



Annual Report

For the year ended 31 March 2017

POPLAR **HARCA**



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Poplar Housing and Regeneration
Community Association Limited

Limited by Guarantee

Trading as "Poplar HARCA"

Directors' Report and Consolidated Financial Statements
for the year ended 31 March 2017

Company registration number: 3249344

Homes and Communities Agency number: L4170

Charity registration number: 1064397

Chair's Review Of The Year



This has been a very challenging year. That we have risen to the challenges so successfully is tribute to the extraordinary support and practical input of our residents and to the quality and hard work of our staff. The Board and I are very grateful to them all.

Increasing financial resilience has been a key focus for the Board over the year and the 2016/17 results and the June 2017 approved business plan show significant progress has been made without detriment to the delivery of our vision of discovering, developing and implementing opportunities to help our community thrive.

The Board has continued to monitor and evaluate our financial and corporate strategic direction in response to the changing environment. An innovative and opportunistic approach continues to be taken and an addition to the strategy called Recycling Assets and Creating Opportunity (RACO) was approved mid year. Poplar HARCA is assessing void properties, some are being sold and we anticipate that we can replace 1.5 new affordable homes.

Thinking back to the beginning of the year, in many respects the UK housing world is now a very different place. In addition to the general election and the resulting minority Conservative government, there has been the awful tragedy at Grenfell Tower. Issues of fire safety and likely regulatory changes came into sharp focus at our recent board meetings and strategy days, and will do so for the coming months and years.

The Aberfeldy New Village project continues to move along at a quick pace. Phase 2 is complete delivering 219 new homes and phase 3, which will deliver 344 new homes, retail space and a community and health centre is on site. The final phase of our Leopold Estate regeneration scheme which replaces old concrete bison blocks with 362 energy efficient modern homes is almost complete with 191 of the homes built by year end.

Value for Money has always been a key priority for Poplar HARCA, especially given the income profile of our residents and the financial pressure some will face. Being held to account by residents who scrutinise what we do and how we do it has kept us grounded in terms of ensuring we maximise the impact of every pound. After a very difficult year which saw changes to services as a result of financial constraints, still 76% of tenants said that we provide Value for Money services. To ensure compliance with the Homes and Communities Agency Value for Money Standard we have carried out a Value for Money self-assessment. The resulting report is published on our website

www.poplarharca.co.uk/who-we-are-documents-and-publications/value-money

We also won awards during the year. We started off in style with the Guardian Public Service Award for Transformation followed later by a hatrick of accolades: 24 Housing's Innovation of the Year, a Women in Housing award and a 4th place ranking in Inside Housing's Innovation Index.

As always, my thanks go to all those who live and work in our area who share our purpose and contribute to our achievements. In particular, I thank our staff, my fellow Directors, the London Borough of Tower Hamlets, other partners and our contractors for their continued commitment to what Poplar HARCA wants to achieve.

A handwritten signature in black ink that reads 'Paul Brickell'. The signature is written in a cursive, flowing style.

Dr Paul Brickell
Chair

About Poplar Harca

Since 1998 Poplar HARCA, A Public Benefit Entity (PBE) has been investing in its area, community and homes to achieve our vision: **discovering, developing and implementing opportunities to help our community thrive.**

We are a registered provider of social housing and a registered charity formed by large scale voluntary stock transfer from the London Borough of Tower Hamlets.

Working with statutory and third sector partners, Poplar HARCA has leveraged significant investment into the area. As well as refurbished existing homes, Poplar HARCA has built new homes, transformed estates and re-shaped the whole neighbourhood to connect it literally and figuratively to the potential of its location.

We have an international reputation for innovation and award-winning services delivered by award-winning people. Much more than this, Poplar HARCA is a catalyst and enabler – working with like-minded partners to realise the ambitions of our local community.

We own and manage approximately 9,000 homes. We also own and manage 12 community spaces, 210 amenity / open space areas, 15 “pocket parks” or other green spaces, and a number of commercial and retail spaces in just four square miles of East London.



Our Values And Behaviours

Poplar HARCA's Board, staff, partners and volunteers share a common purpose - achieving our vision to Create Opportunity.

Our Values and Behaviours are the foundation upon which our Vision will be realised.





About Our Staff Team

Poplar HARCA employs 303 staff, 276 full-time and 27 part-time.

The most recent annual survey (completed in 2016) showed that our staff are clear about their expectations; have colleagues that are committed to doing good work and believe that their manager cares about them.

Poplar HARCA values the diversity of its workforce which is broadly reflective of its local community. The Finance and General Purposes Committee and Board consider a range of HR indicators.

The Board has approved a refreshed strategy for Organisational Development which sets out how Poplar HARCA will approach attracting, retaining and developing the best people.

A Staff Board has been recruited to, with a remit to provide strategic input to the organisation's development.

Poplar HARCA is a London Living Wage Employer.

Resident Driven Involving And Involved

Holding Poplar HARCA to account through opportunities to inform, influence and scrutinise is our most important driver for improvement.

Poplar HARCA has a strong resident representation throughout its Board and Committee structure.

The Chair of its Services Committee is a resident, as is the Vice Chair of the Board.

In the most recent independent satisfaction survey, 72% of Poplar HARCA's tenants said they were satisfied with available opportunities to be involved.

We have developed a successful accredited training programme that provides an introduction to governance, community organising and board/committee skills which is a valuable capacity-building opportunity for new and interested residents.

Creating Opportunity

Our Strategy

The profile of the area in which we work is changing radically and rapidly. **New development and infrastructure is attracting new communities to East London.**

Poplar HARCA's Corporate Strategic Plan 2016-21 is called 'Creating Opportunity'. It celebrates how much has been accomplished and acknowledges there is still a lot to achieve.

The full Creating Opportunity document is available on Poplar HARCA's website www.poplarharca.co.uk

In the first year of our 'Creating Opportunity' Strategic Plan we have achieved a great deal, including:



Resourcing The Vision

The financial and operational strategy that is in place to deliver 'Creating Opportunity' is called 'Resourcing the Vision'. In response to rent reduction, the Group has implemented a number of strategic initiatives as part of Resourcing the Vision.

MIXED INCOME TENURE STRATEGY (MITS)

MITS increases income, increases diversity and helps the homeless. Empty properties are assessed against an asset evaluation matrix and only those flats most suitable for MITS are then offered to people in temporary housing with the London Borough of Tower Hamlets. A small minority of homes are at market rent.

The majority of MITS re-lets are done by way of a short term operating lease to Poplar HARCA Projects Ltd after the required approvals for the short term disposal have been sought.

As at 31 March 2017 a total of 83 homes were let at local Housing Allowance or market rent, rising to 98 as at 30 June 2017. The local housing allowance for a one bedroom flat in our area is £257 per week which is approximately double the social rent.

RECYCLING ASSETS, CREATING OPPORTUNITY (RACO)

RACO, a new addition to Resourcing the Vision, started in September 2016. The objective is to sell homes that the asset evaluation matrix identifies as less suitable for re-letting and to use the sales proceeds to supply 1.5 new affordable homes for every home sold.

As at 31 March 2017 39 void homes had been sold at auction and as at 30 June 2017 the Board has agreed to sell a further 31 homes to the London Borough of Tower Hamlets (LBTH). The intention is to continue to sell to LBTH subject to best consideration. The business plan currently assumes the scale of RACO is to sell up to 300 homes in total by 2019/20, however this will remain under review.

As at 30 June 2017, the Board had approved four development schemes to be funded from RACO proceeds that will deliver 175 new affordable homes. We are actively considering more opportunities to utilise future proceeds from RACO.



Summary Of Financial Performance

INCREASING FINANCIAL RESILIENCE

Operating surplus of £28.4m is a 67% (£11.4m) increase on 2016 (£17.0m). The increase has been achieved as a result of increased turnover and stable costs, an increase in surplus from joint ventures (JV) and from disposal of properties. Stripping out JV and disposal activity still shows a 32% (£3.3m) increase in operating surplus.

