Halton Housing

Group Report and Financial Statements

Year ended 31st March 2018

Halton Housing Trust a company limited by guarantee number 5099862
Registered Charity number 1111346
Regulator of Social Housing registered number L4456

Halton Housing Trust Limited

Contents

Halton Housing Trust Limited

Board Members, Executive Directors, Advisors and Bankers

Halton Housing Board

Chair	Ingrid Fife
Vice Chair	Angela Holdsworth
Other Members	Arthur Cole (to 17th November 2017)
	Mark Dennett
	Mark Forrest
	Michael Fry
	Matthew Harrison
	Linda Levin (from 23rd November 2017)
	Stephen Pimbblet (to 28th September 2017)
	Kevin Williams

Open Solutions (OSUK) Board

Chair	Mark Forrest
Other Members	Nick Atkin
	David Hughes
	Judith Winterbourne

HHT Development Ltd

Chair	Michael Fry
Other Members	Neil McGrath
	Kevin Williams

Executive Directors

Group Chief Executive	Nick Atkin
Deputy Group Chief Executive and Company Secretary	Neil McGrath

Registered office Waterfront Point, Warrington Road, Widnes, WA8 0TD

Registered number
Registered as a Co-operative and Community Benefit Society: 7744 (effective 1st April 2018)
Registered as a limited company under the Companies Acts, No: 5099862 (to 31st March 2018)
Registered as a charity with the Charity Commission, No: 1111346 (to 31st March 2018)
Registered with the Regulator of Social Housing, No: L4456

Auditors	Bankers	Solicitors
Beever and Struthers	Lloyds	Trowers and Hamlins
St George's House	Horsemarket Street	Princess Street
215-219 Chester Road	Warrington	Manchester
Manchester	WA1 2LP	M2 4EW
M15 4JE		

Halton Housing Trust Limited

Report of the Board

The Board presents its report and the audited Financial Statements for the year ended 31st March 2018. The information contained in this report together with the Strategic, Operating and Financial Review complies with the requirements of the Statement of Recommended Practice (SORP 2014).

The Directors of the company are defined as the Board of Management, as defined by the Accounting Direction for Private Registered Providers of Social Housing 2015. The Board of Management's responsibilities are as stated below. This statement should be read in conjunction with the audit report on pages 17 to 19.

Halton Housing Trust Limited ("the Association") is a company limited by guarantee. As at 31st March 2018 there were 15 members who guaranteed £1 each.

STRATEGIC, OPERATING AND FINANCIAL REVIEW

The Strategic, Operating and Financial Review has been prepared in accordance with the applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice "Accounting for Registered Providers" (2014) and The Accounting Direction for Private Registered Providers of Social Housing 2015.

The Business Model

Halton Housing Trust (HH) is a company limited by guarantee, a registered charity, and a Registered Provider of social housing that was formed to take transfer of the housing stock of Halton Borough Council on 5th December 2005. We operate in the Cheshire towns of Widnes and Runcorn.

HH has two subsidiary companies:

- **HHT Development Ltd – a company limited by shares and a VAT efficient group development vehicle.**
- **Open Solutions (OSUK) Ltd – a company limited by shares which has been established to undertake activity that will generate a profit that can be reinvested in the Association to subsidise its social housing activity.**

The Group owns and manages 7,258 properties. 97% of these are for rent to people on low incomes.

Strategy and Objectives

Our financial and non-financial objectives are included on page 8 as part of our Value for Money Statement.

The Association has identified the key risks to achieving its strategy and objectives and these are shown on page 6 within the section entitled "principal risks and uncertainties".

The Association remunerates its Board and details of the remuneration are shown within Note 10 on page 41. Remuneration enables the Association to continue to attract and retain Board Members with the appropriate skills, knowledge and experience.

Halton Housing Trust Limited

A Fair Review of the Business

Operating Review (Group)

Over the last 12 months we have delivered a number of significant achievements and outcomes. We are increasingly becoming a leading player in several areas as a result of our innovative approach and solutions to the challenges we face.

Some of our key organisational achievements include:

- Continued investment in our homes and neighbourhoods.
- Completed the construction of 224 new homes. This has taken the number of new homes built and acquired since stock transfer to almost 1,200.
- Increased the number of properties for market rent in OSUK, from 197 to 214.
- Retained highest possible regulatory rating (V1 G1).

Financial Review (Group)

The Financial Statements demonstrate the Group delivered a solid year of balance sheet growth, underpinned by a strong financial operating performance. The value of housing properties increased by £17.1m, to £185.0m. The value of investment properties increased by £2.4m, to £16.6m. Cash reduced by £4.5m and debt increased by £10.1m. A surplus of £6.5m was recorded in the year.

The £17.1m growth in the value of housing properties is predominantly driven by the development of new properties. The growth in housing properties was funded through cash, debt and the re-investment of operating surpluses supplemented by grant of £4.2m.

Capital investment in major repairs in existing properties was £4.8m. Housing properties with a book value of £1.9m were sold, reducing the net book value of the properties on the balance sheet, but providing cash receipts for reinvestment.

The Group invested £5.3m in acquiring additional investment properties and sold investment properties with a value of £2.7m. The sale achieved a profit on disposal of £0.3m. The growth in the value of investment properties is predominantly driven by the acquisition of properties within OSUK. The Association increased its investment in OSUK, by £2.8m to £15.4m. The Association has previously invested directly in investment property with a value of £1.1m. The Group has recognised a loss of £0.1m during the year as a result of the revaluation of its investment properties.

The total balance of drawn debt was £122.5m. As a result of the increase in debt, there was a modest increase in gearing (measured by the net debt per unit).

Turnover increased by 1.0% to £35.6m. 93% of turnover is from social housing lettings activity which has increased by 1.8%. Other turnover is from market renting (3%), sale of land (3%) and shops and garages (1%). The operating margin remained at 33% as revenues increased in line with costs.

The Group has benefitted from a range of favourable macroeconomic conditions in recent years and it has remained in a solid financial position. The Group has continued to focus on the delivery of its priorities, directing its surpluses and additional private finance into the delivery of 293 new and acquired homes. £4.8m has been invested into the existing housing stock.

However, whilst financial performance is strong, there have been changes to the operating environment, such as the rent reductions announced in 2015. As the environment changes, Board will continue to monitor performance to gain assurance that those changes are being effectively managed and mitigated, ensuring that the Group is financially viable and well governed.

Financial Review (continued)

During the year the Group reported a surplus before tax of £6.5m. Performance was better than budget due to improved operational performance and efficiency savings. A summary of the Group's income and expenditure account over the past five years is shown below.

Group	2017/18 £'000	2016/17 £'000	2015/16 £'000	2014/15 (Restated) £'000	2013/14 £'000
Turnover	35,588	35,320	32,465	31,075	30,977
Operating costs	(24,125)	(23,080)	(23,599)	(22,512)	(22,459)
Cost of sales	(1,053)	(1,413)	(417)	(108)	(271)
Gain on disposals	1,710	879	659	495	482
Operating surplus	12,120	11,706	9,108	8,449	8,247
Surplus before tax	6,489	6,837	4,452	3,888	5,785
Reserves at 31st March	33,078	25,309	20,850	11,749	9,072

Turnover includes income from rents and service charges which has increased from 2016/17 to 2017/18 by £0.6m to £32.4m. This is as a result of additional properties developed and acquired during the year offset by rent reductions on existing properties which were applied from April 2017 as part of the three year rent reduction which commenced in April 2016. Other turnover is from market renting (£1.1m), sale of land (£0.9m), shops and garages (£0.4m), VAT shelter (£0.3m), amortised grants (£0.2m) and shared ownership first tranche sales (£0.1m).

Operating costs have increased from 2016/17 to 2017/18 by £1.1m mainly due to an increase in housing property depreciation (£0.5m) and management costs (£0.4m). The increase in routine and planned maintenance costs has been offset by a reduction in major repairs costs. This is due to a re-categorisation of repair costs.

Total reserves at the end of the financial year show a surplus of £33.1m. Reserves reflect the surplus for the year of £6.5m, plus the surplus brought forward from the previous years of £25.3m, plus the actuarial gain for the year of £1.3m in respect of the pension scheme.

A summary of the Group's Statement of Financial Position over the past five years is shown below. Due to the FRS102 accounting changes for grant, the housing properties (net book value) and creditors falling due after more than one year, have been restated for 2014/15. However, the earlier years have not been restated. The net impact on the overall Statement of Financial Position is the same.

Group	2017/18 £'000	2016/17 £'000	2015/16 £'000	2014/15 £'000	2013/14 £'000
Housing Properties (net book value)	160,027	143,760	126,980	108,709	77,904
Other fixed assets and investments	16,579	14,241	9,540	7,726	1,219
Net current assets/(liabilities)	1,558	213	4,340	12,390	30,844
Creditors falling due after more than one year	(143,809)	(131,082)	(120,718)	(113,694)	(99,261)
Pension provision	(1,276)	(1,823)	708	(3,382)	(1,634)
Reserves	33,078	25,309	20,850	11,749	9,072

Fixed assets comprise of mainly housing properties held for letting. The values are based on the historic cost less depreciation. During the year the gross value of the Association's housing properties increased by £17.1m. The depreciation charge for housing properties in the year was £4.0m.

During the year the Group invested an additional £3.0m (£5.6m in total) completing the development of Waterfront Front, its head office in Widnes.

At the year end the Group had invested a total of £16.6m in investment properties. £15.4m within OSUK and £1.2m within the Association. OSUK is funded by a loan of £9.4m and equity of £6.0m. All of the funding is provided by the Association.

Net current assets has increased due to an increase of £2.2m in stock and £2.5m in debtors and a reduction of £1.2m in creditors. The cash balance has reduced by £4.5m to £1.8m. The Association has also previously invested £0.1m in the Halton Credit Union.

Creditors falling due after more than one year includes £122.5m of loans drawn by the Association and £22.8m of deferred social housing grant.

The Group has positive reserves of £33.1m. The reserves have increased during the year by £7.8m. The level of reserves is in line with those expected within the Group's long term financial plan.

The cash flow statement on page 23 shows that during the year the Group generated a net cash inflow from operating activities of £12.1m. The Group also received £5.4m of proceeds from sale of properties and £1.7m in grants. The Group used this income to purchase properties with a cost of £27.0m and interest payments of £6.2m. New loans were received of £21.6m and £12.4m of loans were repaid.

