<b>Operating surplus on social housing lettings</b>	<b>13,634</b>	<b>15,033</b>
Void Losses	218	247

\*Included within the 'depreciation of housing properties' in Note 12 is £53k (2017 - £59k) in relation to solar panels which is not included within the analysis above.

### 4 ACCOMODATION IN MANAGEMENT

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

	GROUP		ASSOCIATION	
	2018 No.	2017 No.	2018 No.	2017 No.
<b>Social housing</b>				
General housing – social rent	7,479	7,499	7,479	7,499
General housing – affordable rent	497	438	497	438
General housing – supported housing	563	563	563	563
General housing – residential care	40	40	40	40
Low cost home ownership accommodation	250	184	250	184
Total owned	<b>8,829</b>	8,724	<b>8,829</b>	8,724
Accommodation managed on behalf of others	47	605	47	605
Total owned and managed	<b>8,876</b>	9,329	<b>8,876</b>	9,329

There are no properties managed by other bodies on behalf of the Group.

Properties managed on behalf of others relate to management contracts only and the third party organisations own the properties and the associated risks and rewards. From 1<sup>st</sup> April 2017 Aspire Housing managed properties on behalf of Hopkins & Sneyd only following the cessation of the agreement with Stoke-on-Trent Housing.

**5 OPERATING SURPLUS**

This is arrived at after charging/(crediting):

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Depreciation of housing properties	6,110	5,826	6,110	5,826
Depreciation of other tangible fixed assets	481	678	462	641
Amortisation of grants	(606)	(560)	(606)	(560)
Amortisation of goodwill	180	241	-	-
Operating lease rentals				
- Land and buildings	367	324	208	207
- Vehicles	494	536	347	383
- Plant and equipment	175	198	133	161
Auditor's remuneration for audit services				
- audit of financial statements	23	22	23	22
- audit of financial statements of the Group subsidiaries	5	4	-	-
for non-audit services				
- tax advisory	1	1	-	-

**6 SURPLUS ON SALE OF FIXED ASSETS – HOUSING PROPERTIES**

	GROUP & ASSOCIATION	
	2018 £'000	2017 £'000
Disposal proceeds	4,637	4,190
Carrying value of fixed assets	(1,476)	(1,210)
Shared ownership staircasing proceeds	88	326
Shared ownership staircasing carrying value	(70)	(276)
	<b>3,179</b>	<b>3,030</b>
Recycling of funds	-	(297)
	<b>3,179</b>	<b>2,733</b>

**(DEFICIT)/SURPLUS ON SALE OF FIXED ASSETS – OTHER**

Disposal proceeds	-	-
Carrying value of fixed assets	(258)	-
	<b>(258)</b>	<b>-</b>
	<b>2,921</b>	<b>2,733</b>

**7 INTEREST RECEIVABLE AND OTHER INCOME**

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest receivable and similar income	<u>27</u>	<u>19</u>	<u>26</u>	<u>16</u>

**8 INTEREST PAYABLE AND SIMILAR CHARGES**

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Loans repayable and bank overdrafts	7,725	7,241	7,725	7,241
Notional interest on DPF	3	5	3	5
Breakage costs	4,703	-	4,703	-
Loan fees amortised	57	34	57	34
Other finance costs	58	55	58	55
	<u>12,546</u>	<u>7,335</u>	<u>12,546</u>	<u>7,335</u>

**9 EMPLOYEES**

Average monthly number of employees expressed in full time equivalents:

	GROUP		ASSOCIATION	
	2018 No.	2017 No.	2018 No.	2017 No.
Operations - Housing	111	112	111	112
Operations - Maintenance	97	116	97	116
Resources - Central Administration	86	68	86	68
PM Training	125	113	-	3
	<u>419</u>	<u>409</u>	<u>294</u>	<u>299</u>

A full-time equivalent is based on working hours of 37 per week.