Turnover of £59.1m is 8% (£4.5m) higher than 2016 (£54.7m). The increase is principally due to two matters. An increase in market rent of £1.8m as the 158 unit be:here product in the Aberfeldy block 1A funded by an M&G finance lease had its first full year of operation. Secondly first tranche shared ownership sales increased to £3.3m from £1.2m in the previous year.

Operating costs for the Group were reduced by 0.5% (£0.2m) to £43.9m (2016: £44.1m). The principal reason was an exceptional item in the previous year resulting in a £1.1m provision. If that exceptional item is excluded, operating costs were up 2.0% (£0.9m).

The result of increased turnover and reduced operating cost is an increase in the operating margin excluding joint venture activity and disposal activity to 23% (2016: 19%).

Poplar HARCA recognises it has a lower operating margin position than the average for a comparable provider such as those rated by Moody's. Our Community regeneration expenditure (2017: £4.9m) is an important part of the delivery of our corporate vision and strategy and is a key reason for the reduced operating margin. Achieving the vision of a thriving community is likely to result in higher asset values in Poplar and result in a long term financial benefit. A significant portion of the Community regeneration expenditure is discretionary.

Share of operating surplus from joint ventures of £6.4m (2016: £0m) is from phase 2 of the Aberfeldy New Village LLP. The total profit for phase 2 is forecast in excess of £20m and therefore next year will see another operating surplus from joint ventures.

Gain on disposal of tangible assets of £8.5m (2016: £6.8m) increased due to the new strategy (recycling Assets, Creating Opportunity). The gain from disposals for the next three years is expected to be consistently high due to the four year strategy. The disposal proceeds will be used to fund new developments.

Turnover

Operating surplus £000s

Operating margin %

Operating surplus excluding JV and disposal activity £000s

Operating margin excluding JV and disposal activity %

Surplus on 1st tranche shared ownership sales

Debt per unit¹ £000s

Net assets per £m

	2017 £000's	2016 £000's
Turnover	59,154	54,673
Operating surplus £000s	28,367	17,021
Operating margin %	48%	31%
Operating surplus excluding JV and disposal activity £000s	13,422	10,150
Operating margin excluding JV and disposal activity %	23%	19%
Surplus on 1st tranche shared ownership sales	1,481	773
Debt per unit ¹ £000s	50.0	47.5
Net assets per £m	64,062	49,952

¹ Debt per unit calculated as bank, bond and finance lease liabilities less cash and cash equivalents per home owned



OTHER COSTS AND ACTIVITIES

Interest payments are £13.2m for the year, a £1.7m increase on 2016 (£11.5m). The increase is due to the M&G finance lease for which payments commenced in March 2016.

GROUP STATEMENT OF FINANCIAL POSITION

The Group statement of financial position has continued to strengthen, reflecting our strong performance during the year, the surplus from joint ventures and void disposal programme. This strength remains a key part of the business strategy ensuring financial resilience.

At March 2017, fixed assets totalled £488.6m (2016: £463.6m), an increase of £25.0m on the previous year. The key elements of this increase are the increase in housing properties (£4.2m), an increase in investment in joint ventures (£20.7m) and other minor movements (£0.1m).

Cash and short-term investments increased to £15.6m (2016: £2.2m). This balance includes £6m that is held in an escrow account with the London Pension Fund Authority as security against cessation debt. Therefore the available cash position for the Group is £9.6m.

Net assets and total reserves strengthened to £65.3m (2016: 50.0m), an increase of £15.4m.

LOOKING FORWARD

March 2017 was the peak debt position for the Group at £316m. The business plan submitted to the Homes and Communities Agency shows debt reducing from March 2017 and moving between £280m and £290m until March 2022 when debt reaches £305m and then steadily reduces thereafter.

The Board approved the 2017/18 budget in March 2017 which results in interest cover of 135% (as defined by the bank loan covenant). This compares to the results in 2015 and 2016 of 119% and 121% respectively. Achieving 135% is a critical target for increasing financial resilience and is reflected in the financial control framework. The June 17 management accounts show we are on track to meet the budget and the financial control framework.

Treasury Management

CAPITAL STRUCTURE

Poplar HARCA Ltd has a corporate bond by way of Poplar HARCA Plc, an RPI linked finance lease with M&G Investments for a mixed block (private and affordable rent) and bank funding from Lloyds and Santander which is a mix of relatively long term fixed debt and short term Revolving Credit Facility (RCF).

Total Debt Funding £339

- Bond **£140m**
- Bank fixed **£68m**
- RCF drawn **£57m**
- Finance lease **£53m**
- RCF undrawn **£21m**



TREASURY AND LIQUIDITY RISK

The Group continues to be risk averse in its approach to interest rate management. As at 31 March 2017, only 18% of debt (£57m) is variable and exposed to the risk of rising LIBOR. In addition 17% of debt is an RPI linked finance lease (£53m). The remaining 65% of debt is at fixed. This is in line with the Group policy to maintain between 50% and 80% of outstanding net debt on a fixed rate basis.

Hedging

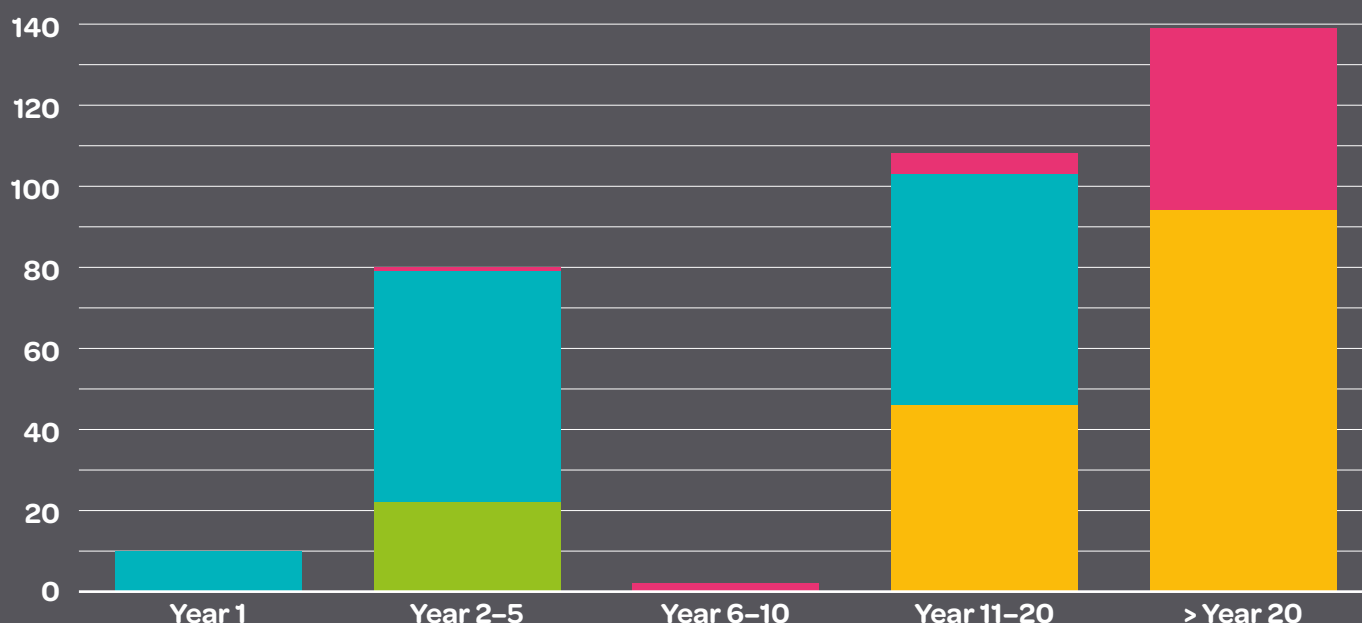
- Variable **18%**
- RPI linked **17%**
- Fixed debt **65%**



A £10m fixed bank loan matured in July 2017 and the £78m revolving credit facilities with Lloyds and Santander mature in July 2018. Independent treasury management advice was sought and a plan approved by the Board that is currently being delivered and is on track for completion in the autumn of 2017. The sum seeking to be refinanced is approximately £60m (a reduction from the £88m of facility that matures).