£120m of additional funding facilities were put in place during the year. The Group is financed by a £130m loan facility from Lloyds and £120m from the capital markets in the form of four private placements of £30m, £30m, £20m and £40m respectively. The Lloyds facility is in four tranches. Tranche A is a £40m term loan facility, Tranche B is a £30m revolving credit facility, Tranche C is a £20m revolving credit facility and Tranche D is a £40m revolving credit facility. The term loan facility is now fully drawn and the revolving credit facilities are available up to 5th September 2027. £80m of the capital market funds have been drawn. The remaining £40m will be drawn in two tranches in June 2019 and December 2020.

The treasury management activity is operated within strict policies and guidelines, approved by the Board, designed to maintain an efficient capital structure whilst managing the Group's liquidity and interest rate risks.

The Group has fixed £120m of borrowings at rates from 3.5% to 5.56% which it considers to be favourable. This gives the Group financial security and ability to forward plan with a degree of certainty.

The Group is temporarily operating outside of its guideline limit for the proportion of fixed and variable rate debt within its Treasury Management Policy. This has been approved by Board as the Group seeks to take advantage of low interest rates in order to provide funding for the future development and acquisition of new homes.

The Group has drawn £122.5m of its £250m agreed long term loan facilities at 31st March 2018. The Group's lending agreements include financial covenants. The Group has been within the limits set by lenders during the year.

The Board has a reasonable expectation that the Group has adequate resources to continue operations for the foreseeable future. For this reason the Group has adopted the going concern basis in preparing the Financial Statements.

Future Developments (Group)

As we move into a very different operating environment, we need to adapt to ensure we are able to grow and diversify our business and secure the longer term viability of the organisation. This includes seizing a number of opportunities as they arise.

Looking to the future there remain a number of challenges the Group needs to address.

Future Developments (continued)

Our key priorities for 2018/19 include:

- Continued focus on income collection and dealing with the impact of Universal Credit
- Improving our health and safety compliance policies, processes, monitoring and reporting
- Implementation of the General Data Protection Regulations (GDPR)
- Delivery of new homes for rent and sale (both within HH and OSUK)
- Review of how we allocate our homes
- Continue the roll out of Digital First
- Development and implementation of our Workforce Development Plan

Principal Risks and Uncertainties (Group)

The Group's Risk Management Policy sets out how the Group identifies and manages risk. The top 11 risks identified by the Group's risk management system are as follows:

- There is a risk that a significant fire event at a HH premises could result in injury to a person(s), the loss of life and / or the loss of part or all of the property
- There is a risk that HH's customers choose not to pay their rent resulting in rent arrears increasing to unsustainable levels
- There is a risk that HH does not manage housing market changes
- There is a risk that HH does not manage its development aspiration
- There is a risk that the Development schemes take longer than planned and consuming too much working capital and/or failure to meet the prescribed deadlines
- There is a risk that HH does not understand the sales markets in which it operates and does not have the appropriate skills to manage a programme of market facing developments
- There is a risk of increased competition within the provision of affordable housing (both rented and home ownership products) which could have an adverse impact on HH
- There is a risk that HH does not comply with data protection and security legislation leading to an increased incidence of possible prosecution
- There is a risk that a change in national and local housing policy will have an adverse impact on HH excluding welfare reform
- There is a risk that OSUK does not achieve the projected returns to HH
- There is a risk that OSUK is unable to pay the interest on its borrowing from HH

These risks continue to be monitored on a monthly basis by the Leadership Team.

Environmental Statement

We aim to reduce the environmental impact of our activities. We acknowledge that sustained change at the Group will be best achieved by the provision of facilities, information and guidelines to promote encourage and embed permanent behavioural change in all aspects of the business.

We operate an Environmental Sustainability Policy that shapes the way that the Group considers its environmental impact across all of its business activities.

Halton Housing Trust Limited

VALUE FOR MONEY STATEMENT

Halton Housing's approach to VFM is embedded within Our Direction. Since 2012 it has provided the framework for how Halton Housing is run. Our Direction encompasses our five priorities:

1. Protect Current Income - we have been at the forefront of the full roll out of universal credit but we haven't felt the full impact yet.

2. Reduce Costs and Drive Efficiency - this needs to be an ongoing focus for us.

3. Focus Resources and Services - to ensure those who need the most support receive it.

4. Grow and diversify - We need more homes to achieve our vision. To achieve this, we will focus on providing homes and new housing products for a wider group of people. Almost all our properties are for social rent, which means that we are very dependent on government policy, grants and internal subsidy. It also means that we can't help those who have different needs, which limits our ability to generate income and provide more homes. Our focus will also be on providing innovative, attractive, energy-efficient, flexible homes - which cost significantly less to build.

5. Be more flexible - There are several external factors, which are out of our control. Examples include the economy, both locally and nationally, Government Policy, as well as the changing nature of our customers and their expectations and requirements. We need to invest to become more flexible so that we can adapt to those factors as and when required.

We have six Behaviours which we expect all our colleagues to demonstrate.

- Make decisions
- Work with others
- Adapt to change
- Enjoy your job
- Challenge how we do things
- Take ownership

There are two Principles, which remind us that (1) we all make choices and (2) we should all take responsibility. We use the Principles to make decisions and shape our culture. Our two Principles and six Behaviours rare part of our everyday working life, they help us make decisions and shape our culture.

We have 10 Personas which represent our existing and future customers. We use these Personas to keep our customers at the centre of our thinking.

Each year, as part of our annual budget setting and business planning process, we produce service area plans that identify the objectives to be achieved and the resources that are to be used for the forthcoming year. Performance against the annual budget is discussed at each Board meeting. The budget is reviewed every six months and the business plan is updated on a regular basis as the need arises. We have clear savings targets that are linked to our strategies. These savings have been consolidated into the long-term business plan. Overall we continue to outperform the budget each financial year.

To measure how we are delivering Our Direction, a suite of key strategic indicators or success measures have been identified that link to the Trust's five priorities and key strategies. We call these our "Lifeblood Measures". They are reported to the Board and cascaded throughout the organisation via the monthly Performance Clinics that are held with the Leadership Team and each operational service area. They are supplemented by other operational KPI's and budget scrutiny that is used to manage performance and ensure that economy, efficiency and effectiveness is being delivered at an operational level.

In 2017/18 we have continued to perform well against our lifeblood measures, with six out of the seven meeting our stretching targets. A summary of our performance against these measures is included in the table below:

Measure	Target	Performance	Comments
Income collected from current customers	Cash Collection: 95.95% Arrears: £1.1m	Cash Collection: 96.4% Arrears: £842k	The target has been achieved despite the impact that Universal Credit has had on our cash collection and arrears.
Average number of working days lost due to sickness absence	6.2 days	4.89 days	Sickness absence has significantly improved from the previous year and the HH has performed well within target.
Void rent loss	£155,348	£144,484	551 properties we re-let this year with an average void period of 20.93 days.
OSUK (profit before tax & fair value adjustments)	£142,592 profit	£272,257 profit	OSUK has achieved Profit and Loss targets at year end.
Net new homes (HH only)	+204	+168	10 properties due to be completed in March originally are now due in June 2018. Right to Buy and Right to Acquire Sales have exceeded expectations which has resulted in not achieving the target.
Interest cover (based on funder definitions)	L: 116.6% P: 121.6% B: 123.9% C: 143.9%	L: 227.3% P: 226.8% B: 224% C: 252.3%	HH has exceeded the interest cover covenants set by the funders.
Digital Contact/Activity	85%	87.5%	HH has achieved the target of 85% for March 2018 and is on track to achieve the 90% target by December 2018.

To ensure that the lifeblood measures reflect the changing focus of the organisation our Board have reviewed them. For 2018/19 they will be:

Measure	Target	Comments
Income collected from current customers	Current Arrears £1.15m at year end	We have used our experience with full the digital universal credit service in 2017/18 and the expected increase in the number of cases in 2018/19
Void Rent Loss	£158,484	Based on 600 void properties throughout the year and achieving an average re-let time of 20 days.
Customer Feedback	80%	The target for this measure is to achieve 80% (4 out of 5) of customers who respond to our survey to say that they would recommend Halton Housing to a landlord to a friend or family member.
New Homes Developed	22	Although there will be a pipeline of c70 properties under construction that will be due to complete post the year-end HH are expecting to complete the development an additional 22 properties in 2018/19.
Number of Unsold Homes	0	All of the shared ownership properties available for sale by HH are expected to be sold by March 2019.

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Measure	Target	Comments
Return on Investment in OSUK	3.7%	The return to HH's from its investment in its subsidiary OSUK is expected at 3.7%. As Halton Housing's investment in OSUK increases throughout 2018/19 OSUK will both acquire and build new properties. OSUK will build or acquire properties for outright sale or market rent.
Employee Engagement	65%	Throughout the year employees will be asked for their opinions via short, sharp online 'pulse' surveys. We will measure the response rate

We have introduced a Finance Scorecard and a Health and Safety Scorecard. This will ensure that all key information, including the regulatory value for metrics, are measured against defined targets and regularly reported to the Board.

Our most recent performance:

VFM Metric	Global Accts 2017	Peer Group 2017	Group Actual 2017	Group Quartile 2017	HH Actual 2018
Metric 1: Reinvestment %	5.67%	8.40%	13.85%	1st	12.34%
Metric 2: New Supply Delivered					
A: New Supply Delivered (Social Housing Units)	1.48%	0.60%	2.21%	1st	3.18%
B: New Supply Delivered (Non-social Housing Units)	0.14%	0.01%	0.60%	1st	0.00%
Metric 3: Gearing %	49.85%	50.94%	74.79%	1st	77.91%
Metric 4: EBITDA MRI	169.57%	283.02%	183.39%	3rd	153.81%
Metric 5: Headline Social Housing cost per unit	£3,899	£3,214	£3,310	3rd	£3,317
Management cost per unit	£944	£1,005	£1,069	3rd	£1,087
Service charge cost per unit	£551	£271	£218	1st	£220
Maintenance cost per unit	£991	£929	£839	2nd	£913
Major repairs cost per unit	£747	£803	£1,111	4th	£1,034
Other social housing cost per unit	£467	£206	£74	1st	£64
Metric 6: Operating Margin %					
A: Operating Margin (social housing lettings only)	34.13%	27.60%	31.22%	3rd	29.73%
B: Operating margin (overall)	29.58%	25.48%	30.65%	3rd	28.70%
Metric 7: Return on Capital Employed	4.29%	7.03%	7.40%	1st	6.36%

Our peer Group has been selected from Global Accounts. We have selected a group of organisations that are similar in structure and size and located in the North of England.