Employee costs:	£'000	£'000	£'000	£'000
Wages and salaries	11,602	11,320	8,715	8,714
Social security costs	1,080	954	819	738
Other pension costs	1,376	1,487	1,351	1,462
Pension adjustments	451	(377)	451	(377)
	<u>14,509</u>	<u>13,384</u>	<u>11,336</u>	<u>10,537</u>

The full-time equivalent number of staff who received remuneration from £60,000 upwards (including those who received settlement payments for loss of office) were;

	<b>GROUP</b>	
	<b>2018</b>	2017
	<b>No.</b>	No.
£60,001 to £70,000	<b>3</b>	1
£70,001 to £80,000	<b>3</b>	4
£80,001 to £90,000	<b>4</b>	3
£90,001 to £100,000	<b>1</b>	1
£100,001 to £110,000	<b>1</b>	-
£110,001 to £120,000	<b>2</b>	1
£120,001 to £130,000	-	1
£140,001 to £150,000	-	1
£150,001 to £160,000	<b>1</b>	-
£170,001 to £180,000	-	1
£180,001 to £190,000	<b>2</b>	-

**Pension Schemes**

The majority of the association's employees are members of either the Staffordshire County Council Pension Fund (SCCPF) (administered in accordance with the Local Government Pension Fund regulations) or the Social Housing Pension Scheme (SHPS).

Both are multi-employer schemes providing defined benefits based on members earnings and the length of participation in the pension scheme.

All employees who do not choose a final salary scheme are auto-enrolled into a defined contribution scheme with the Social Housing Pension Trust. The current minimum employee contribution is 1% and the employer contributes an additional 1% to the scheme. This defined contribution scheme has been in operation since 1<sup>st</sup> January 2014 for Aspire Housing employees.

From 1<sup>st</sup> April 2014 PM Training, has auto-enrolled employees into a contribution scheme with the Social Housing Pension Trust on the same terms as Aspire Housing. PM Training promoted the government's stakeholder scheme until 31<sup>st</sup> March 2014 but made no contributions on behalf of employees.

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

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

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

**EMPLOYEES – Pension Schemes (continued)**

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123 million, liabilities of £4,446 million and a deficit of £1,323 million. 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 1 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 1 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 1 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 1 April)

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

**Present Values of Provision**

	31 March 2018 (£000's)	31 March 2017 (£000's)	31 March 2016 (£000's)
Present value of provision	773	910	1,001

**Reconciliation of opening and closing provisions**

	Period ending 31 March 2018 (£000's)	Period ending 31 March 2017 (£000's)
Provision at the start of the period	910	1,001
Unwinding of the discount factor (other finance charges)	12	19
Deficit contribution paid	(139)	(133)
Re-measurement: changes in assumptions	(10)	23
Re-measurement: changes to contributions	-	-
Provision at end of period	<u>773</u>	<u>910</u>



## EMPLOYEES – Pension Schemes (continued)

### Impact on the Statement of Comprehensive Income

	Period ending 31 March 2018 (£000's)	Period ending 31 March 2017 (£000's)
Interest expense	12	19
Re-measurements: changes in assumptions	(10)	23
Re-measurements: changes to contributions	-	-

### Assumptions

	31 March 2018 (% per year)	31 March 2017 (% per year)	31 March 2016 (% per year)
Rates of discount	1.72	1.33	2.06

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

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

### Deficit Contributions Schedule

	31 March 2018 (£000's)	31 March 2017 (£000's)	31 March 2016 (£000's)
Year 1	145	139	133
Year 2	151	145	139
Year 3	124	151	145
Year 4	95	124	151
Year 5	98	95	124
Year 6	75	98	95
Year 7	50	75	98
Year 8	52	50	75
Year 9	27	52	50
Year 10	-	27	52
Year 11	-	-	27

The scheme operated a single benefit structure, final salary with a 1/60<sup>th</sup> accrual rate, to March 2007. From April 2007, the Association has elected to operate the final salary with 1/60<sup>th</sup> accrual rate benefit structure for all active members, until March 2015. From April 2015 the Association has elected to operate a Career Average Related Earnings (CARE) 1/60<sup>th</sup> accrual rate benefit structure for all active members.

The Trustee commissions an actuarial valuation of the scheme every three years. The main purpose of the valuation is to determine the financial position of the scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the scheme can meet its pension obligations as they fall due.

**EMPLOYEES – Pension Schemes (continued)**

The actuarial valuation assesses whether the scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period, the association paid contributions at a rate of 9.25%. Member contributions varied between 7.25% and 9.25% depending on their age. As at 31<sup>st</sup> March 2017, there were 12 active members of the scheme employed by the Association. The Association continues to offer membership of the scheme to its employees.

The long term joint contribution rates that have applied since April 2013 required from employers and members to meet the cost of future benefit accrual were assessed at:

<b>Benefit Structure</b>	<b>Long term joint contribution rate (% pensionable salaries)</b>
Career average re-valued earnings with 1/60 <sup>th</sup> accrual rate	17.1

**Staffordshire County Council Pension Fund**

The Staffordshire County Council Pension Fund (SCCPF) is a multi-employer scheme with more than one participating employer, which is administered by Staffordshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

Statutory triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the Projected Unit method. The most recent formal actuarial valuation was completed as at 31 March 2016 updated to 31<sup>st</sup> March 2018. The valuation will monitor the scheme's assets against the current value of the pension benefits earned to date to establish if there is a surplus or deficit and to review the employers' contribution rates.