Debt Repayment Profile

● Undrawn RCF ● Bond debt ● Bank debt ● Finance lease



BREXIT AND CREDIT RATING

Following the Brexit vote, the Moody's Investor Service changed the outlook for some housing associations to negative outlook. Poplar HARCA was already at negative outlook following the rent reduction policy, and the credit rating and outlook for the Group did not change following the Brexit referendum outcome.

The Group is aiming to improve the outlook to stable in 2017, and is monitoring the impact of Brexit and our financial resilience and performance against the financial control framework. An independent Moody's shadow rating was compiled by advisors which suggests Poplar HARCA at A3. We look forward to the next Moody's review.

Currently sales exposure across the Group is minimal at this time with almost all homes sold. Taking into account the 0.25% reduction in the Bank of England interest rate, Brexit has been considered on balance, and risk map scores have not been changed, but are reviewed on a quarterly basis whilst the impact of Brexit unfolds and is better understood.

As at 31 March 2017 the Group maintained £21.5 million of undrawn facilities and £9.6 million of cash, representing total liquidity of £31.1m, well within the Financial Control Framework limit of £15m. The June 2017 Financial Forecast Return to the HCA shows short and long term bank, bond and lease debt reducing from £316m in March 2017 to between £280m and £290m for the next four years, rising to £305m in 2022. The strategy to sell some affordable homes and use the proceeds to buy or build new affordable homes has shifted the debt curve and reduced medium term debt requirements.

COVENANTS

All loan covenants were met. Interest cover for the Association as measured by the bank covenant (excluding gift aid and gains from disposal of tangible fixed assets) was 121% (2016: 119%). The covenant requirement is 110%. The result of 121% is less than the 125% target in the financial control framework. Decisions were taken near the end of the year to invest in void stock to re-let at higher rents as part of the mixed income tenure strategy with a view to improving financial performance in the following year.

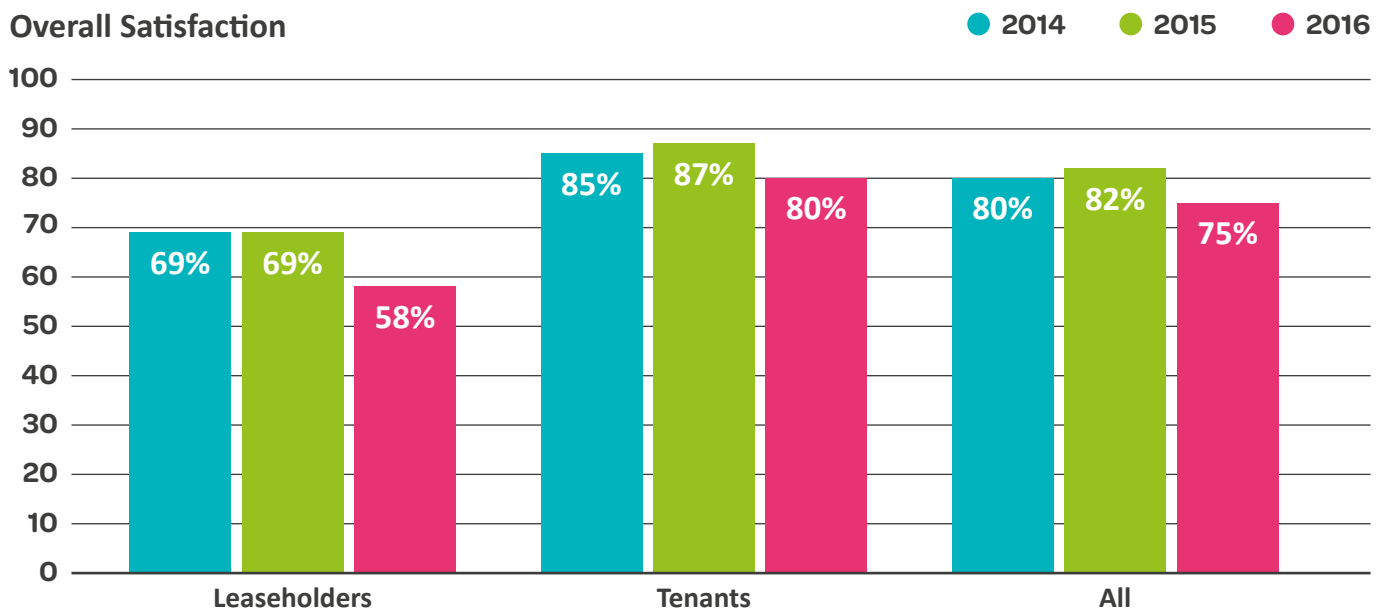
Our tenanted homes (excluding Aberfeldy phase 1B, funded by way of finance lease) were valued at £422 million on a EUV-SH basis resulting in a gearing of 62.41% (2016: 60%). The covenant requirement is 80%.

Debt per unit, calculated as the total of bond, bank and lease liabilities less cash or cash equivalents per unit owned, was £49,970 (2016: 47,493). The covenant requirement is £59,300 (£55,000 as at July 2013 increased by RPI).

Operational Performance And Satisfaction Levels

Each year an independent polling company carries out a statistically representative survey of residents. 602 residents were surveyed by telephone.

Overall Satisfaction



OVERALL SATISFACTION

Overall satisfaction has fallen 7% across all residents, down 7% for tenants and 11% for leaseholders.

There appears to be a close correlation showing the publicity regarding the increase in parking charges influencing how residents feel about Poplar HARCA. There are also indicators that would suggest the changes to frontline services – such as the loss of the Police Team and the Family Intervention Project, and dedicated services for older residents – were also at the forefront of residents minds as they answered the survey.

In March 2017 the Board approved the 2017/18 budget which meets the financial control framework targets and includes provision to reinstate the Police Team from 2017/18.

HOUSING MANAGEMENT

We have continued to provide advice and support to tenants affected by Welfare Reform, and to monitor the impact on arrears. We know that 5.4% of tenant households are affected by the so-called bedroom tax, and 0.4% are affected by the benefit cap.

Current arrears management improved to 3.31% of rental income in March 2017 (2016: 4.7%).

TECHNICAL AND ESTATE SERVICES

This year's resident satisfaction levels remain consistent for both repairs and estate cleanliness. The quality of repairs, completing repairs and the helpfulness of our contractors all remain top quartile at 83%, 86% and 90% respectively. Overall satisfaction with the caretaking and cleaning service has been maintained. More residents are pleased with their home than ever before.

In the financial year we carried out approximately 28,600 repairs, with approximately 99% completed on target. We turned around 214 empty properties and carried out over 6,000 gas safety inspections. In the legal compliance areas of gas, electrical, water, fire and asbestos we achieved 100% statutory compliance.



DEVELOPMENT AND REGENERATION

This year we completed 416 new homes across three tenures – affordable rent, shared ownership and private sale. The private sale units are through our Aberfeldy LLP or land overage schemes such as Leopold.

The Aberfeldy New Village project continues apace, with Phase 2 complete (194 private homes and 25 affordable) and demolition commenced on phase 3. All private sale homes on Aberfeldy 2 have been sold and many new residents are now in occupation. Phase 3 will provide 344 new homes of mixed tenure, together with a new health centre, community centre and energy centre.

The final phase of our Leopold Estate regeneration is progressing ahead of the planned programme and 191 homes of the eventual 362 homes were completed at year end. We anticipate the successful completion of the project late in 2017.

Development funding has been secured for the refurbishment of Balfron Tower and works on site commence in earnest in 2017.

The St Paul's Way School extension and Burdett regeneration project has passed a number of key milestones in the year, with the opening of the new mosque and the commencement of the main residential building following the demolition of Linton and Printon Houses.

The Development team have also been active in identifying "hidden home" opportunities in our existing estates and delivering new dwellings from previously redundant spaces. In the year 6 new homes were completed under this programme.



COMMUNITIES AND NEIGHBOURHOODS (CaN)

Our Communities and Neighbourhoods (CaN) programme is a key priority for us. In the year our total spend on Community Regeneration of £4.9m (2016: £4.9m) was partially offset by external funding of £1.5m (2016: £1.1m) resulting in a net investment by Poplar HARCA of £3.4m for the year (2016: £3.8m).