Our growth in housing properties in has been funded primarily through debt and the re-investment of our operating surpluses supplemented by grant. We continue to deliver new homes at a pace that exceeds our peer group and the sector as a whole.

We know that we are more highly geared than the norm. Our debt is 3.5 times our turnover but we have comfortable headroom in our loan covenants. In addition to our development success, a contributory factor to this higher level of gearing, has been the legacy of our expenditure to achieve the Decent Homes Standard. A significant proportion was charged as revenue but funded by loans. We increased our loans so that we could build more new homes when we re-financed in 2013 and again during 2017/18 when we increased our total loan facilities from £130m to £210m. The funds that we now have access to will enable us to deliver our future growth expectations to deliver more new homes for a mixture of tenures and customers.

Overall, our operating performance compares favourably to the Global Accounts and those of our selected peer group. Our headline Social Housing Cost per Unit has remained consistent and although slightly higher than our peer group is lower than the national average.

- Our management costs per unit have increased. A significant element of this increase is attributable to an additional £505k in defined benefit pension costs. This has had an impact of increasing the overall cost per unit by £71.Despite this adverse variance our overall management cost per unit has only increased by £26 per unit.
- We have invested in our Digital First approach to redefine how we provide modern self-serving services to customers, to enable us to deal with the impact of universal credit in the most cost efficient manner and to be able to therefore provide our support to those customers who need it the most.
- Our Service Charge costs are significantly lower than the average. This is reflected in the charges that are passed on to our customers.
- Our routine and planned maintenance costs are significantly lower than average. However, we recognise that our major repairs costs are still much higher than average as a result of our continued policy of investing in our existing homes. However they have significantly reduced over the last three years and continue to do so.

Our operating surplus is for social housing assets is lower than the average but our overall operating surplus is comparable. Contributory factors include:

- Our average rent including service charges rents and service charges continue to be low and almost the lowest in the Borough at £86.82 per week (2016/17 NROSH).
- Overall our average social housing cost per property reflects our continued investment in our properties and services to our customers.
- Despite the impact of universal credit at 1.4% bad debt charges are significantly lower than the average. Our financial forecast continue to anticipate that they will increase as a result of Welfare Reform.
- At 0.5% void losses are exceptionally low and expected to continue to be so as strong demand for our properties continues. There is strong demand for our properties which is reflected in the turnaround time achieved of 20.93 days.

Our return on capital employed continues to be stronger than the norm and comparable with our peer group. This is attributable our strong operating surplus and the investments that we are making in both our existing stock and building new homes.

We continue to track this information on an annual basis to see how our actual and forecasts compare and change.

Halton Housing Trust Limited

VALUE FOR MONEY STATEMENT (continued)

Our future targets

VFM Metric	Group Actual 2018	Group Forecast 2019	Group Forecast 2020	Group Forecast 2021	Group Forecast 2022
Metric 1: Reinvestment %	12.28%	18.22%	15.98%	14.41%	10.72%
Metric 2: New Supply Delivered					
A: New Supply Delivered (Social Housing Units)	3.18%	0.45%	1.23%	2.89%	1.70%
B: New Supply Delivered (Non-social Housing Units)	0.37%	1.37%	1.02%	1.25%	0.54%
Metric 3: Gearing %	77.22%	71.49%	71.47%	69.72%	68.09%
Metric 4: EBITDA MRI	152.90%	136.38%	151.57%	152.57%	176.39%
Metric 5: Headline Social Housing cost per unit	£3,326	£3,494	£3,315	£3,383	£3,172
Management cost per unit	£1,096	£1,167	£1,161	£1,162	£1,161
Service charge cost per unit	£220	£201	£204	£203	£204
Maintenance cost per unit	£913	£952	£907	£894	£892
Major repairs cost per unit	£1,034	£1,020	£886	£966	£754
Other social housing cost per unit	£64	£155	£158	£159	£161
Metric 6: Operating Margin %					
A: Operating Margin (social housing lettings only)	29.55%	25.21%	24.97%	25.47%	25.87%
B: Operating margin (overall)	29.25%	24.47%	22.86%	22.40%	24.45%
Metric 7: Return on Capital Employed	6.6%	4.7%	4.8%	5.0%	4.9%

We recognise that the world in which we operate is undergoing massive change, and we need to change with it. One of the risks we face is a reduction in the levels of funding for new homes, coupled with the effects from Welfare Reform. In response we have taken the decision to focus on what we do best: improving people's lives by providing homes. In order to achieve this we need to review and change the way we design and build homes in the future as part of a diversification of our property portfolio. We need to research and think the unthinkable in how we build new homes, which are flexible, sustainable and intelligent at the lowest cost.

We will build 454 new homes within Halton Housing over the next five years. These will be for shared ownership, affordable rent and rent to buy. In our commercial subsidiary OSUK we will build or acquire a further 315 homes. As a result our debt has increased as we have secured the funding required to do this.

We will draw on the finances that we have secured and our unencumbered stock to deliver a long term sustained return which reflects in our gearing and EBITDA MRI metrics. Over the period our gearing will begin to reduce and our EBITDA MRI will improve.

We expect our management cost, service costs and other social housing costs to remain consistent. We expect our cost per unit to reduce as our repairs and maintenance costs reduce reflecting the investment in our homes over the last 12 years.

The last two years of the rent cut will continue to impact our operating margins in both 2018/19 and 2019/20. Our assumptions around void and bad debt assumptions remain consistently prudent at 1% and 4%. We will aim to outperform these targets, and achieve higher operating margins as a result.

Our plans anticipate a return on capital employed of at least 4.7% as our asset base grows through the finances we have secured and the reinvestment of our surpluses.

Halton Housing Trust Limited

Statement of Board's responsibilities in respect of the Board Report and the Financial Statements

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

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the financial statements unless it is satisfied that they give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those 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; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 the Board is aware:

- There is no relevant audit information of which the Group's auditor is unaware; and
- The Board has taken all steps that it ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Corporate Governance

The Board confirms that the Association has adopted the National Housing Federation's Excellence in Governance Code (revised 2015). A full review of the Association's compliance with the 2015 Code of Governance for 2017/18 has been completed. The review demonstrates that the Association is fully compliant with all Provisions of the Code.

OSUK and HHT Development Ltd have adopted the Institute of Directors Corporate Governance Guidance and Principles for Unlisted Companies in the UK (Phase 1). Both companies have completed a review of their compliance and are satisfied that they have good governance processes and procedures in place to assist them in achieving their objectives.

Regulatory Compliance

The Board confirms that the Association is fully compliant with all aspects of the Homes & Communities Agency's Governance and Financial Viability Standard.

Halton Housing Trust Limited

Voluntary Code on Mergers, Group Structures and Partnerships

During 2015/16 the Association adopted the National Housing Federation's Voluntary Code on Mergers, Group Structures and Partnerships.

The Association would consider acquisition or merger. Notwithstanding this, one of the risks of the Code is that it could potentially lead to the Board becoming overwhelmed by considering several approaches rather than focussing on the strategic direction of the business.

To avoid this, the Association has implemented a gateway mechanism. In summary only those potential partnerships that meet the criteria agreed by Board and have a reasonable chance of being developed further would be escalated to Board. This initial assessment will be made by the Group Chair and Group Chief Executive.

During 2016/17 the Association developed its own Mergers, Group Structures and Partnerships Policy which amplifies certain aspects of the Code.

Investment Policy

Board recognises that the Investment Policy must be kept under review. It will be reviewed formally once every three years and more often if changes in the external environment, for example if the legal, tax or market changes, mean it requires more urgent review.

Up to 31st March 2018, the constitutional power of the Association to invest was set out in its Constitution at Article 5.1 (l) and (cc). In relation to investment, this Article stated:

"The Company shall have power to do anything (except as expressly prohibited by law or these Articles) which is necessary or desirable to achieve any of its objects including (without limiting its general powers) the power to:-

(l) invest the funds of the Company;

(cc) invest borrowed funds in any manner not prohibited by law."

From 1st April 2018, the constitutional power of the Association to invest is set out in its Rules at B2.6 and B2.7.

"The Association shall have power to do anything that a natural or corporate person can lawfully do which is necessary or expedient to achieve any of its objects, except as expressly prohibited in the Rules:-

B2.6 subject to rule F15, invest the funds of the Association and monies borrowed by the Association;

B2.7 lend money (including monies borrowed) on such terms as the Association shall think fit.

In relation to investment, the Rules state:

F15 The funds of or monies borrowed by the Association may be invested by the Board in such manner as it determines."

This power will be exercised in accordance with charity law principles and provided, in all cases, that the financial returns from such investments are used to further the Association's charitable objects.

The Investment Policy does not deal with the Association's programme related investment, defined by the Charity Commission as an outlay of funds in furtherance of a charity's purposes where a financial return may be generated but where the reason for the outlay is to further the purposes of the charity (for example, the Association's investment in social housing property to meet its social housing objectives).

The Investment Policy only applies to significant investment decisions of the Association and is not intended to prevent or contradict the exercise of the delegated authority in the Association's Treasury Management Policy.

Internal Controls

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The external audit management letter, which was produced following the audit of the financial statements for the year ending 31st March 2018 did not raise any issues, which are fundamental to the system of internal control or have a potential material effect on the financial statements.

Key elements of the control framework include:
- Regulation
- External review
- Customer Scrutiny
- Standing Orders and Financial Regulations setting out clearly the system of delegation
- An adopted Code of Governance
- Codes of Conduct
- An appropriate governance structure, which is regularly reviewed to ensure that it remains fit for purpose
- Board approved terms of reference and delegated authorities its committees
- Detailed financial budgets and forecasts for subsequent years
- Our Direction
- Clearly defined management and reporting structures
- The Performance Management Framework, which is reported upon to Board and its committees
- A programme of internal reviews undertaken by an external internal audit team
- Careful staff recruitment and training
- An approved Treasury Management Policy
- Board approved Whistleblowing Policy
- Detailed policies and procedures

The Board cannot delegate ultimate responsibility for the system of internal control but it can, and has, delegated authority to the Audit and Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives copies of the minutes from each Audit and Risk Committee meeting.