The employer's contributions to the SCCPF by Aspire Housing for the year were £886,602 (2017 £800,451) and the employers contribution rate was 20.7%.

**Financial Assumptions**

In calculating the scheme assets and liabilities, the fund's actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes but it is possible that actual outcomes will differ from those indicated in the accounts. Any differences between expected and actual outcomes are reported through experienced gains and losses.

## EMPLOYEES – Pension Schemes (continued)

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

	31 March 2018 % per annum	31 March 2017 % per annum
Inflation/pension increase rate	2.4%	2.4%
Salary increase rate	2.8%	2.8%
Discount rate	2.7%	2.6%

The expected rates of return on assets is based on the long term future expected investment return for each asset class as at the beginning of the period (i.e. as at 31<sup>st</sup> March 2017 for the year to 31<sup>st</sup> March 2018). The Accounting Standard requires that the expected return on assets is set by the employer having taken actuarial advice. The expected return on assets assumption is set equal to the discount rate as per FRS102.

### Mortality Assumptions

The post retirement mortality assumptions used to value the benefit obligation are based on the CMI 2010 model for both prospective and current pensioners and has assumed that mortality assumptions have now peaked. Based on these assumptions the average future life expectancies at age 65 are summarised below;

	2018 No. of years	2017 No. of years
Current pensioners - Males	22.1	22.1
Current pensioners - Females	24.4	24.4
Future pensioners - Males	24.1	24.1
Future pensioners - Females	26.4	26.4

### Amounts recognised in the Statement of Financial Position

	2018 £'000	2017 £'000
Fair value of employer assets	61,951	60,345
Present value of funded liabilities	(76,342)	(75,306)
Present value of unfunded liabilities	(91)	(94)
Net liability	<u>(14,482)</u>	<u>(15,055)</u>

### Analysis of the amount charged to the Statement of Comprehensive Income

	2018 £'000	2017 £'000
Current service cost	1,686	1,242
Other finance charges		
Interest cost	1,967	2,146
Interest income	(1,571)	(1,841)
Losses on curtailments & settlements	47	20
	<u>2,129</u>	<u>1,567</u>

£1,686k (2017: £1,242k) was charged to the operating surplus.

**EMPLOYEES – Pension Schemes (continued)**

<b>Movement in deficit during the year</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Deficit at beginning of the year	(15,055)	(8,892)
Current service cost	(1,686)	(1,242)
Interest costs	(1,967)	(2,146)
Employer contributions	1,297	1,634
Contributions in respect of unfunded benefits	5	5
Losses on curtailments & settlements	(47)	(20)
Interest income	1,571	1,841
Re-measurements	1,400	(6,235)
Group share of scheme liabilities	<u>(14,482)</u>	<u>(15,055)</u>

**Changes in the present value of defined benefit obligation**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Opening defined benefit obligation	75,400	61,299
Current service cost	1,686	1,242
Interest cost	1,967	2,146
Contributions by members	303	316
Re-measurements	(1,580)	11,844
Losses on curtailments & settlements	47	20
Estimated unfunded benefits paid	(5)	(5)
Estimated benefits paid	<u>(1,385)</u>	<u>(1,462)</u>
Closing defined benefit obligation	<u>76,433</u>	<u>75,400</u>

**Changes in the present value of assets**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of employer assets</b>	<b>60,345</b>	<b>52,407</b>
Net interest/expected return on assets	1,571	1,841
Contributions by members	303	316
Contributions by the employer	1,297	1,634
Contributions re unfunded benefits	5	5
Re-measurements	(180)	5,609
Unfunded benefits paid	(5)	(5)
Benefits paid	<u>(1,385)</u>	<u>(1,462)</u>
<b>Closing Fair Value of Employer Assets</b>	<u><b>61,951</b></u>	<u><b>60,345</b></u>