SPOTLIGHT

This expansion saw Spotlight's youth service increase to cover four wards of Mile End, Poplar, Bromley North & Lansbury. Spotlight was also awarded funding from the Big Lottery to deliver a programme of outreach, specialist Support and youth volunteering.

Spotlight has continued to deliver an exciting programme themed under the categories of Get Creative, Get Active and Get Inspired. In 2016/17 Spotlight was successfully awarded the contract to deliver all of the LBTH's commissioned youth services within Poplar HARCA's geographical area.

Implementation has been led by external partners with Spotlight utilising local delivery partners such as IMD Legion, Leaders in Community, Urban Interface Dance UK, Ruff Sqwad Arts Foundation, Limehouse Boxing Academy, XLP, Bow Arts, Boy Blue Dance, S+K Project, and High Rise Theatre. The centre has also attracted high profile partners such as the V&A, Dulwich picture Gallery, the Barbican, CREATE London, the London College of Fashion, Celtic FC Foundation and Fight 4 Change. Our specialist support services have been bolstered through partnerships with the NSPCC, Docklands Outreach and Lifeline Renewal.

2,103 individual young people attended Spotlight between 1st April 2016 and 31st March 2017 (427 more than the year before, 886 more than during the same period in 2014/15). In 2016/17 young people attended 26,795 times across 1,720 sessions that were delivered. The total number of young people registered as members as of March 2017 is 4,236.

EMPLOYMENT & TRAINING

The Employment and Training team have engaged with approximately 1,200 people throughout the year, providing one to one support, organising jobs fairs and running accredited training for work. As a result, 300 people successfully got a job and 450 residents have achieved qualifications.

CHARITABLE GRANTS AND OTHER COMMUNITY REGENERATION INCOME

Poplar HARCA has received grants and other income from a number of sources to support its community regeneration activity. Poplar HARCA would like to thank the organisations that have made contributions in cash and in kind to the Communities and Neighbourhood Directorate. Restricted grant funding was received from the organisations listed below during the period from 1 April 2016 to 31 March 2017:

Organisation	2017 £	2016 £
Apprentice Support	-	11,500
Arts Council	-	29,657
BBC Children in Need	9,250	-
Big Lottery Fund	87,776	-
Big Lottery Trust	-	100,639
CAF	-	740
College of North West London	104,517	-
Citizens Advice	-	300
Community Arts Chest	-	9,000
Community Links Trust Limited	28,914	41,848
Department of Work & Pensions	11,538	-
Dulwich Picture Gallery	2,392	-
East End Community Foundation	188,750	13,360
Energy & Utilities Skills Ltd	216,684	185,533
European Social Fund	66,741	-
Future Moves	1,500	-
Grant for Fuelling Connection	-	1,000
Higgins Construction Plc	200	-
HUBBUB	1,000	-
London Borough of Tower Hamlets	166,968	-
Morgan Stanley	25,000	-
The National Foundation for Youth Music	-	39,743
Westminster Kingsway College	8,400	-
	919,630	433,320



We look after
210
green and amenity
spaces

Value For Money

This VFM Statement is a condensed summary of our full VFM self assessment which can be found on the VFM page of our website:

www.poplarharca.co.uk/content/value-money

OUR VALUE FOR MONEY STRATEGY

Our five year corporate strategy from 2016, Creating Opportunity, sets out how we deliver our vision of discovering, developing and implementing opportunities to help our community thrive. Achieving excellent value for money in all that we do is vital to achieving this vision: we aim to make the best possible use of resources to improve housing, neighbourhoods and opportunities for our residents, with high quality outcomes and demonstrable social returns.

The Board has a Resourcing the Vision Strategy that is incorporated into the business plan and includes:

- 5% nominal operating cost reduction delivered in the 2016/17 budget reducing costs in subsequent years
- Further 1% cost saving efficiency per year, every year, from 2017/18 until 2020
- Over four years, letting 300 homes at local housing allowance to homeless households or at market rent
- Selling 300 homes based on asset management criteria where disposal adds significant value relative to a high cost void repair and future planned maintenance obligations
- Using disposal proceeds to buy new affordable housing through S106 opportunities at a ratio of 1.5 new for every property sold

Our VFM Strategy sets how we target and monitor Vfm at every level of the organisation. The Board sets and monitors our Vfm action plan annually. The Finance and General Purposes Committee monitors this on a quarterly basis. The top level targets are set as a Financial Control Framework to enable us to 'Resource the Vision' and to deliver the Corporate Strategic Plan. The targets are in place to manage risk and ensure financial viability. They are:

- Achieve interest cover of 125% in 2016/17 rising to 135% as we control risk and 'increase financial resilience'
- Manage external debt within set parameters
- Manage on-lending to subsidiaries within set parameters
- Control exposure to market sales
- Manage liquidity

The result of our value for money strategy is a rising operating surplus and operating margin, whilst keeping our net annual expenditure on communities and neighbourhood programmes relatively stable. At the same time as this rising operating surplus, we have achieved upper quartile resident satisfaction.

Our current approach to maximising the return on assets is characterised by extensive stock option appraisals based on detailed density calculations and net present value analysis. The progress of the Aberfeldy New Village LLP and Leopold phase 2 site is excellent proven by the new supply figures for 2016/17. Our decisions to sell empty homes or to let to homeless households are made using an asset evaluation matrix. This is ultimately to maximise the outcomes from the asset.

More detail on all of the above with specific examples is provided in the full VFM self-assessment available on our website.

A summary of performance is tabled below and incorporates efficiency measures known as the “sector scorecard” that is being piloted with other housing associations. Set out below is the performance of Poplar HARCA on the proposed sector scorecard measures based mostly on the financial statements.

Sector scorecard	PH Group 2017	PH Group 2016	G15 averages 2016
Business health			
Operating margin excluding surplus on disposals	23%	19%	32%
Operating margin - social housing lettings	21%	24%	36%
EBITDA MRI % interest cover ¹	253%	193%	192%
Development - capacity and supply			
Units developed	416	267	781
Units developed as a % of units owned	7%	4%	2%
Gearing ²	79%	77%	45%
Outcomes delivered			
Resident satisfaction with services provided by landlord	75%	82%	76%
£s invested in new supply for every £ generated from operations	0.9	1.2	1.2
£s invested in communities for every £ generated from operations	0.15	0.20	0.1 ⁵
Social value generated per £ invested (HACT) ³	14.7	20.7	5.0 ⁵
Effective asset management			
Return on capital employed ⁴	5.8%	3.6%	4.5%
Occupancy	99.7%	99.5%	N/A
Ratio of responsive repairs to planned maintenance	0.9	0.9	0.6
Operating efficiencies			
Headline social housing cost per unit	2,858	2,959	4,933
Management cost per unit	1,047	990	1,320
Service charge cost per unit	847	830	613
Maintenance cost per unit	834	968	1,084
Major repairs cost per unit	129	170	855
Other social housing cost per unit	0	0	860
Rent collected	100.3%	101%	98%
Overheads as a % adjusted turnover	11.7%	11.8%	12%

¹ EBITDA MRI % interest calculated as EBITDA MRI ÷ Gross interest payable x 100 as prescribed in the current Sector Scorecard pilot, where EBITDA MRI represents earnings before interest, tax, depreciation and amortisation adding back major repair capitalised costs

² Gearing calculated as net debt ÷ Carrying value of housing properties x 100 as prescribed in the current Sector Scorecard pilot, where net debt represents total bank and debenture loans less cash and cash equivalents

³ This is calculated using the HACT tool for return on social investment, which is a sector wide approach

⁴ Return on capital employed calculated as operating surplus ÷ total fixed assets + total current assets less total creditors due within one year

⁵ G15 average not available, comparable figure is L&Q

We've built over
1000
new homes of all
tenure since 1998



Risk Management

Poplar HARCA has a well-developed and robust risk management process. The risk map identifies significant risks, assesses their likelihood and impact and sets out how the organisation mitigates monitors and manages those risks.