The means by which the Audit and Risk Committee reviews the effectiveness of the system of internal control include:

- Internal audit reports
- Management assurances
- The external audit management letter
- Other stakeholder reports

The internal audit program agreed for the year included:

- Corporate governance and risk management areas
- Strategic and business areas
- Core financial areas
- Main support and operational areas
- ICT environment and information areas

The Group has an anti-fraud policy, which has been approved by the Audit and Risk Committee. There has been no reported cases of fraud during 2017/18.
The Group's Executive Team has submitted to the Board a detailed report on the operation of internal controls during the year under review and up to the date of approval of this report. The Board has considered this report and the evidence that supports the statements made and considers this to be a true and accurate reflection of the Group's current position. The Board can also confirm that it is satisfied that all necessary action is being taken to remedy the control failings identified in its review.

Equality and Diversity

The Group has a legal responsibility for providing a work environment that is free from direct or indirect discrimination or harassment of any type. All potential and recruited staff should enjoy equality of opportunity. We are committed to:

- Ensuring that recruitment and selection are carried out in a way that is fair and non-discriminatory
- Ensuring that induction processes give appropriate coverage to equality and diversity issues and are used to raise awareness of the Association's ethos and principles among new recruits
- Advertising job opportunities in a range of media which ensure increased access for all
- Encouraging a diverse workforce which is reflective of the customer base
- Ensuring that career progression and advancement are available to all employees

It is important that all employees who are or consider that they may be disabled for the purposes of the Disability Discrimination Act (DDA) advise our Human Resources Team as soon as possible. The management of employees who are, or become, disabled as a result of sickness may mean that we should make 'reasonable adjustments' as dictated by the DDA before the employee can return to their job. The types of adjustments that we might be required to consider include:

- Making physical adjustments to the workplace
- Allocating some of the disabled person's duties to another person
- Transferring the disabled person to another vacant post, with or without reasonable adjustments being made
- Altering the disabled person's working hours through, for example, part-time working, job sharing or other flexible working arrangements
- Providing special equipment to assist the disabled person to perform his or her tasks, ensuring that any training in the use of the equipment that is required is given

We are committed to equality of opportunity for all employees and welcomes discussions with employees who are or may be disabled, as to how they can maximise their performance in their role.

Communication with employees

The Group is committed to continually improving and ensuring open and honest communication channels with all employees on all matters affecting them in their employment. We have a variety of ways in which we communicate with employees and regularly review the effectiveness of these methods.

The various communication mechanisms we currently have in place are:

- Announcements on our Intranet
- Chief Executive's weekly blog
- Usage of performance and information screens located at various points around the offices
- Managers Briefing sessions
- An Employee Forum which conforms to the Information and Consultation in Employment Regulations
- An Employee Bargaining Group
- Various committees including Health and Safety Committee and other working groups to encourage cross departmental working
- Surveys

Disclosure of Information to auditors

The Board members who held office at the date of approval of this Board report, confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Board member has taken all the steps that they ought to have taken as a Board member to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

At the AGM the Association will be seeking to re-appoint Beever and Struthers as the Association's external auditors.

Ingrid Fife
Chair
On behalf of the Board
26th July 2018

Independent Auditor's Report to the Members of Halton Housing Association Limited
Year Ended 31 March 2018

Opinion

We have audited the financial statements of Halton Housing Trust Limited "the parent association" and its subsidiaries ("the group") for the year ended 31 March 2018 which comprise the consolidated and association Statement of Comprehensive Income, the consolidated and parent association Statement of Financial Position, the consolidated and parent association Statement of Changes in Reserves, 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 of the parent association's affairs as at 31 March 2018 and of the group'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 Companies Act 2006, 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 has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the 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 board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Other information (continued)

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 Companies Act 2006

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

- the information given in the report of the board, which includes the strategic, operating and financial review, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the report of the board, which includes the strategic, operating and financial review, has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent association and its environment obtained in the course of the audit, we have not identified material misstatements in the report of the board, which includes the strategic, operating and financial review.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

Responsibilities of directors

As explained more fully in the Statement of Board's Responsibilities set out on page 12, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determines 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 is 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 intends to liquidate the group or the parent 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/auditorsresponsibilities. 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 Chapter 3 of Part 16 of the Companies Act 2006. 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.

Maria Hallows (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 26th July 2018

Halton Housing Trust Limited

Statement of Comprehensive Income

For the year ended 31st March 2018

	Notes	Year ended 31-Mar-18		Year ended 31-Mar-17	
		Group £'000	Association £'000	Group £'000	Association £'000
Turnover	2	35,588	34,514	35,320	34,423
Cost of Sales	2	(1,053)	(1,053)	(1,413)	(1,413)
Operating expenditure	2	(24,125)	(23,556)	(23,080)	(22,684)
Gain on disposal of property, plant and equipment (fixed assets)	6	1,710	1,415	879	879
Operating surplus		12,120	11,320	11,706	11,205
Gift Aid Donation from Subsidiary Companies		-		-	354
Interest receivable		6	568	22	494
Interest and financing costs	7	(5,537)	(5,554)	(5,123)	(5,143)
(Loss) / Gain in valuation of investment properties	14	(100)	171	232	93
Surplus before tax	8	6,489	6,505	6,837	7,003
Taxation	9	-	-	-	-
Surplus for the year after tax		6,489	6,505	6,837	7,003
Actuarial gain/ (loss) in respect of pension schemes	12	1,280	1,280	(2,378)	(2,378)
Total comprehensive income for the year		7,769	7,785	4,459	4,625

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

All turnover and operating costs are attributable to continuing operations. The notes on pages 24 to 56 form part of these Financial Statements.

These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 26th July 2018 and were signed on its behalf by:

Board/Trustee Ingrid Fife	Board/Trustee Angela Holdsworth	Company Secretary Neil McGrath

Halton Housing Trust Limited

Statement of Financial Position

As at 31st March 2018

	Notes	Year ended 31-Mar-18 Group £'000	Year ended 31-Mar-18 Association £'000	Year ended 31-Mar-17 Group £'000	Year ended 31-Mar-17 Association £'000
Fixed assets					
Tangible fixed assets	13	160,027	160,500	143,760	144,054
Investment properties	14	16,579	1,230	14,241	1,050
Investment in subsidiaries	15	-	6,000	-	6,000
		176,606	167,730	158,001	151,104
Long term debtors					
Debtors due in more than one year	17	-	9,400	-	6,600
Current assets					
Stock	16	2,796	1,875	608	608
Trade and other debtors	17	4,952	4,889	2,488	2,585
Investments	18	105	105	100	100
Cash and cash equivalents	19	1,770	1,454	6,269	5,885
		9,623	8,323	9,465	9,178
Less: Creditors: amounts falling due within one year	20	(8,066)	(7,597)	(9,252)	(8,991)
Net current assets		1,557	726	213	187
Total assets less current liabilities		178,163	177,856	158,214	157,891
Creditors: amounts falling due after more than one year	21	143,809	143,809	131,082	131,082
Provisions for (assets) / liabilities					
Pension provision	12/23	1,276	1,276	1,823	1,823
Total net assets		33,078	32,771	25,309	24,986
Reserves					
Non-equity share capital	24	-	-	-	-
Income and expenditure reserve		33,078	32,771	25,309	24,986
Total reserves		33,078	32,771	25,309	24,986

The notes on pages 24 to 56 form part of these Financial Statements. These Financial Statements were approved by the Board of Directors/Trustees and authorised for issue on 26th July 2018 and were signed on its behalf by:

Board/Trustee
Ingrid Fife

Board/Trustee
Angela Holdsworth

Company Secretary
Neil McGrath

Halton Housing Trust Limited

Consolidated Statement of Changes in Reserves

As at 31st March 2018

	Group	Association
	Income and expenditure reserve £'000	**Income and expenditure reserve £'000**
Balance as at 1 April 2016	20,850	20,361
Surplus from Statement of Comprehensive Income	6,837	7,003
Actuarial (loss) in respect of pension schemes	(2,378)	(2,378)
Balance at 31 March 2017	**25,309**	**24,986**
Surplus from Statement of Comprehensive Income	6,489	6,505
Actuarial gain in respect of pension schemes	1,280	1,280
Balance at 31 March 2018	**33,078**	**32,771**

The notes on pages 24 to 56 form part of these Financial Statements.

Halton Housing Trust Limited

Consolidated Statement of Cash Flows

As at 31st March 2018

	Notes	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Net cash generated from operating activities	**(see Note I)**	**12,103**	20,025
Cash flow from investing activities			
Purchase of tangible fixed assets		**(21,475)**	(21,222)
Purchase of investment properties		**(5,565)**	(4,469)
Proceeds from sale of tangible fixed assets		**2,295**	1,311
Proceeds from sale of investment properties		**3,129**	
Grants received		**1,713**	2,170
Interest received		**6**	22
		(19,897)	(22,188)
Cash flow from financing activities			
Interest paid		**(5,852)**	(5,610)
New secured loans		**21,547**	8,200
Repayment of borrowings		**(12,400)**	-
Withdrawal from deposits		**-**	-
		3,295	2,590
Net change in cash and cash equivalents		**(4,499)**	427
Cash and cash equivalents at beginning of the year		**6,269**	5,842
Cash and cash equivalents at end of the year		**1,770**	6,269

Note I

	Year ended 31-Mar-18 £'000	Year ended 31-Mar-17 £'000
Cash flow from operating activities		
Surplus for the year	**12,120**	11,706
Adjustments for non-cash items:		
Gain on disposal of property, plant and equipment (fixed assets)	**(1,710)**	(879)
Depreciation of tangible fixed assets	**4,531**	4,323
(Increase)/ Decrease in stock	**(2,014)**	1,558
Decrease/(Increase) in trade and other debtors	**16**	1,747
(Decrease)/ Increase in trade and other creditors	**(2,133)**	1,069
(Decrease) / Increase in provisions	**(14)**	(7)
Pension costs less contributions payable	**733**	153
Carrying amount of tangible fixed asset disposals	**790**	522
Adjustments for investing or financing activities:		
Government grants utilised in the year	**(216)**	(167)
Net cash generated from operating activities	**12,103**	20,025

Legal Status

Halton Housing Trust Limited is incorporated under the Companies Act 2006 and is limited by guarantee. Each member's liability is limited to £1. Halton Housing Trust Limited is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. Halton Housing with effect from 1st April 2018 is a charitable housing association registered under the Co-operative and Community Benefit Societies Act 2014. (Community Benefit Society number: 7744). The registered office is Waterfront Point, Warrington Road, Widnes, WA8 0TD.