## EMPLOYEES – Pension Schemes (continued)

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

	2018	2017
Equities	73%	74%
Bonds	14%	13%
Property	8%	8%
Cash	5%	5%

### Actual Return on Plan Assets

	2018 £'000	2017 £'000
Actual return on plan assets	<u>1,391</u>	<u>7,450</u>

### Amounts for the current and previous four accounting periods are as follows:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
Present value of defined benefit obligation	(76,433)	(75,400)	(61,299)	(74,843)	(60,351)
Fair value of scheme assets	61,951	60,345	52,407	51,245	43,539
Deficit on scheme	(14,482)	(15,055)	(8,892)	(23,958)	(16,812)
Experience gains/(losses) on assets	(180)	5,609	(1,118)	3,928	530
Experience gains/(losses) on liabilities	-	2,858	683	409	(57)

## 10 DIRECTORS' EMOLUMENTS

Executive Director Costs	GROUP & ASSOCIATION	
	2018 £'000	2017 £'000
Aggregate emoluments	849	663
Pensions Contributions	108	74
	<u>957</u>	<u>737</u>

The remuneration of the Chief Executive (who is also the highest paid employee) included above was as follows:

	GROUP & ASSOCIATION	
	2018 £'000	2017 £'000
Remuneration	152	150
Pension Contributions	29	25
	<u>181</u>	<u>175</u>

All executive directors received emoluments exceeding £40,000 during both periods. The aggregate amount of compensation for loss of office was £68k (2017: £nil).

## DIRECTORS' EMOLUMENTS (continued)

The Deputy Chief Executive also acts as Chief Executive Officer of the Group's subsidiary Project Management (Staffordshire) Limited, an appropriate element of his cost is recharged as a management charge.

Pension contributions are made into defined benefit schemes for all executive directors. The Chief Executive is a member of the Staffordshire County Council Pension Fund, a defined benefit final salary pension scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. Aspire Housing Limited does not make any further contribution to an individual pension arrangement for the Chief Executive.

### Non-Executive Director Costs

The total emoluments paid to non-executive directors within the Aspire Group for their services to the group were £62k (2017: £58k) of which emoluments paid to Aspire Housing Ltd non-executive directors were £39k (2017: £44k).

The Chair is a remunerated position and received emoluments amounting to £12k (2017: £11k).

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Philippa Holland (Chair)	12	11	12	11
Brian Tomkins	-	6	-	6
Sandra Hambleton	3	3	3	3
Helen Collins	3	3	3	3
Marina Barrett	3	3	3	3
Ian Dale	3	3	3	3
Jayne Phillips	-	1	-	1
Kevin Richardson	7	6	7	6
Philip Thomas-Hands	3	3	3	3
Hamid Ghafoor	5	5	5	5
Nicola Winn	10	8	-	-
<b>Subsidiary Board Members</b>				
Helen Walters	2	2	-	-
Alice Belcher	3	2	-	-
Sarah Tudor	2	-	-	-
Maqsood Ahmed	3	1	-	-
Barry Pitts	3	1	-	-
	<b>62</b>	<b>58</b>	<b>39</b>	<b>44</b>

Expenses paid to non-executive directors were £1k (2017: £6k).

### Remuneration payable to directors and key management personnel in total

Key management personnel are Executive and Non-Executive Directors and their costs are included in the numbers on page 36 and amount to £1,019k (2017: £795k). The aggregate compensation for loss of office was £68k (2017: £nil).

## 11 TAXATION

The association converted to charitable status on 1<sup>st</sup> April 2011 and, therefore, is subject to Corporation Tax exemptions

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>United Kingdom Corporation Tax</b>				
Current tax on surplus for the year	37	112	-	-
<b>Tax on surplus on ordinary activities</b>	<b>37</b>	<b>112</b>	<b>-</b>	<b>-</b>
<b>Total current tax credit</b>	<b>37</b>	<b>112</b>	<b>-</b>	<b>-</b>
<b>Deferred Tax</b>				
Timing differences, origination and reversal	9	1	-	-
<b>Total Deferred Tax</b>	<b>9</b>	<b>1</b>	<b>-</b>	<b>-</b>
<b>Tax on surplus on ordinary activities</b>	<b>46</b>	<b>113</b>	<b>-</b>	<b>-</b>
	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
<b>Current tax reconciliation</b>				
Surplus on ordinary activities before taxation	3,809	10,749	3,943	10,582
Taxation at 19% (2017: 20%)	724	2,150	749	2,116
Effects of:				
Expenditure not tax deductible	7	10	-	-
Charitable exemptions	(685)	(2,133)	(749)	(2,116)
Capital Allowances in excess of depreciation	(9)	(4)	-	-
Losses carried forward	-	-	-	-
Other short term timing differences	-	89	-	-
<b>Actual current tax (credit)/charge</b>	<b>37</b>	<b>112</b>	<b>-</b>	<b>-</b>