Major risks are reviewed annually by the Board and this is supported by quarterly reviews by the Audit and Risk Committee.

Risks are assessed for likelihood and potential impact before and after any mitigation by the Corporate Management Team supported by operational managers. A risk map is prepared for any new ventures or activities and the Board considers risk when making decisions.

Among the risks facing Poplar HARCA are those arising from external economic factors and from government initiatives and regulatory changes. The most significant risks facing Poplar HARCA are described below:

- Abortive costs and financial penalties of exiting or not going ahead with development contracts is a significant risk for Poplar HARCA. Exposure to development contracts is carefully managed and monitored and the potential impact incorporated into stress testing.
- While our performance on rent collection has improved, we have still to see the full effect of the Government's Welfare Reform changes. We cannot be certain of the extent to which it will affect rental income and so it remains a significant concern on our risk map.
- Another significant risk is increases in the cost of pension liabilities. The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer scheme and the Local Government Pension Scheme. The Board reviews pension costs regularly and over the years has taken steps to reduce pension liabilities. We have closed the SHPS final salary scheme to new entrants, offering a money purchase scheme instead.

The Local Government Pension Scheme is a closed scheme whose members transferred to Poplar HARCA under TUPE. Poplar HARCA has reviewed expected future liabilities and has agreed to set up an Escrow account to fund these, resulting in reduced on going revenue contributions. A payment of £6m will be made into the Escrow account in the autumn of 2017.

INSURANCE

Poplar HARCA maintains insurance policies for all major risks including insurance for members of the Board and Corporate Management Team against liabilities in relation to Poplar HARCA.

HEALTH AND SAFETY

We have a comprehensive health and safety management system. There were no prosecutions or enforcement actions during the year, and our internal auditors awarded health and safety a substantial assurance rating.

Our training has focused on delivering health and safety information to our cleaning and caretaking staff via a series of short talks relevant their jobs – branded the “into our heads and hands” programme - and recording this via a passport system. New procedures for security alerts and bomb threats were introduced and other policies and procedures were reviewed and updated in-line with best practice.

FIRE SAFETY

Poplar HARCA has a sophisticated understanding of fire safety risk, based on in-depth knowledge of our stock, incident experience and informed implementation of best practice. As a result we have had a holistic fire safety risk management approach developed over the last 20 years.

Following the Grenfell Tower fire tragedy a raft of work has been undertaken, in brief this included:

- Fire safety information delivered to all of our households on the day of the fire.
- Follow-up more detailed information delivered to everyone living in a high rise (over 6 storeys or 18m).
- Identification of one block, William Cotton and Ann Matthews Courts, with category 3 ACM cladding. The cladding is decorative not structural and the vast majority of the scheme is brick or solid render. With the London Fire Brigade we carried out a joint inspection of the scheme – neither evacuation or fire wardens were advised. Other recommendations from the inspection were immediately implemented. Residents of the block have all been visited and provided with detailed fire safety advice and reassurance.
- Our Board and Committees have been kept fully informed and involved since the day of the fire, with a full Board discussion at the Board Strategy Day the Saturday after the fire, and the Board meeting the following week.

In general terms:

- Fire risk assessments (FRA) are carried out annually for all blocks with an additional check every six-months on blocks considered a higher risk due to height, layout etc.
- Estate Services conduct monthly documented fire safety checks of the communal areas of blocks as a valuable addition to the fire safety measures in place.
- Estate Cleaners conduct daily visual assessments in line with our Estate Management Procedure.
- An emergency plan is published on our website and is provided in print form in tenancy packs. Our policy is as advised by the London Fire Brigade (currently “stay put” unless in immediate danger or have been advised otherwise by the Fire Brigade).
- Smoke detectors are tested by our gas contractor during annual gas servicing appointments of tenanted homes.
- Fire safety arrangements are reviewed regularly via Technical Resources Compliance Assessment meetings and the Health & Safety Steering Group.
- Information, including compliance rates and operational issues, is provided to the Audit and Risk Committee (ARC). The Health & Safety Annual Report and Health & Safety Plan were presented to ARC on 12 June 2017.
- Our estate services team remove approximately 1000 tonnes of dumped bulk rubbish a year and does this promptly to avoid the risk of arson.
- We enforce tenancy and lease provisions where resident behaviour compromises fire safety.

Our approach for the future

We will want to build upon our fire safety risk management approach. Although the Grenfell Tower has almost no similarities our housing stock in terms of ACM cladding, we recognise and will make provision for implementing emerging recommendations from the Public Inquiry. The focus by the LFB on a holistic approach to fire safety risk is welcomed. Poplar HARCA has already started to consider its own holistic approach considering the dynamic between its housing stock and the behaviour of the people who live in and visit its estates.



Constitution And Governance

Poplar HARCA is a company limited by guarantee and is registered with the Charity Commission. Poplar HARCA is also registered with the Homes and Communities Agency as a Registered Provider. Poplar HARCA was incorporated on 13 September 1998. Twelve members have subscribed by guarantee, five of whom live in the local community.

CORPORATE GOVERNANCE

The Board has adopted the National Housing Federation's (NHF) Revised Code of Governance published in 2015. Poplar HARCA complies with the code in all material respects.

The Board is committed to integrity and accountability in its stewardship of Poplar HARCA and has adopted a Probity Policy against which it can measure and maintain standards.

Poplar HARCA strives for excellence in governance and in 2015 introduced a new system called the Community Model. Board membership is open to anyone who lives or works in the London Borough of Tower Hamlets who has the necessary skill set. An independent review of governance in November 2015 assessed Poplar HARCA's governance arrangements as good. Poplar HARCA's governance structure is described below.

The Board confirms that the Group complies with the Governance and Financial Viability standard that includes adhering to all relevant law. The Board also confirms that the Strategic Report has been prepared in accordance with the principles set out in the Housing SORP 2014.

POPLAR HARCA BOARD

The Board is the main governance vehicle for the organisation and has a formal schedule of matters reserved for its decision. Responsibility for Poplar HARCA's day to day operations is delegated to the Corporate Management Team, which reports through the Chief Executive. The Board normally meets with the Corporate Management Team four times a year.

Committees of the Board provide Board assurance in key areas as described below.

FINANCE AND GENERAL PURPOSES COMMITTEE

The Finance and General Purposes Committee oversees finance strategy and performance, the capital programme, the asset management strategy and policies relating to information technology and personnel. The Committee also provides assurance to the Board that Poplar HARCA meets all material respects of the regulatory requirements in respect of the Homes and Communities Agency (HCA) Economic Standards for Financial Viability, Value for Money and Rent.



AUDIT AND RISK COMMITTEE

The Audit and Risk Committee provides assurance to the Board that Poplar HARCA and its subsidiary organisations operate an effective system of audit (external and internal) and risk management that is consistent with the corporate strategy, statutory and regulatory requirements and best practice.

SERVICES COMMITTEE

The Services Committee is responsible for providing assurance to the Board that Poplar HARCA meets all regulatory requirements in respect of services to users of its services including the HCA Consumer Standards.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration and Nominations Committee provides assurance to the Board on the effectiveness of Poplar HARCA's performance appraisal and remuneration of the Chief Executive, remuneration structure for the Corporate Management Team members, pension arrangements, and Board and Committee member development.

YOUTH EMPOWERMENT BOARD (YEB)

The YEB enables young local people to influence policies and services and is open to anyone aged 16-25 who live in Poplar or Bow.

ESTATE BOARDS AND JOINT ESTATE PANEL

There are eleven Estate Boards consisting of elected tenant and leaseholder representatives. Each Estate Board nominates two tenants and a leaseholder to the Joint Estate Panel. Estate Boards consider locally important issues, and are a sounding board for the organisation.

DIRECTORS AND DIRECTORS' INTERESTS

The directors who held office during the period were as follows:

Paul Brickell

Reverend James Olanipekun

Colin Woollard

Juliana Ben Salem

Dharmendra Mehta Resigned September 2016

Tanya Martin

Matthew Rowe

Prabha Rathinasabapathy Resigned March 2017

Johanna Mary Ellis Resigned September 2016

John Norman

Simon Turek

Andrew Pinto Appointed September 2016

The directors received no remuneration during the period.