The Group comprises the following entities:

Name	Incorporation	Registered/Non Registered
Halton Housing Trust Limited	Companies Act 2006	Registered
Open Solutions (OSUK) Limited	Companies Act 2006	Non-registered
HHT Development Limited	Companies Act 2006	Non-registered

1. Principal Accounting Policies

Basis of Accounting

The Group's financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. The Group is required under the Companies Act 2006 to prepare consolidated Group accounts.

The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost basis of accounting as modified by the revaluation of investments and are presented in sterling £.

The Group's financial statements have been prepared in compliance with FRS102 for the year ended 31 March 2017. As a public benefit entity, Halton Housing Trust Limited has applied the public benefit entity 'PBE' prefixed paragraphs of FRS102.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS102:

- No cash flow statement has been presented for the parent company,
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole, and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of Halton Housing Trust Limited and all of its subsidiary undertakings as at 31 March 2018 using the acquisition method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition, being the date the Group obtains control.

Going concern

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

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a. **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 26. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment. Housing properties are transferred to completed properties when they are ready for letting.

b. **Categorisation of housing properties.** The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The Group has determined that market rented property are investment properties.

c. **Impairment.** The Group has identified a cash generating for impairment assessment purposes at a property scheme level.

Other key sources of estimation and assumptions:

a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

b. **Revaluation of investment properties.** The Group carries its investment property at fair value, with changes in fair value being recognised in the Statement of Comprehensive Income. The Group engaged independent valuation specialists to determine fair value at 31 March 2018. The valuer used a valuation technique based on a discounted cash flow model. The determined fair value of the investment property is most sensitive to the estimated yield as well as the long term vacancy rate. The key assumptions used to determine the fair value of investment property are further explained in note 14.

c. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 12.

d. **Impairment of non-financial assets.** Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at scheme level whose cash income can be separately identified.

During the year ended 31 March 2018 no events have been identified by the Group which represent a trigger for an impairment review to be conducted.

Turnover and revenue recognition
Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and Homes England, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting People Income is recognised under the contractual arrangements.

Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

Support Income and costs including Supporting People Income and costs
Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the Turnover as per note 2. The related support costs are matched against this income in the same note. Support charges included in the rent are included in the Statement of Comprehensive Income from social housing lettings note 3 and matched against the relevant costs.

Service charges
Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Interest
Interest payable is capitalised on borrowings to finance the development of new properties, after deduction of interest receivable on Social Housing Grant (SHG) received in advance, to the extent that it accrues in respect of the period of development. Other interest payable and receivable is charged or credited against the Statement of Comprehensive Income.

Loans
The Group's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Group has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non-basic". On the grounds that the Group believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Group's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Group has retained its "basic" treatment of its debt following the FRC announcement.

Loan interest costs
Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

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.

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

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits,
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met, and
- Where timing differences relate to interests in subsidiaries and the Group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair value of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

No corporation tax is payable on the surpluses of charitable activities of the Trust as it has charitable status. The Trust has not carried out any non-charitable activities which may attract taxation charges; there have been only a small number of taxable supplies in the financial period.

Value Added Tax
The Trust is registered for Value Added Tax. A large proportion of the VAT incurred by the Trust cannot be recovered as the bulk of its turnover results from exempt activities. The Trust operates a VAT shelter arrangement in relation to an agreed schedule of qualifying works in its improvement programme whereby 100% of the VAT can be reclaimed. Under the Transfer Agreement the Trust has retained the first £1.1m from the Council's share of VAT Shelter receipts in recognition of half of the payment of £2.2m towards the pension deficit on transfer. Thereafter, the Trust recognises 50% of the VAT reclaimed from the VAT shelter arrangement in its Income and Expenditure Account, the remaining 50% is due to Halton Borough Council under the terms of the Transfer Agreement.

The balance of VAT recoverable at the year-end is included as a current asset.

Tangible fixed assets and depreciation

Housing properties
Tangible fixed assets are stated at cost, less accumulated depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties on practical completion of construction.

Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Trust depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

Structure : Built pre 1945	50 years
Structure : Built 1946 to 1964	75 years
Structure : Built post 1964	100 years
Roofs	55 years
Roofline	30 years
Lifts	35 years
Kitchens	20 years
Bathrooms	30 years
Doors	30 years
Windows	40 years
Rewires	30 years
Boilers	15 years
Canopy	30 years
Central Heating System	30 years
Cladding	30 years
Door Entry Systems	30 years
Emergency Lighting	25 years
Fire & Security Systems	20 years

The Trust depreciates housing properties held on long term leases in the same manner as freehold properties, except where the unexpired lease term is shorter than the longest component life envisaged, in which case the unexpired term of the lease is adopted as the useful economic life of the relevant component category.

Depreciation of other Tangible Assets
Expenditure in excess of £1,000, which results in an enhancement of the economic benefit of an asset is deemed to be an improvement and is capitalised. Depreciation is calculated on a straight- line basis over the useful economic life of the asset. Where an asset relates to part of a leased property this is depreciated over the term of the lease. Depreciation is charged in the year of acquisition but is not charged in the year of disposal.

Commercial Shops	30 years
Freehold Offices	40 – 60 years
Furniture and equipment	Between 4 and 10 years
Motor vehicles	4 years
Computer equipment	4 years

Low cost home ownership properties
The costs of low cost home ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

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

The disposal of any housing properties through the Right to Buy is included in Statement of Comprehensive Income in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value. The Trust has an obligation to repay a share of the net sales proceeds to Halton Borough Council in excess of £1.1m and after pre agreed costs.

Capitalisation of interest and administration costs
Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress.

Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

Where costs are incurred in relation to mixed tenure schemes these are allocated directly to the tenure type where applicable or on the same basis of unit allocation based on total scheme numbers.

Property managed by agents
Where the Group carries the majority of the financial risk on property managed by agents, income arising from the property is included in the Statement of Comprehensive Income Account.

Where the agency carries the majority of the financial risk, income includes only that which relates solely to the Group. In both cases, the assets and associated liabilities are included in the Group's Statement of Financial Position.

Leasing and hire purchase
Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit and loss over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease. Reverse premiums and similar incentives received on leases to enter into operating lease agreements are released to Statement of Comprehensive Income over the term of the lease.

Investment property
Investment property includes commercial and other properties not held for the social benefit of the Group. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in the Statement of Comprehensive Income.

Valuation of investments
Investments in subsidiaries are measured at cost less accumulated impairment.

Current asset investments
Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

Stock and properties held for sale
Stock of materials are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell.

Properties developed for outright sale are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

At each reporting date, stock and properties held for sale are assessed for impairment. If there is evidence of impairment, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in Statement of Comprehensive Income.

Short-term debtors and creditors
Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

Non-government grants
Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as Turnover.

Social Housing and other government grants
Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land), under the accruals model. Social Housing Grant (SHG) received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When SHG in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the Group under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes England and Greater London Authority. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

Recycling of Capital Grant
Where SHG 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.

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Retirement benefits
The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Group has a participating interest.

The Trust participates in two funded multi-employer defined benefit pension schemes:

The Social Housing Pension Scheme (SHPS) provides benefits based on final pensionable pay. Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Group's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market rate discount factor of 2.06% at 31 March 2016, 1.33% at 31 March 2017 and 1.72% at 31 March 2018. The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

The Cheshire County Council Pension Scheme provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Trust. Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating expenditure, financing items and, in the Statement of Comprehensive Income.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method, and
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

(a) The best evidence of fair value is a quoted price in an active market.
(b) When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
(c) Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Impairment of Financial Assets

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 profit or loss immediately.

The following financial instruments are assessed individually for impairment:
(a) All equity instruments regardless of significance; and
(b) Other financial assets that are individually significant.

Other financial instruments are assessed for impairment either individually or grouped on the basis of similar credit risk characteristics.

An impairment loss is measured as follows on the following instruments measured at cost or amortised cost:

(a) For an instrument measured at amortised cost, the impairment loss is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

(b) For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed either directly or by adjusting an allowance account. The reversal cannot result in a carrying amount (net of any allowance account) which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised in profit or loss immediately.

2(a). Turnover, cost of sales, operating expenditure and operating surplus

Group	Turnover	Cost of sales	Operating expenditure	Operating surplus
2018				
	£'000	£'000	£'000	£'000
Social housing lettings (notes 3a and 3b)	32,980	-	(23,236)	9,744
Other social housing activities				
First tranche low cost home ownership sales	143	(147)	-	(4)
Activities other than social housing				
Lettings (Note 4)	1,559	-	(889)	670
Sale of Land (Note 4)	906	(906)	-	
Properties developed for outright sale	-	-	-	-
Total	35,588	(1,053)	(24,125)	10,410
2017				
	£'000	£'000	£'000	£'000
Social housing lettings (notes 3a and 3b)	32,407	-	(22,288)	10,119
Other social housing activities				
First tranche low cost home ownership sales	740	(705)	-	35
Activities other than social housing				
Lettings (Note 4)	1,446	-	(792)	654
Properties developed for outright sale	727	(708)	-	19
				-
Total	35,320	(1,413)	(23,080)	10,827

2(b). Turnover, cost of sales, operating expenditure and operating surplus

Association

	2018			
	Turnover	**Cost of sales**	**Operating expenditure**	**Operating surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings (notes 3a and 3b)	**32,980**	**-**	**(23,175)**	**9,805**
Other social housing activities				
First tranche low cost home ownership sales	**143**	**(147)**	**-**	**(4)**
Activities other than social housing				
Lettings (Note 4)	**485**	**-**	**(381)**	**104**
Sale of Land (Note 4)	**906**	**(906)**		
Properties developed for outright sale	**-**	**-**	**-**	**-**
Total	**34,514**	**(1,053)**	**(23,556)**	**9,905**