## 12 GROUP & ASSOCIATION TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

### Social housing properties

	Social housing properties held for letting	Shared Ownership	Social housing properties under construction	Shared Ownership properties under construction	Total
<b>Cost</b>	£'000	£'000	£'000	£'000	£'000
At 1 <sup>st</sup> April 2017	224,544	9,266	5,327	1,420	240,557
Additions	-	-	12,157	6,197	18,354
Transfer from/(to) current fixed assets	-	58	-	(3,288)	(3,230)
Improvements	3,780	-	-	-	3,780
Properties acquired	-	-	-	-	-
Schemes Completed	12,107	2,667	(12,107)	(2,667)	-
Disposals	(2,316)	(75)	-	-	(2,391)
At 31 <sup>st</sup> March 2018	<b>238,115</b>	<b>11,916</b>	<b>5,377</b>	<b>1,662</b>	<b>257,070</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> April 2017	49,507	266	-	-	49,773
Charge for the year	5,995	115	-	-	6,110
Eliminated on disposals	(875)	(5)	-	-	(880)
At 31 <sup>st</sup> March 2018	<b>54,627</b>	<b>376</b>	<b>-</b>	<b>-</b>	<b>55,003</b>
<b>Net Book Value</b>					
<b>At 31<sup>st</sup> March 2018</b>	<b>183,488</b>	<b>11,540</b>	<b>5,377</b>	<b>1,662</b>	<b>202,067</b>
At 31 <sup>st</sup> March 2017	175,037	9,000	5,327	1,420	190,784

All properties are freehold. Housing properties with a carrying value of £103m have been pledged to secure borrowings of the Association.

### Expenditure on works to existing properties

	GROUP & ASSOCIATION	
	2018	2017
	£'000	£'000
Components capitalised	3,780	3,768
Amount charged to revenue	4,710	2,904
	<b>8,490</b>	<b>6,672</b>

### Social housing assistance

	GROUP & ASSOCIATION	
	2018	2017
	£'000	£'000
Total SHG due by 31 March	<b>35,781</b>	<b>35,305</b>
Recognised in the Statement of Comprehensive Income	<b>4,413</b>	<b>3,807</b>
Held as deferred income	<b>31,368</b>	<b>31,498</b>
Total grant	<b>35,781</b>	<b>35,305</b>



**13 GROUP TANGIBLE FIXED ASSETS – OTHER**

	Computers & office equipment	Plant & equipment and Motor vehicles	Leasehold property	Shops & garages	Freehold property	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 <sup>st</sup> April 2017	3,351	1,097	835	5,213	2,596	13,092
Additions	146	30	61	65	39	341
Disposals	(24)	(22)	(807)	(81)	-	(934)
At 31 <sup>st</sup> March 2018	<b>3,473</b>	<b>1,105</b>	<b>89</b>	<b>5,197</b>	<b>2,635</b>	<b>12,499</b>
<b>Depreciation</b>						
At 1 <sup>st</sup> April 2017	3,128	1,027	296	2,034	800	7,285
Charge for year	167	21	66	138	89	481
Eliminated on disposals	(24)	(17)	(351)	(36)	-	(428)
At 31 <sup>st</sup> March 2018	<b>3,271</b>	<b>1,031</b>	<b>11</b>	<b>2,136</b>	<b>889</b>	<b>7,338</b>
<b>Net Book Value</b>						
At 31 <sup>st</sup> March 2018	<b>202</b>	<b>74</b>	<b>78</b>	<b>3,061</b>	<b>1,746</b>	<b>5,161</b>
At 31 <sup>st</sup> March 2017	223	70	539	3,179	1,796	5,807

**ASSOCIATION TANGIBLE FIXED ASSETS – OTHER**

	Computers & office equipment	Plant & equipment and Motor vehicles	Shops & Garages	Offices	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 1 <sup>st</sup> April 2017	3,346	955	5,213	3,418	12,932
Additions	145	13	65	39	262
Disposals	(24)	(22)	(81)	(807)	(934)
At 31 <sup>st</sup> March 2018	<b>3,467</b>	<b>946</b>	<b>5,197</b>	<b>2,650</b>	<b>12,260</b>
<b>Depreciation</b>					
At 1 <sup>st</sup> April 2017	3,125	938	2,034	1,091	7,188
Charge for year	165	11	138	148	462
Eliminated on disposals	(24)	(17)	(36)	(351)	(428)
At 31 <sup>st</sup> March 2018	<b>3,266</b>	<b>932</b>	<b>2,136</b>	<b>888</b>	<b>7,222</b>
<b>Net Book Value</b>					
At 31 <sup>st</sup> March 2018	<b>201</b>	<b>14</b>	<b>3,061</b>	<b>1,762</b>	<b>5,038</b>
At 31 <sup>st</sup> March 2017	221	17	3,179	2,327	5,744