SELECTION & SUCCESSION

The Community Model has a wider community pool to support succession, Committees have started to be populated with new members, providing vital capacity building opportunities to perpetuate the strength of the Board moving into the future. The skills base of the Boards and Committees remains very strong, and a range of development and training opportunities has been delivered throughout the year that have continued to provide members with vital skills that enhance our governance. The Remuneration & Nominations Committee and Chairs Group, has successfully embedded into the governance structure over the year and has proved to be effective in continuing to deliver great governance, and achieving even better communication.

RELATED PARTY DISCLOSURES

Four of the Board directors are tenants or leaseholders of Poplar HARCA. The tenancies are on normal commercial terms, they pay the same rents as other tenants and the directors cannot use their position to their advantage.

All directors are required to declare their interests at Board meetings and are not able to vote on matters in which they have a direct interest.

Corporate Management Team

The members of the Corporate Management Team who served during the year were:



Stephen Stride
Chief Executive



Jonathan Spearing
Director of Finance
From 1 April 2016



Kevin Wright
Director of Technical Resources



Neal Hunt
Director of Development



Andrea Baker
Director of Housing



Babu Bhattacharjee
Director of Communities and Neighbourhoods

Members of the Corporate Management Team have no ownership interest in Poplar HARCA. They act as executives within the authority delegated by the Board. The detailed scrutiny of performance, the development of policy and procedures and expenditure approvals within budget are carried out by the Corporate Management Team. The Corporate Management Team meets at least once a month for these purposes.

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

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

GOING CONCERN

The Board has a reasonable expectation that the Group has adequate resources to adopt the going concern basis in preparing the Group's financial statements.

The Board approved the Group financial plan in June 2017 and its output which is submitted to the Regulator. The Board is, to the best of its knowledge, satisfied that covenant compliance is maintained throughout the life of the plan. The assessment is made by considering the potential combination of risks that the Group faces and the internal control framework that is in place. The annually approved business plan has been stress tested using a combination of scenarios and the recovery plan that would be put into action is sufficient to ensure covenant compliance.

POLITICAL AND CHARITABLE CONTRIBUTIONS

Poplar HARCA is a charitable organisation. No contributions were made to other charities or to political organisations (2016: £nil).

DISCLOSURE OF INFORMATION TO AUDITORS

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

Internal Controls Assurance Statement

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

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

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. The Board also uses the NHF Code of Governance issued in 2016 to review how it operates and how effectively it governs the Association. In addition a recent independent governance review was completed by Altair with all recommendations implemented throughout 2016/17.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

1. Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through regular reporting to the Audit and Risk Committee (ARC). The Corporate Management Team and the Chief Executive are responsible for reporting to ARC and ultimately the Board any significant changes affecting key risks.

2. Monitoring and Control

Clear responsibilities for managers provide hierarchical assurance to successive levels of management and the Board. These include Standing Orders and Financial Regulations supported by organisational structures and job descriptions.

Controls are reviewed systematically in line with changing environment and internal audit recommendations. Improvements were made to controls during the year to strengthen the Board's assurance framework.

3. Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, and financial

and compliance issues including treasury strategy and new investment projects. The Board has in place a framework of policies and procedures covering issues such as probity, delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

4. Information and financial reporting systems

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

The internal control framework and the risk management process are subject to regular review by Internal Auditors who are responsible for providing independent assurance to the Board via its Audit and Risk Committee. RSM, our Internal Auditors, have completed two full years of audit. In addition and separate to the internal audit programme, RSM have recently provided counter fraud training across the whole organisation.

The Audit and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board has received the Chief Executive's annual report, has conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process.

The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

5. Independent review of governance

During the year the Board implemented changes to its governance structure following an independent review of its governance arrangements. These changes have provided clearer lines of responsibility and enabled the Board to gain greater assurance.

AUDITOR

In accordance with Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue office.

STRATEGIC AND DIRECTOR'S REPORT

The strategic report and statement of the Board's responsibilities were approved on 26 September 2017.

By order of the Board
167a East India Dock Road
Poplar
London E14 0EA



Dr Paul Brickell

Chair

Date: 26 September 2017



Independent auditor's report to the members of Poplar Housing and Regeneration Community Association Limited

We have audited the financial statements of Poplar Housing and Regeneration Community Association Limited for the year ended 31 March 2017 set out on pages 30 to 74. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the association in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As more fully explained in the Statement of Board's Responsibilities set out on page 25 the Association's Board are responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Group's and the Association's affairs as at 31 March 2017 and of the surplus of the Group and the Association for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Board Report for the financial year is consistent with the financial statements.


Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Board Report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

- adequate accounting records have not been kept by the association, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
28 September 2017

Financial Statements



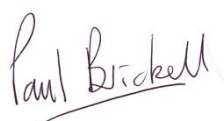
Statements of Comprehensive Income

- Group and Association

for the year ended 31 March 2017

		Group		Association	
Notes		2017	Restated 2016	2017	Restated 2016
		£'000	£'000	£'000	£'000
Turnover	2a	59,154	54,673	58,481	54,022
Cost of sales	2a	(1,844)	(444)	(1,844)	(444)
Operating costs	2a	(43,917)	(44,145)	(43,344)	(43,908)
Net cost of refurbishment works to leasehold properties	2a	29	66	29	66
Share of operating surplus of joint ventures	2a, 16	6,417	76	-	-
Gain on disposal of tangible fixed assets	2a, 5	8,528	6,795	8,528	4,049
Operating surplus	2a	28,367	17,021	21,850	13,785
Interest receivable and similar income	6	625	420	737	555
Interest payable and similar charges	7	(13,191)	(11,516)	(13,191)	(11,561)
Change in value of investment property	14	61	1,400	61	1,252
Gift aid	24	-	-	4	3,095
Surplus before tax	4	15,862	7,325	9,461	7,126
Tax on surplus on ordinary activities	10	(1,281)	(58)	(3)	(3)
Surplus for the year		14,581	7,267	9,458	7,123
Other comprehensive income					
Remeasurement of pension schemes	8	(471)	947	(471)	947
Total comprehensive income for the year		14,110	8,214	8,987	8,070

All amounts relate to continuing activities. The accompanying notes form an integral part of these financial statements.



Dr Paul Brickell
Chair



Reverend James Olanipekun
Trustee

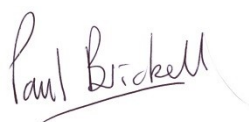
Statements of Financial Position

- Group and Association

as at 31 March 2017

		Group		Association	
	Notes	2017 £'000	Restated 2016 £'000	2017 £'000	Restated 2016 £'000
Fixed assets					
Housing properties	11	401,179	397,020	401,551	397,392
Other fixed assets	12	3,407	3,329	3,407	3,329
Intangible assets	13	484	492	484	492
Investment in commercial properties	14	62,573	62,502	57,637	57,576
Investment in subsidiaries	15	-	-	14,305	50
Investment in joint ventures	16	20,924	253	-	-
		488,567	463,596	477,384	458,839
Current assets					
Stock	17	1,427	2,190	1,427	2,190
Debtors	18	20,246	20,055	26,311	25,201
Cash and cash equivalents	19	15,631	2,184	14,271	1,613
		37,304	24,429	42,009	29,004
Creditors: amounts falling due within one year	20	(39,551)	(16,779)	(38,324)	(16,700)
Net current assets		(2,247)	7,650	3,685	12,304
Debtors due after more than one year	18	14,133	18,220	14,133	18,217
Total assets less current liabilities		500,453	489,466	495,202	489,360
Long term liabilities					
Long term liabilities	21	(428,389)	(432,271)	(428,310)	(432,214)
Provisions for liabilities	22	(8,002)	(7,243)	(8,002)	(7,243)
Net Assets		64,062	49,952	58,890	49,903
Reserves					
Revenue reserves		62,555	48,445	57,390	48,403
Revaluation reserve		1,500	1,500	1,500	1,500
		64,055	49,945	58,890	49,903
Minority interests		7	7	-	-
Total reserves		64,062	49,952	58,890	49,903