	2017			
	£'000	£'000	£'000	£'000
Social housing lettings (notes 3a and 3b)	32,407	-	(22,288)	10,119
Other social housing activities				
First tranche low cost home ownership sales	740	(705)	-	35
Activities other than social housing				
Lettings (Note 4)	549	-	(396)	153
Properties developed for outright sale	727	(708)	-	19
Total	34,423	(1,413)	(22,684)	10,326

3(a). Turnover and operating expenditure

	General Housing £'000	Supported Housing and Housing for Older People £'000	Total 2018 £'000	Total 2017 £'000
Group				
Income				
Rent receivable net of identifiable service charge and voids	29,822	1,146	30,968	30,343
Service charge income	1,247	167	1,414	1,443
Amortised government grants	172	44	216	167
VAT Shelter Income	343	-	343	436
Charges for Support Services	39	-	39	18
Turnover from Social Housing Lettings	31,623	1,357	32,980	32,407
Operating expenditure				
Management	(7,047)	(670)	(7,717)	(7,352)
Service charge costs	(1,215)	(332)	(1,547)	(1,496)
Routine maintenance	(5,334)	(245)	(5,579)	(4,489)
Planned maintenance	(825)	(29)	(854)	(1,280)
Major repairs expenditure	(2,452)	-	(2,452)	(3,064)
Development costs not capitalised	(34)	-	(34)	-
Bad debts	(442)	-	(442)	(436)
Depreciation of Housing Properties	(3,969)	(228)	(4,197)	(3,664)
Impairment of Housing Properties	-	-	-	-
Other Costs	(404)	(10)	(414)	(507)
Operating expenditure on Social Housing Lettings	(21,722)	(1,514)	(23,236)	(22,288)
Operating Surplus/(Deficit) on Social Housing Lettings	9,901	(157)	9,744	10,119
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(134)	(10)	(144)	(153)

3(b). Turnover and operating expenditure

	General Housing	Supported Housing and Housing for Older People	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Association				
Income				
Rent receivable net of identifiable service charge and voids	29,822	1,146	30,968	30,343
Service charge income	1,247	167	1,414	1,443
Amortised government grants	172	44	216	167
VAT Shelter Income	343	-	343	436
Charges for Support Services	39	-	39	18
Turnover from Social Housing Lettings	31,623	1,357	32,980	32,407
Operating expenditure				
Management	(6,988)	(670)	(7,658)	(7,352)
Service charge costs	(1,215)	(332)	(1,547)	(1,496)
Routine maintenance	(5,332)	(245)	(5,577)	(4,489)
Planned maintenance	(825)	(29)	(854)	(1,280)
Major repairs expenditure	(2,452)	-	(2,452)	(3,064)
Development costs not capitalised	(34)	-	(34)	-
Bad debts	(442)	-	(442)	(436)
Depreciation of Housing Properties	(3,969)	(228)	(4,197)	(3,664)
Impairment of Housing Properties	-	-	-	-
Other Costs	(404)	(10)	(414)	(507)
Operating expenditure on Social Housing Lettings	(21,661)	(1,514)	(23,175)	(22,288)
Operating Surplus/(Deficit) on Social Housing Lettings	9,962	(157)	9,805	10,119
Void losses (being rental income lost as a result of property not being let, although it is available for letting)	(134)	(10)	(144)	(153)

4. Turnover from activities other than social housing

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Activities other than social housing				
Shops and Garages Lettings	**385**	506	**385**	506
Market Renting	**1,134**	904	**71**	11
Other	**40**	36	**29**	32
Sale of Land	**906**	-	**906**	-
	2,465	1,446	**1,391**	549

5. Accommodation owned, managed and in development

Group	**2018 No. of properties**		2017 No. of properties	
	Owned	**Managed**	Owned	Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	**83**	-	263	-
Low-cost home ownership	**50**	-	40	-
Under management at end of year:				
General needs housing	**6,853**	**3**	6,685	3
Supported housing and housing for older people	**167**	-	167	-
Low-cost home ownership	**24**	-	24	-
	7,177	**3**	7,179	3
Non-Social Housing				
Under development at end of year:				
Outright Sale	**33**	-	-	-
Market rented	**18**	-	-	-
Under management at end of year:				
Market rented	**224**	-	197	-
	275	-	197	-

5. Accommodation owned, managed and in development (continued)

Association	**2018 No. of properties Owned**	**2018 No. of properties Managed**	2017 No. of properties Owned	2017 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing affordable rent	83	-	263	-
Low-cost home ownership	50	-	40	-
Under management at end of year:				
General needs housing	6,853	3	6,685	3
Supported housing and housing for older people	167	-	167	-
Low-cost home ownership	24	-	24	-
	7,177	3	7,179	3
Non-Social Housing				
Under development at end of year:				
Outright Sale	-	-	-	-
Market rented	-	-	-	-
Under management at end of year:				
Market rented	10	-	10	-
	10	-	10	-

6. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

Group

	Sales of Investment Properties	**Sales of Properties not developed for outright sale**	**Others**	**Total 2018**	Total 2017
		£'000	**£'000**	**£'000**	£'000
Proceeds of sales	3,129	2,205	-	5,334	1,401
Less: Costs of sales					
Halton Borough Council's share of sale proceeds	-	(299)	-	(299)	(170)
Carrying value of fixed assets	(2,703)	(452)	(29)	(3,184)	(333)
Incidental sale expenses	(131)	(10)	-	(141)	(19)
Surplus/(deficit)	295	1,444	(29)	1,710	879

6. Gain/(loss) on disposal of property, plant and equipment (fixed assets)

Association

	Sales of Properties not developed for outright sale	Others	Total 2018	Total 2017
	£'000	£'000	£'000	£'000
Proceeds of sales	2,205	-	2,205	1,401
Less: Costs of sales				
Halton Borough Council's share of sale proceeds	(299)	-	(299)	(170)
Carrying value of fixed assets	(452)	(29)	(481)	(333)
Incidental sale expenses	(10)	-	(10)	(19)
Surplus/(deficit)	1,444	(29)	1,415	879

7. Interest and financing costs

	Group 2018	Group 2017	Association 2018	Association 2017
	£'000	£'000	£'000	£'000
Deferred benefit pension (income) charge	56	-	56	-
On loans repayable within five years	2	-	2	-
On loans wholly or partly repayable in more than five years	6,199	5,610	6,199	5,610
Costs associated with financing	6,257	5,610	6,257	5,610
Less: interest capitalised on housing properties under construction	(720)	(565)	(703)	(545)
Capitalised Interest Amortised	-	78	-	78
	5,537	5,123	5,554	5,143

The weighted average interest on borrowings of 4% (2017: 4%) was used for calculating capitalised finance costs.

8. Surplus on ordinary activities

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
The operating surplus is stated after charging/(crediting):-				
Auditors remuneration (excluding VAT):				
Audit of the group financial statements	**15**	15	**15**	14
Audit of subsidiaries	**3**	2	**-**	-
Fees payable to the company's auditor and its associates for other services to the group:				
Taxation compliance services	**4**	9	**4**	8
Service area review services	**13**	5	**13**	5
Operating lease rentals:				
Vehicle Hire Costs	**274**	314	**274**	314
Land and buildings	**-**	248	**-**	248
Office equipment	**23**	23	**23**	23
Impairment losses of housing properties	**-**	-	**-**	-
Depreciation of housing properties	**4,197**	3,664	**4,197**	3,664
Depreciation of other fixed assets	**334**	657	**334**	657

9. Tax on surplus on ordinary activities

The main activities of the Association are to provide charitable services. The Association has been registered as a charity (registration number: 1111346) and therefore no corporation tax is payable on any of its surplus. There have been only a small number of taxable supplies in the financial period within the Association. The subsidiary companies surpluses are fully liable to corporation tax, however, the amount due will be fully covered by qualifying gift aid payments.

10. Directors' remuneration

	2018	2017
	£'000	£'000
The aggregate emoluments paid to or receivable by non-executive Directors and former non-executive directors	**66**	58
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	**237**	238
The emoluments paid to the highest paid Director excluding pension contributions	**130**	130
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	**-**	-

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by Halton Housing of £26k (2017: £24k) was paid in addition to the personal contributions of the Chief Executive.

Directors (key management personnel) are defined as members of the Board, the Chief Executive and any other person who is a member of the Executive Management Team or its equivalent.

Non-executive Directors are defined as Board members of Halton Housing Trust Limited: their pay within the year was as follows:

Board Member	**Remuneration Received 2017-18 (£)**	**Remuneration Received 2016-17 (£)**	**Audit and Risk Committee**	**Remuneration and Nominations Committee**	**Open Solutions (OSUK) Limited**	**HHT Development Limited**
Ingrid Fife	11,000	11,000		✓		
Mark Dennett	6,500	6,500	Chair ✓			
Mark Forrest	7,424	7,424		✓	Chair ✓	
Arthur Cole (retired 17.11.17)	3,154	4,731	✓			
Michael Fry	6,572	4,731		✓ Chair		✓ Appointed as Chair 23.03.17
Angela Holdsworth (appointed as Board Vice Chair 23.03.17)	7,485	6,500	✓			
Kevin Williams	4,731	4,731	✓			✓
Matthew Harrison (appointed 23.03.17)	4,858	-		✓		
Linda Levin (appointed 23.11.17)	1,971	-	✓			
Stephen Pimbblet (retired 28.09.17)	2,366	4,731	✓			
Judith Winterbourne	4,731	4,731			✓	
David Hughes	4,731	3,499			✓	
Steve License (retired 23.03.2017)	-	7,427				
	65,523	66,005				

11. Employee Information

	Group		Association	
	2018	2017 (restated)	2018	2017 (restated)
	No.	No.	No.	No.
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:				
Property Services	147	137	147	137
Housing Management	78	81	78	81
Development	8	8	8	8
Support Services	67	60	67	60
	300	286	300	286
	£'000	£'000	£'000	£'000
Staff costs (for the above employees)				
Wages and salaries	8,770	8,623	8,770	8,623
Social Security costs	852	859	852	859
Other pension costs	1,091	978	1,091	978
Redundancy costs	72	190	72	190
	10,785	10,650	10,785	10,650

Aggregate number of full time equivalent staff whose remuneration exceeded £60,000 in the period:	Group		Association	
	2018	2017	2018	2017
	No.	No.	No.	No.
£60,000 - £70,000	5	6	5	6
£100,000 to £110,000	1	1	1	1
£120,000 to £130,000	1	1	1	1

12. Pension obligations

Halton Housing Trust Limited participates two schemes, the Social Housing Pension Scheme (SHPS the Cheshire Local Government Pension Scheme (LGPS)). Both schemes are multi-employer defined benefit schemes. The Scheme is funded and is contracted out of the state scheme.