**14 SUBSIDIARY UNDERTAKINGS**

All subsidiaries are incorporated in England and Wales and the Group holds 20% or more of the nominal value of any share capital are as follows:

Subsidiary	Holding	Proportion of voting rights and shares held	Nature of Business
The Realise Foundation	N/A	100%	Co-operative & Community Benefit Society – Regeneration Charity
Project Management (Staffordshire) Limited	Ordinary Shares	100%	Company Limited by shares – Employment & Training

The investment of £3.222m (2018 & 2017) relates to the acquisition cost of PM Training.

**15 INTANGIBLE FIXED ASSETS - GROUP****Goodwill**

	£'000
<b>Cost</b>	
At 31 March 2018 and 2017	2,291
<b>Amortisation</b>	
At 1 April 2017	(1,712)
Charge for the year	(180)
At 31 March 2018	<u>(1,892)</u>
<b>Net book value at 31 March 2018</b>	<u><b>399</b></u>
Net book value at 31 March 2017	<u>579</u>

**16 PROPERTIES FOR SALE**

	<b>GROUP &amp; ASSOCIATION</b>	
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Renew property	<b>103</b>	103
Shared ownership - completed	<b>1,623</b>	1,118
Shared ownership – work in progress	<b>1,240</b>	474
	<u><b>2,966</b></u>	<u>1,695</u>

**17 STOCK**

	<b>GROUP</b>		<b>ASSOCIATION</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Raw materials and consumables	<b>62</b>	51	<b>62</b>	51
Finished goods	-	4	-	4
	<u><b>62</b></u>	<u>55</u>	<u><b>62</b></u>	<u>55</u>

**18 DEBTORS**

	GROUP		ASSOCIATION	
	2018	2017 restated	2018	2017 restated
	£'000	£'000	£'000	£'000
<b>Due within one year</b>				
Rent and service charges receivable	914	1,166	914	1,166
Less: Provision for bad & doubtful debts	(572)	(839)	(572)	(839)
	<b>342</b>	327	<b>342</b>	327
Others debtors	807	506	341	294
Grant receivable	-	378	-	378
Trade debtors	502	218	56	18
Amounts due from group undertakings	-	-	63	29
Prepayments and accrued income	1,159	1,071	1,062	952
	<b>2,811</b>	2,500	<b>1,864</b>	1,998

The comparatives for the previous year have been restated due to the reclassification of the treatment applied to rent received in advance. This previously reduced the rent receivable within debtors but is now accounted for as deferred income within creditors. The total amount was £311k.

**19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	GROUP		ASSOCIATION	
	2018	2017 restated	2018	2017 restated
	£'000	£'000	£'000	£'000
Trade creditors	948	256	890	180
Amounts owed to group undertakings	-	-	99	182
Rent & service charges in advance	957	875	957	875
Renew recycled grant	103	103	103	103
Recycled Capital Grant Fund (note 22)	65	-	65	-
Disposals proceeds fund (note 23)	1,076	443	1,076	443
Corporation tax	46	113	-	-
Other taxation and social security	513	482	386	395
Right to buy creditor	855	470	855	470
Other creditors	756	744	697	635
Accruals and deferred income	2,913	2,248	2,395	1,955
Interest accrued	320	161	320	161
SHPS Pension Deficit Agreement	145	139	145	139
Deferred Capital Grant (Note 21)	611	578	611	578
	<b>9,308</b>	6,612	<b>8,599</b>	6,116

The comparatives for the previous year have been restated due to the reclassification of the treatment applied to rent received in advance. This previously reduced the rent receivable within debtors but is now accounted for as deferred income within creditors. The total amount was £311k.