These financial statements were approved by the Board of Directors on 26 September 2017 and were signed on its behalf by:



Dr Paul Brickell
Chair



Reverend James Olanipekun
Trustee

Statements of Changes in Equity - Group and Association for the year ended 31 March 2017

Group

	Minority interest £'000	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2015	6	-	1,500	40,232	41,738
Surplus for the year after tax	1	-	-	7,266	7,267
Remeasurement of pension scheme	-	-	-	947	947
Balance at 31 March 2016	7	-	1,500	48,445	49,952

	Minority interest £'000	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2016	7	-	1,500	48,445	49,952
Surplus for the year after tax	-	-	-	14,581	14,581
Remeasurement of pension scheme	-	-	-	(471)	(471)
Balance at 31 March 2017	7	-	1,500	62,555	64,062

Association

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2015	-	1,500	40,333	41,833
Surplus for the year after tax	-	-	7,123	7,123
Remeasurement of pension scheme	-	-	947	947
Balance at 31 March 2016	-	1,500	48,403	49,903

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2016	-	1,500	48,403	49,903
Surplus for the year after tax	-	-	9,458	9,458
Remeasurement of pension scheme	-	-	(471)	(471)
Balance at 31 March 2017	-	1,500	57,390	58,890

Consolidated Cash Flow Statement

for the year ended 31 March 2017

	2017 £'000	Restated 2016 £'000
Cash flows from operating activities		
Surplus for the year	14,581	7,267
<i>Less:</i>		
Tax on ordinary activities	1,281	58
Net financing costs	12,565	11,096
Gain on revaluation of investment properties	(61)	(1,400)
Adjusted operating surplus	28,366	17,021
<i>Adjustments:</i>		
Pension remeasurement	168	1,060
Pension expenditure	580	575
Gain on disposal of fixed assets	(8,528)	(6,795)
Share of profit from joint ventures	(6,416)	(76)
Bad debts	563	55
Depreciation and amortisation of assets	9,976	8,868
Cost less depreciation on components written off	204	1,374
Grant amortisation	(3,890)	(3,987)
Decrease in stocks	764	6
Decrease in trade and other debtors	3,548	5,129
Increase in trade and other creditors	7,979	1,877
Deficit contributions paid for pension scheme liabilities	(728)	(376)
Net cash received from operating activities	32,586	24,731
Cash flows from investing activities		
Proceeds from sale of housing properties	10,781	7,244
Interest received	34	15
Acquisition of housing properties	(27,559)	(22,581)
Acquisition of other fixed assets	(1,363)	(1,093)
Acquisition of investment properties	(10)	(46)
Distribution from joint ventures	-	350
Grants received	597	442
Loan provided to joint venture	(1,839)	(7,195)
Joint venture loan repayment	4,500	-
Other loans	(455)	-
Net cash paid in investing activities	(15,314)	(22,864)
Cash flows from financing activities		
Interest paid	(15,825)	(12,093)
Loans received	12,000	5,000
Net cash paid in financing activities	(3,825)	(7,093)
Net cash increase/(decrease) in cash	13,447	(5,226)
Cash at 1 April	2,184	7,410
Cash at 31 March	15,631	2,184

Notes to the Financial Statements for the year ended 31 March 2017

1. Legal Status

Registered under the Companies Act 2006

The association is registered under the Companies Act 2006 and is a registered provider of social housing.

Poplar Housing and Regeneration Community Association Limited is the ultimate parent of the Poplar HARCA Group. Poplar HARCA has 3 subsidiaries; Poplar HARCA (Developments) Limited, Poplar HARCA Projects Limited and Poplar HARCA Capital PLC. All 3 subsidiaries are registered under the Companies Act 2006 but are not registered providers of social housing.

2. Accounting policies

BASIS OF ACCOUNTING

The financial statements of Poplar HARCA ("the Group") are prepared in accordance with Financial Reporting Standard 102, the applicable financial reporting standard in the UK and Republic of Ireland ("FRS102") and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2014 ("SORP 2014"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling (£). All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis except for investment properties stated at their fair value measured in accordance with the revaluation model.

DISCLOSURE EXEMPTIONS

n/a

GOING CONCERN

After reviewing the Group's budget for 2017/18 and forecast for future years, and based on normal strategic business planning and control procedures, and following the 26 September 2017 Board meeting, the Board has a reasonable expectation that Poplar HARCA has adequate resources to continue in operational existence for the foreseeable future.

The Board therefore continues to adopt the going concern basis in preparing these financial statements.

BASIS OF CONSOLIDATION

The consolidated accounts incorporate the financial statements of Poplar Housing and Regeneration Community Association Limited ("Poplar HARCA Limited") and its subsidiary undertakings Poplar HARCA Projects Limited, formerly known as Poplar HARCA

Refurbishments Limited, Poplar HARCA (Developments) Limited, Poplar HARCA Capital PLC and Leaside Regeneration Limited (dissolved 25 July 2015).

The fully owned subsidiaries of Poplar HARCA Limited are shown below:

Subsidiary	Date control gained	Status	Activity
Poplar HARCA Projects Limited	13 November 1997	Company limited by shares	Management of overages Joint venture partner to Balfron Tower Developments LLP
Poplar HARCA (Developments) Limited	16 November 2005	Company limited by shares	Development of properties for re-sale Joint venture partner to Aberfeldy New Village LLP
Poplar HARCA Capital PLC	4 April 2013	Company limited by shares	Bond finance provided to the Group
Leaside Business Centre Management Limited	6 April 2016	Company limited by shares	Management company of commercial properties

BASIC FINANCIAL INSTRUMENTS

In accordance with Section 11 Basic Financial Instruments that deal with recognising, derecognising, measuring and disclosing financial instruments, the Group has chosen to apply the requirements of FRS 102 Sections 11 and the presentation requirements, as appropriate, of 11.38A as permitted by paragraph 11.2(b).

• Tenant Arrears, Trade and other debtors

Tenant Arrears, Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

• Trade and other creditors

Tenant and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

• Interest-bearing borrowings classified as basic financial instruments

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

• Investment in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

• Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only for the cash flow statement.

FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease.

The Group assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

An impairment review is undertaken when there is an indication that the asset may be impaired. An impairment charge is recognised when it is assessed that the carrying amount of the asset (or the cash generating unit it belongs to) is higher than both its fair value less costs to sell and its value in use, in which case the higher of these two values is taken to be its net book value.

a. Housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period, and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Depreciation

COMPONENT USEFUL LIFE

Depreciation is charged to the income and expenditure account on a straight-line basis over the estimated useful lives of each component part of housing properties.

Land is not depreciated.

The estimated useful lives are as follows:

Component	Useful Life (Assets capitalised prior to 1 April 2015)	Useful Life (Assets capitalised from 1 April 2015)
Kitchen	15 years	20 years
Bathrooms	35 years	30 years
Electrical	40 years	40 years
Heating system	15 years	20 years
Windows and doors	30 years	30 years
Roofs	40 years (pitched) or 15 years (flat)	40 years (pitched) or 20 years (flat)
Lifts	20 years	25 years
Door entry system	15 years	15 years
Structure	50 years	50 years
Environmental improvements	15 years	15 years
Community centres & major improvements	30 years	30 years
Minor improvements to community centres	10 years	10 years
Photovoltaics	N/A	25 years

NON COMPONENT WORKS TO EXISTING PROPERTIES

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the income and expenditure account in the period in which it is incurred.

INTEREST CAPITALISED

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme.

The interest capitalised is either on borrowings specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised. For the year ended 31 March 2017, interest has been capitalised at an average rate of 4.46% (2016: 4.63%) that reflects the weighted average cost of capital on the Group's borrowings required to finance housing property developments.

b. Other fixed assets

Depreciation is provided evenly on the cost of tangible fixed assets to write them down to their estimated residual values over their expected useful economic lives as follows:

New offices	30 years (3.3% per annum)
Minor improvements to estate service centres	10 years (10% per annum)
Computer equipment and software	4 years (25% per annum)
Office furniture and equipment	5 years (20% per annum)
Vehicles and estate service centre equipment	4 years (25% per annum)

Freehold land is not depreciated.