Social Housing Pension Scheme

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

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

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

Social Housing Pension Scheme (continued)

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

Deficit contributions

Tier 1
From 1 April 2016 to 30 September 2020: £40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

Tier 2
From 1 April 2016 to 30 September 2023: £28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)

Tier 3
From 1 April 2016 to 30 September 2026: £32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

Tier 4
From 1 April 2016 to 30 September 2026: £31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

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

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

Present Values of Provision

	31 March 2018 £'000s	31 March 2017 £'000s	31 March 2016 £'000s
Present value of provision	126	140	146

Reconciliation of opening and closing provisions

	Period Ending 31 March 2018 £'000s	Period Ending 31 March 2017 £'000s
Provision at start of period	140	146
Unwinding of the discount factor (interest expense)	2	2
Deficit contribution paid	(14)	(13)
Re-measurements - impact of any change in assumptions	(2)	5
Re-measurements - amendments to the contribution schedule	-	-
Provision at end of period	**126**	**140**

Social Housing Pension Scheme (continued)

Income and Expenditure Impact

	Period Ending 31 March 2018 £'000s	Period Ending 31 March 2017 £'000s
Interest expense	2	2
Re-measurements – impact of any change in assumptions	(2)	5
Re-measurements – amendments to the contribution schedule	-	-

Assumptions

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

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

Local Government Pension Scheme
The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by Cheshire West and Cheshire Council. The total contributions made for the year ended 31 March 2018 were £1,300k, of which employer's contributions totalled £1,002k and employees' contributions totalled £298k. The agreed contribution rates for future years are 21.3% for employers and range from 5.5% to 12.5% for employees, depending on salary.

Principal Actuarial Assumptions
The following information is based upon a full actuarial valuation of the fund at 31 March 2016 updated to 31 March 2018 by a qualified independent actuary.

	At 31 March 2018 % pa	At 31 March 2017 % pa
Rate of increase in salaries	**2.70**	2.70
Rate of increase for pensions in payment / inflation	**2.40**	2.40
Discount rate for scheme liabilities	**2.70**	2.60
Inflation assumption (CPI)	**2.40**	2.40

Local Government Pension Scheme (continued)

Principal Actuarial Assumptions (continued)

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 March 2018 Years	At 31 March 2017 Years
Retiring today		
Males	**22.3**	22.3
Females	**24.5**	24.5
Retiring in 20 years		
Males	**23.9**	23.9
Females	**26.5**	26.5

	At 31 March 2018 £'000	At 31 March 2017 £'000
Employer service cost (net of employee contributions)	**1,679**	1,085
Past service cost	**-**	-
Total operating charge	**1,679**	1,085
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	**1,012**	1,171
Interest on pension liabilities	**(1,068)**	(1,149)
Amounts (charged)/credited to financing costs	**(56)**	22
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains on pension scheme assets	**399**	3,725
Actuarial gains / (losses) on scheme liabilities	**881**	(6,103)
Actuarial gain / (loss) recognised	**1,280**	(2,378)

Local Government Pension Scheme (continued)

Movement in surplus/(deficit) during year	**At 31 March 2018 £'000**	**At 31 March 2017 £'000**
(Deficit)/ Surplus in scheme at 1 April	**(1,823)**	708
Movement in year:		
Employer service cost (net of employee contributions)	**(1,679)**	(1,085)
Employer contributions	**1,002**	910
Past service cost	**-**	-
Net interest/return on assets	**(56)**	22
Remeasurements	**1,280**	(2,378)
(Deficit) in scheme at 31 March	**(1,276)**	(1,823)

Asset and Liability Reconciliation	**At 31 March 2018 £'000**	**At 31 March 2017 £'000**
Reconciliation of liabilities		
Liabilities at start of period	**40,529**	32,459
Service cost	**1,679**	1,085
Interest cost	**1,068**	1,149
Employee contributions	**298**	302
Remeasurements	**(881)**	6,103
Benefits paid	**(789)**	(569)
Past Service cost	**-**	-
Curtailments and settlements	**-**	-
Liabilities at end of period	**41,904**	40,529
Reconciliation of assets		
Assets at start of period	**38,706**	33,167
Return on plan assets	**1,012**	1,171
Remeasurements	**399**	3,725
Employer contributions	**1,002**	910
Employee contributions	**298**	302
Benefits paid	**(789)**	(569)
Assets at end of period	**40,628**	38,706
Actual return on plan scheme assets	**(1,276)**	(1,823)

13. Tangible fixed assets

Group	Housing Properties					Other fixed assets				
	Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Low cost home ownership Properties completed	Low cost home ownership Properties under construction	Total Housing Properties	Freehold properties	Office Build Under Construction	Plant, machinery, fixtures & vehicles	Computer, hardware & software	Total fixed assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	150,886	15,125	1,630	302	167,943	1,512	2,403	522	1,243	173,623
Transfers to/from low cost home ownership	-	28	-	(28)	-	-	-	-	-	-
Additions to properties acquired	222	11,501	2	1,751	13,476	403	2,455	95	216	16,645
Works to existing properties	4,830	-	-	-	4,830	-	-	-	-	4,830
Interest capitalised	-	570	-	23	593	-	88	-	-	681
Schemes completed	25,280	(25,280)	-	-	-	4,946	(4,946)	-	-	-
Disposals	(994)	(438)	-	(467)	(1,899)	(1,248)	-	(16)	(418)	(3,581)
Transfers to/from stock of properties under construction	-	28	-	-	28	-	-	-	-	28
At end of the year	180,224	1,534	1,632	1,581	184,971	5,613	-	601	1,041	192,226
Depreciation and impairment										
At start of the year	26,872	-	96	-	26,968	1,314	-	452	1,129	29,863
Charge for the year	4,003	-	28	-	4,031	167	-	58	109	4,365
Disposals	(375)	-	-	-	(375)	(1,248)	-	(15)	(391)	(2,029)
At end of the year	30,500	-	124	-	30,624	233	-	495	847	32,199
Net book value at the end of the year	149,724	1,534	1,508	1,581	154,347	5,380	-	106	194	160,027
Net book value at the start of the year	124,014	15,125	1,534	302	140,975	198	2,403	70	114	143,760

13. Tangible fixed assets (Continued)

Association	Housing Properties: Social Housing Properties for Letting Completed	Social Housing Properties for letting under Construction	Low cost home ownership Properties completed	Low cost home ownership Properties under construction	Total Housing Properties	Other fixed assets: Freehold properties	Office Build Under Construction	Plant, machinery, fixtures & vehicles	Computer, hardware & software	Total fixed assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	150,886	15,419	1,630	302	168,237	1,512	2,403	522	1,243	173,917
Transfers to/from low cost home ownership	-	28	-	(28)	-	-	-	-	-	-
Additions to properties acquired	222	11,664	2	1,767	13,655	403	2,455	95	216	16,824
Works to existing properties	4,830	-	-	-	4,830	-	-	-	-	4,830
Interest capitalised	-	570	-	23	593	-	88	-	-	681
Schemes completed	25,280	(25,280)	-	-	-	4,946	(4,946)	-	-	-
Disposals	(994)	(438)	-	(467)	(1,899)	(1,248)	-	(16)	(418)	(3,581)
Transfers to/from stock of properties under construction	-	28	-	-	28	-	-	-	-	28
At end of the year	180,224	1,991	1,632	1,597	185,444	5,613	-	601	1,041	192,689
Depreciation and impairment										
At start of the year	26,872	-	96	-	26,968	1,314	-	452	1,129	29,863
Charge for the year	4,003	-	28	-	4,031	167	-	58	109	4,365
Disposals	(375)	-	-	-	(375)	(1,248)	-	(15)	(391)	(2,029)
At end of the year	30,500	-	124	-	30,624	233	-	495	847	32,199
Net book value at the end of the year	149,724	1,991	1,508	1,597	154,820	5,380	-	106	194	160,500
Net book value at the start of the year	124,014	15,419	1,534	302	141,269	198	2,403	70	114	144,054

13. Tangible fixed assets (Continued)

Group & Association

Housing Properties comprise:	**2018**	2017
	£'000	£'000
Freehold	**151,071**	125,277
Leasehold	**161**	271
	151,232	125,548

Works to existing properties in the year:	**2018**	2017
	£'000	£'000
Components capitalised	**4,830**	4,572
Amounts charged to expenditure	**2,452**	3,064
	7,282	7,636

14. Investment properties held for letting

	Group		**Association**	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of year	**14,241**	9,540	**1,050**	-
Additions	**5,314**	4,469	**9**	957
Disposals	**(2,702)**	-	-	-
Transfer to stock	**(174)**	-	-	-
(Loss)/ Gain from adjustment in value	**(100)**	232	**171**	93
At end of year	**16,579**	14,241	**1,230**	1,050

The total historic cost of the Investment Properties as at 31 March 2018 was £14.68m.

Investment properties were valued at 31 March 2018 by Aspin and Company Limited, Chartered Surveyors, professional qualified external valuers. The valuation of properties was undertaken in accordance with the Royal Institution of Chartered Surveyors Valuation Standards. In valuing the properties the following significant assumptions were used:

- The discount rate applied was the all risks yield which accounts for economic factors as well as building factors so it is an all embracing measure of return. This ranges from 7.5% to 10% depending upon the property investment type and location.

- Rental growth is a prediction based upon leading research (i.e. BNP Paribas). North West predications are at 4% (2017 to 2019).

15. Fixed asset investments

Group Companies
The group comprises the following entities, all registered in England:

Name	**Incorporation and ownership**	**Regulated/ non-regulated**	**Nature of Business**
Open Solutions (OSUK) Limited	Company – 100%	Non-regulated	Market Renting
HHT Development Limited	Company – 100%	Non-regulated	Design and Build

The investments held in the year of £6m, (£6m 2016-17) relates to the cost of properties that had been acquired in the year by Open Solutions (OSUK) Limited but financed by Halton Housing as an equity shareholding.