**20 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	GROUP		ASSOCIATION	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Debt (note 24)	145,327	126,102	145,327	126,102
Issue cost of debt	(1,213)	(371)	(1,213)	(371)
	<b>144,114</b>	125,731	<b>144,114</b>	125,731
Disposals proceeds fund (note 23)	304	935	304	935
Recycled Capital Grant Fund (note 22)	318	86	318	86
Sinking fund	89	81	89	81
SHPS Pension Deficit Agreement	628	771	628	771
Deferred capital grant (Note 21)	30,757	31,155	30,757	31,155
	<b>176,210</b>	158,759	<b>176,210</b>	158,759

**21 DEFERRED CAPITAL GRANT**

	GROUP & ASSOCIATION	
	2018	2017
	£'000	£'000
At 1st April	31,733	30,510
Grants received in year	546	1,167
Grants Recycled	(296)	616
Released to income in the year	(615)	(560)
Balance 31 <sup>st</sup> March	<b>31,368</b>	31,733
To be released within one year	611	578
To be used after more than one year	<b>30,757</b>	31,155
	<b>31,368</b>	31,733

**22 RECYCLED CAPITAL GRANT FUND**

	GROUP & ASSOCIATION	
	2018	2017
	£'000	£'000
<b>Opening balance</b>	86	65
<b>Inputs to RCGF:</b>		
Grants recycled	296	21
Interest accrued	1	-
<b>Closing balance</b>	<b>383</b>	86
Amounts falling due within one year (note 19)	65	-
Amounts falling due after more than one year (note 20)	<b>318</b>	86
	<b>383</b>	86
Amount three years old or older where repayment may be required	-	-

The source of the grant is Homes England

**23 DISPOSAL PROCEEDS FUND**

	<b>GROUP &amp; ASSOCIATION</b>	
	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Opening balance</b>	<b>1,378</b>	1,692
<b>Inputs to DPF:</b> Funds recycled	-	297
Net PRTB receipts	-	-
Certain proceeds of profit making PRPs	-	-
Interest accrued	<b>2</b>	5
Transfers from other PRPs	-	-
<b>Use/allocation of funds:</b> New build	-	(616)
Major repairs and works to existing stock	-	-
Transfers to other PRP'S	-	-
Other	-	-
<b>Repayment of funds to Homes England</b>	-	-
<b>Closing balance</b>	<b>1,380</b>	1,378
Amounts three years old or older where repayment may be required	-	-

The Group continues to identify new schemes which will utilise the balance within the Disposal Proceeds Fund. The amounts identified as more than three years old and potentially repayable amount to £nil (2017 - nil), and are approved for use by Home England for investment in the provision of additional social housing.

**24 DEBT ANALYSIS**

	<b>GROUP &amp; ASSOCIATION</b>	
	<b>2018</b>	2017
	<b>£'000</b>	£'000
<b>Due after more than one year</b>		
Bank loans	<b>145,327</b>	126,102
Total debt	<b>145,327</b>	126,102
<b>Debt is repayable as follows</b>	<b>2018</b>	2017
	£'000	£'000
Between 2 & 5 years	-	13,602
After five years	<b>145,327</b>	112,500
	<b>145,327</b>	126,102

The bank loans are secured by a floating charge over the assets of the Group. The fixed rate financial liabilities have a weighted average interest of 5.46% and the weighted average period for which they remain fixed is 15 years. The rates paid for the variable rate borrowing at 31<sup>st</sup> March have a weighted average of 2.06%.

At 31 March 2018 the Group had undrawn loan facilities of £60.0m (2017 - £36.4m) from the new loan facility agreed in November 2017.

## 25 FINANCIAL COMMITMENTS

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Capital expenditure commitments are as follows:				
<b>Capital expenditure</b>				
Expenditure contracted for but not provided in the accounts	16,721	19,102	16,721	19,102
Expenditure approved by the Board, but not contracted	37,853	10,105	37,853	10,105
	<b>54,574</b>	<b>29,207</b>	<b>54,574</b>	<b>29,207</b>

The Group is committed to a programme of property acquisition and units for refurbishment. Likewise, the Group will continue to seek further development opportunities and will look to obtain potential development sites throughout the year. The above commitments represent schemes approved by Board and will be financed by property sales (£16.4m), capital grant (£4.3m) and funding from the existing loan facility and the Group's own resources (£33.9m).

### Group Operating Leases

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

	GROUP		ASSOCIATION	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
(i) Land & Buildings				
Less than one year	218	257	141	169
Two to five years	379	454	251	331
More than 5 years	523	527	511	527
	<b>1,120</b>	<b>1,238</b>	<b>903</b>	<b>1,027</b>
(ii) Plant, equipment & vehicles				
Less than one year	664	485	685	396
Two to five years	1,207	973	456	858
	<b>1,871</b>	<b>1,458</b>	<b>1,141</b>	<b>1,254</b>

## 26 CONTINGENT LIABILITIES

There were no contingent liabilities at 31<sup>st</sup> March 2018 (2017 Nil) for the Group.