16. Stock

	Group		**Association**	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Stock held in Vans / Stores	**98**	87	**98**	87
Properties held for sale				
Shared ownership properties:				
Completed	**82**	219	**82**	219
Work in progress	**1,582**	302	**1,596**	302
Outright sale properties:				
Completed	**273**	-	**99**	-
Work in progress	**761**	-	**-**	-
	2,796	608	**1,875**	608

17. Trade and other debtors

	Group		**Association**	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Rent arrears	**1,384**	1,182	**1,273**	1,098
Less: provision for bad debts	**(1,248)**	(1,053)	**(1,162)**	(1,014)
Other taxation and social security	**133**	1,128	**108**	1,085
Intercompany debtors	**-**	-	**186**	193
Other debtors	**807**	70	**806**	69
Prepayment and accrued income	**3,876**	1,161	**3,678**	1,154
	4,952	2,488	**4,889**	2,585
Due after more than one year:				
Intercompany debtor	**-**	-	**9,400**	6,600
Other Debtors	**-**	-	**-**	-
	-	-	**9,400**	6,600

18. Investments

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Investments at valuation				
Unlisted investments	**105**	100	**105**	100
	105	100	**105**	100
Historic cost of investments	**100**	100	**100**	100

The investments held in the year relates to an investment made in the Halton Credit Union.

19. Cash and cash equivalents

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Cash at bank	**1,770**	6,269	**1,454**	5,885
	1,770	6,269	**1,454**	5,885

20. Creditors: amounts falling due within one year

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Trade creditors	**583**	691	**554**	684
Social Housing Grant received in advance	**435**	-	**435**	-
Amounts owed to group undertakings	**-**	-	**1,122**	1,931
Rents and service charges paid in advance	**549**	584	**529**	553
Corporation tax	**-**	-	**-**	-
Other taxation and social security payable	**358**	344	**358**	344
Accruals and deferred income	**5,420**	6,650	**3,897**	4,500
SHPS pension agreement plan (Note 12)	**14**	14	**14**	14
Deferred Capital Grant (Note 22)	**216**	167	**216**	167
Other creditors	**491**	802	**472**	798
	8,066	9,252	**7,597**	8,991

21(a). Creditors: amounts falling due after more than one year

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loans (Note 21b)	**120,952**	111,705	**120,952**	111,705
Deferred Capital Grant (Note 22)	**22,745**	19,251	**22,745**	19,251
SHPS pension agreement plan (Note 12)	**112**	126	**112**	126
	143,809	131,082	**143,809**	131,082

21(b). Debt analysis

	Group		Association	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Loans repayable by instalments:				
In five years or more	**120,000**	100,000	**120,000**	100,000
Loans not repayable by instalments:				
In two years or more and less than five years	**2,500**	-	**2,500**	-
In five years or more	-	12,400	-	12,400
Less: loan issue costs	**(1,548)**	(695)	**(1,548)**	(695)
Total loans	**120,952**	111,705	**120,952**	111,705

All loans are secured by specific charges on Halton Housing's individual housing properties. The loans are repayable at varying rates of interest and are due to be repaid between 2023 and 2053.

The interest rate profile of Halton Housing at 31 March 2018 was:

	Total	Variable Rate	Fixed rate	Weighted Average rate	Weighted average term Years
	£'000	£'000	£'000	%	
Instalment loans	120,000	-	120,000	4.77	17
Non-instalments loans	2,500	2,500	-	1.3	2.8
	122,500	**2,500**	**120,000**		

At 31st March 2018 Halton Housing had undrawn loan facilities of £127,500,000 (2017: £17,600,000)

22. Deferred capital grant

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of the year	**19,418**	17,235	**19,418**	17,235
Grant received in the year	**4,194**	2,350	**4,194**	2,350
Less: Received In Advance	**(435)**	-	**(435)**	-
Released to income in the year	**(216)**	(167)	**(216)**	(167)
At the end of the year	**22,961**	19,418	**22,961**	19,418

	£'000	£'000	**£'000**	£'000
Amount due to be released < 1 year	**216**	167	**216**	167
Amount due to be released > 1 year	**22,745**	19,251	**22,745**	19,251

23. Provision for liabilities and charges

	Pension Cheshire £'000
Group and Association	
At the start of the year	**1,823**
Transfer from Statement of Comprehensive Income (Increase in the provision of the year)	**1,735**
Deficit Contribution Paid	**(1,002)**
Unwinding	**-**
Re-measurement changes	**(1,280)**
At the end of the year	**1,276**

24. Members Guarantee

Every Member undertakes to contribute to the assets of the Company, in the event of the Company being wound up whilst they are a Member, or within one year thereafter, the amount as may be required shall be for payment of the debts and liabilities of the Company contracted before they ceased to be a Member and of the costs, charges and expenses of winding up the Company and the adjustment of the rights of the contributories among themselves. Each Member's contribution shall not exceed one pound. At the year-end there were 15 members.

25. Capital commitments

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**15,309**	9,847	**12,411**	21,418
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**111,639**	16,646	**85,998**	7,305
	126,948	26,493	**98,409**	28,723
The Trust expects these commitments to be financed with:				
Social Housing Grant	**11,727**	3,159	**11,727**	3,159
Proceeds from the sales of properties	**37,666**	2,623	**31,765**	2,623
Committed loan facilities	**77,555**	20,711	**54,917**	22,941
	126,948	26,493	**98,409**	28,723

The above figures include the full cost of shared ownership properties contracted for.

26. Operating leases

Halton Housing holds properties and office equipment under non-cancellable operating leases. At the end of the year HH had commitments of future minimum lease payments as follows:-

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Land and buildings:				
In less than one year	**-**	99	**-**	99
In one year or more but less than two years	**-**	-	**-**	-
In two years or more and less than five years	**-**	-	**-**	-
In five years or more	**-**	-	**-**	-
	-	99	**-**	99
Others:				
In less than one year	**172**	275	**172**	275
In one year or more but less than two years	**8**	268	**8**	268
In two years or more and less than five years	**22**	5	**22**	5
In five years or more	**3**	-	**3**	-
	205	548	**205**	548

The lease agreements do not include any contingent rent or restrictions. Other operating leases for motor vehicles include purchase options.

27. Contingent liability

Grant on property acquisition:

In the year to 31st March 2015 HHT entered into a stock transaction with Sanctuary Housing Group, another social landlord. Housing properties with a fair value of £4.9m were received in exchange for £4.9m cash. This value includes original government grant funding of £2.3m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. HHT is responsible for the recycling of the grant in the event of the housing properties being disposed.

28. Grant and financial assistance

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March:				
Held as deferred capital grant (Note 22)	**22,961**	19,418	**22,961**	19,418
Recognised as Income in statement of Comprehensive Income	**853**	637	**853**	637
	23,814	20,055	**23,814**	20,055

29. Related parties

Halton Housing (HH) is the Parent entity in the Group and ultimate controlling party.

Open Solutions (OSUK) Limited (OSUK) is registered under the Companies Act 2006 and is a private limited company (Company No. 08277732). This is a wholly owned subsidiary of HHT.

HHT Development Limited (HD Ltd) is registered under the Companies Act 2006 and is a private limited company (Company No. 09740400). This is a wholly owned subsidiary of Halton Housing Trust Limited.

During the year there was one customer member of the Board, Stephen Plmbblet. His tenancy is on normal commercial terms and he is not able to use his position to his advantage. He retired from the Board 28th September 2017. Rent charged to the Customer Board member during his time in office was £2,171.20 (2017: £4,572). There were no arrears on his tenancy at the reporting period end (2017: £0).

Council members at Halton Borough Council who served during the year were Mark Dennett, Arthur Cole and Mike Fry. HHT undertakes activities with Halton Borough Council on normal commercial terms, and its members cannot use their position for their own personal or the council's advantage.

The amounts owing at the end of 31st March 2018 were a long term debtor of £9.4 million (2017: £6.6 million) in relation to the loan by HH in OSUK and there is also a Fixed Asset Investment of £6 million (2017: £6 million) both of which relate to payments made to fund the purchase of the Fixed Assets held by OSUK.

Intra-group interest is charged by HHT to OSUK at an agreed commercial rate. The amount paid during the year amounted to £562,141 (2017: £451,518).

Intra-group management fees are receivable by HHT from its subsidiaries to cover the running costs the Trust incurs on behalf of managing and providing services to them both. The Management fee is calculated on a service by service basis using varying methods of allocation. The total amount of charges payable by OSUK and HD Ltd amounted to £58,000 (2017: £58,000) and £367,663 (2017: £395,171) respectively.

There is a debtor owed to HH by OSUK of £186,040 (2017: £192,989). This relates to the net payments and income received through HHT that will be repaid during the year ended 31st March 2018 and gift aid.

HD Ltd provides Design & Build Services to HHT. The total amount of design and build fees invoiced by HD Ltd during the year was £13,134,303 (2017: £16,988,854).

At 31st March 2018 HHT owed £1,122,450 (2017: £1,931,239) to HD Ltd in respect of uninvoiced costs to 31st March 2018 in relation to schemes under construction.

HD Ltd commenced during the year providing Design & Build Services to Open Solutions (OSUK) Limited. The total amount of design and build fees invoiced by HD Ltd during the year was £Nil.

At 31st March 2018 Open Solutions (OSUK) Limited owed £94,216 (2017: £Nil) to HD Ltd in respect of uninvoiced costs to 31st March 2018 in relation to schemes under construction.

OSUK and HD Ltd declared gift aid payments in respect of the year ended March 2017 to the Association of £65,075 and £284,933 respectively. These were paid during the year ended 31st March 2018. Related party balances are not secured.

30. Financial Instruments

The Group's and Trust's financial instruments may be analysed as follows:	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Financial assets				
(a) Financial assets that are measured at amortised cost	**5,722**	8,020	**14,942**	14,340
Financial liabilities				
(a) Financial liabilities measured at amortised cost	**151,877**	140,334	**151,407**	140,073

Financial assets measured at amortised cost comprise cash at bank and in hand, fixed asset investments, rental and service charge debtors, trade debtors, other debtors, accrued income and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, deferred capital grant, social housing grant received in advance, rents and service charges paid in advance, other taxation and social security payable, accruals and deferred income, SHPS pension agreement plan creditor, trade creditors and other creditors.