**27 RECONCILIATION OF GROUP OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2018 £'000	2017 £'000
Surplus for the year	3,763	10,636
<b>Adjustments for non-cash items:</b>		
Depreciation of housing properties	6,110	5,826
Depreciation of other fixed assets	481	678
Amortisation of intangible assets	180	241
Amortisation of grants	(615)	(560)
Decrease/(Increase) in stocks	(7)	42
Increase in properties for outright sale	(1,271)	(960)
Decrease/(increase) in debtors	(689)	762
Increase/(decrease) in creditors	694	(471)
Pensions costs less contributions payable	431	(377)
<b>Adjustments for investing or financing activities:</b>		
Surplus on sale of housing properties	(3,179)	(2,733)
Surplus on sale of fixed assets	258	-
Interest receivable	(27)	(19)
Interest payable	12,546	7,335
Other finance costs	408	324
Taxation	46	113
Corporation tax paid	(113)	-
<b>Net cash inflow from operating activities</b>	<u>19,016</u>	<u>20,837</u>

**28 RECONCILIATION OF GROUP NET CASH FLOW TO MOVEMENT IN NET DEBT**

	2018 £'000	2017 £'000
Increase/(decrease) in cash	12,691	(5,358)
Cash inflow from decrease in debt	(19,225)	6,500
<b>Decrease in net debt from cash flows</b>	<u>(6,534)</u>	<u>1,142</u>
Net debt brought forward	(121,582)	(122,724)
<b>Net debt carried forward</b>	<u>(128,116)</u>	<u>(121,582)</u>

**29 GROUP ANALYSIS OF CHANGES IN NET DEBT**

	As at 1 <sup>st</sup> April 2017 £'000	Cash Flow £'000	As at 31 <sup>st</sup> March 2018 £'000
<b>Cash &amp; cash equivalents</b>			
Cash at bank and in hand	4,520	12,691	17,211
	<u>4,520</u>	<u>12,691</u>	<u>17,211</u>
<b>Debt</b>	(126,102)	(19,225)	(145,327)
<b>Net debt</b>	<u>(121,582)</u>	<u>(6,534)</u>	<u>(128,116)</u>

### 30 RELATED PARTIES

During the year, Marina Barrett was a board member and was also a tenant with annual rent and service charges payable of £2,118 and there were no arrears at the 31 March.

During the year, Sandra Hambleton was a member of the board and also a councillor with Newcastle Borough Council, a local authority having nomination rights over tenancies for Aspire properties. All transactions with the council are on normal commercial terms and none of the councillors are able to use their position to their advantage.

During the year Aspire Housing Limited, a registered provider, had the following intra-group transactions with the following Aspire Group non-regulated entities: Project Management (Staffordshire) Limited (PM Training) and The Realise Foundation (Realise).

Entity	Allocation basis	Amounts charged to/(from) non-regulated entities	Amounts charged to/(from) non-regulated entities
		2018 £'000	2017 £'000
PM Training (subsidiary)	Apportionment of management costs	469	261
PM Training (subsidiary)	Directly attributable works	(1,342)	(1,362)
Realise (subsidiary)	Directly attributable administration costs	29	24
		<b>(844)</b>	<b>(1,077)</b>

The prior year comparator for PM Training apportionment of management costs has been amended from £161k to £261k which was the actual recharge for that year.

### 31 FINANCIAL INSTRUMENTS

The Association and Group financial instruments may be analysed as follows:

ASSOCIATION	2018	Restated 2017
	£'000	£'000
Financial assets measured at amortised cost	16,207	3,502
Financial liabilities measured at amortised cost	(153,598)	(132,456)
Total	<b>(137,391)</b>	<b>(128,954)</b>
<b>GROUP</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Financial assets measured at amortised cost	18,863	5,949
Financial liabilities measured at amortised cost	(154,360)	(133,134)
Total	<b>(135,497)</b>	<b>(127,185)</b>



### **33 ULTIMATE CONTROLLING PARTY**

The parent has taken advantage of the exemption available under section 33 FRS102 not to disclose transactions with wholly owned subsidiary undertakings.

The current subsidiaries of Aspire Housing Ltd as at 1<sup>st</sup> April 2018 are Project Management (Staffordshire) Limited and The Realise Foundation.

During June 2018 two further subsidiaries of Aspire Housing Ltd have been established, Durata Developments Limited and Incana Sales Limited.