SOCIAL HOUSING GRANT AND OTHER CAPITAL SUBSIDIES

The social housing grant ("SHG") is initially recognised at fair value as a long term liability, repayable indefinitely unless formally abated or waived. The SHG is treated specifically as deferred grant income and released through the income and expenditure as turnover income over the expected useful life of the structure of housing properties and its individual components in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, or occurrence of certain relevant events, all associated SHG are transferred to either the Recycled Capital Grant Fund ("RCGF") or the Disposal Proceeds Fund ("DPF") until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime. In recognition of this, external lenders seek the subordination of the Homes and Community Agency's right to recover grant to their loan.

Poplar HARCA Limited received an Estate Renewal Challenge Fund (ERCF) Grant to finance the first and second transfers of Council housing in 1998.

Although the Housing Corporation paid these grants to Poplar HARCA as Social Housing Grant, the usual conditions of SHG do not apply and, in particular, it is not repayable when properties are sold.

The stock transfers in August 2005, November 2006, December 2007 and July 2009 attracted "gap funding" grant from the Department of Communities, Homes and Community Agency and from the London Borough of Tower Hamlets ("LBTH"). This is potentially subject to claw back according to future outcomes, but it is unlikely that any of these grants will become repayable.

Additional capital grants and contributions have been received from LBTH and other bodies which have been included within the grant liability. There is no requirement for future repayment on these grants.

The net proceeds from the sale of homes under the Right to Acquire scheme is transferred to the DPF. Poplar HARCA Limited utilises the DPF to part fund its development schemes under the HCA affordable homes programme.

INVESTMENT PROPERTIES

Investment properties are properties which are held either to earn rental income at a market rate or for capital appreciation or for both. Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in income and expenditure in the period that they arise; and
- ii. no depreciation is provided in respect of the investment properties applying the fair value model.

If a reliable measure is not available without undue cost or effort for an item of investment property, this item is thereafter accounted for as tangible fixed assets in accordance with section 17 until a reliable measure of fair value becomes available.

Investment property fair value is based on a valuation by an external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and class of property being valued. A professional valuation is obtained in a three year cycle and a directors' valuation is carried out in the years where a professional valuation is not obtained.

Any gain or loss arising from a change in fair value is recognised in income and expenditure. Rental income from investment property is accounted for as described in the note 2a Particulars of turnover, cost of sales and operating costs.

PROPERTIES HELD FOR SALE AND WORK IN PROGRESS

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme.

Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Completed properties and property under construction for shared ownership are split between current assets (properties held for sale) and fixed assets. The expected shares of the first tranche sales are shown as current assets.

RIGHT TO BUY DISPOSALS

The gain or loss on disposal of housing properties under the Right to Buy is recognised in the income and expenditure account at the date of transfer of title, net of any amount payable to the London Borough of Tower Hamlets under the relevant stock transfer agreement.

Any regular Social Housing Grant allocated to the property will be recycled through the Recycled Capital Grant Fund. However, the majority of the capital grants received on the right to buy properties were from the Estate Renewal Challenge Fund, and these grants are not repayable when properties are sold.

RIGHT TO ACQUIRE DISPOSALS

Poplar HARCA Limited is required to credit a Disposal Proceeds Fund with the net proceeds of Right to Acquire property sales. Net proceeds comprise the sales proceeds and grant towards the discount, less permitted deductions. The purpose of the fund is to provide replacement properties for rent, at no greater cost than properties provided through the Affordable Housing Programme. If unused within a three year period it may be repayable to the Homes and Communities Agency with interest. The development programme of the Association is such that the Disposal Proceeds Fund is likely to be used before it becomes payable. Any unused proceeds held within the Disposal Proceeds Fund are disclosed in the balance sheet under note 21 Creditors: amounts falling due after more than one year.

MIXED TENURE DEVELOPMENT

Poplar HARCA Limited develops some schemes which comprise more than one tenure type (for example, schemes with properties both for rent and for shared ownership).

Where there is a surplus on one tenure type (i.e. the value in use exceeds the cost net of grant) and a shortfall on another (the cost net of grant exceeds the value in use), then only the overall net surplus on the scheme is recognised. This reflects the existence of cross-subsidy between scheme elements (i.e. different tenure types).

The surplus recognised on first tranche sales is restricted to the overall surplus on that development scheme.

This restriction is shown by an increase in the cost of sales and a reduction in the remaining fixed asset cost of the scheme in the balance sheet.

COMMUNITY REGENERATION

Grant income, expenditure and an allocation of Poplar HARCA's central costs relating to community regeneration is accounted for within the income and expenditure account.

Funds received from government sources are accounted for using the accrual model, where funds are held within debtors/creditors and released to income in line with expenditure.

Funds received from non-government sources are accounted for using the performance model. Revenues are recognised only when the revenue recognition criteria are satisfied. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Investment properties under construction are reported at cost.

IMPAIRMENT EXCLUDING PROPERTIES HELD FOR SALE, WORK IN PROGRESS AND INVESTMENT PROPERTIES

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through income and expenditure is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that Poplar HARCA would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in income and expenditure. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through income and expenditure.

Non-financial assets

The carrying amounts of Poplar HARCA's non-financial assets, other than Properties Held for Sale, Work in Progress and Investment Properties, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in income and expenditure. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

EMPLOYEE BENEFITS

The Group participates as a contributing member of the Social Housing Pension Scheme ("SHPS") administered by the Pensions Trust and the Local Government Pension Scheme ("LGPS") administered by the London Pension Fund Authority.

DEFINED CONTRIBUTION PLANS AND OTHER LONG TERM EMPLOYEE BENEFITS

The Group operates a defined contribution pension scheme for all new employees joining after 1 October 2010 where the Group pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the income and expenditure account in the periods during which services are rendered by employees.

DEFINED BENEFIT PLANS

A defined benefit plan benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group participates as a contributing member of the SHPS administered by the Pensions Trust and the LGPS administered by the London Pension Fund Authority.

Local Government Pension Scheme

The LGPS provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. This scheme has been closed to new entrants. Pension scheme assets are measured using market values. The Group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

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 they are recoverable) or deficit is recognised in full. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in income and expenditure.

Remeasurement of the net defined liability/asset is recognised in other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Social Housing Pension Scheme

SHPS is a multi employer scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. The Group is unable to obtain sufficient information to use defined benefit accounting for this multi-employer plan, and accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. To the extent that payments plans relate to funding a deficit, the contributions are recognised as a liability payable arising from the agreement with the multi-employer plan and results in a charge to the income and expenditure account. Where these payments are not expected to be settled within 12 months the liability is measured at the present value of the contributions payable.

Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if Poplar HARCA has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

PROVISIONS

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where Poplar HARCA Limited enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, Poplar HARCA Limited treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

TURNOVER

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, revenue grant income for community regeneration, first tranche sales of shared ownership properties, open market sales, and amortisation of Social Housing Grant ("SHG") under the accrual model. Rental income is recognised according to the dates of occupation and recorded from the inception of the tenancy agreement. Service charge is recognised on the basis of estimated annual bills and miscellaneous income is recognised at the date of the service provided.

Proceeds on sales are recognised on practical completions. Other income is recognised as receivable on the delivery of services provided.

EXPENSES

• Cost of sales

Cost of sales represents the costs including capitalised interest and direct overheads incurred in the refurbishment and development of the properties, and marketing, and other incidental costs incurred in the sale of the properties.

• Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the income and expenditure account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred.

• Finance lease

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

• Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in income and expenditure using the effective interest method, and the unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of housing properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset/are expensed as incurred.

• Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in income and expenditure as they accrue, using the effective interest method. Dividend income is recognised in the income and expenditure account on the date the company's right to receive payments is established.

SIGNIFICANT JUDGMENTS AND ACCOUNTING ESTIMATES

Significant judgments

In applying the Group's accounting policies, the following judgments have been made:

- **Identifying cash-generating units for the purposes of impairment testing.**
- **Determining which housing properties and other fixed assets meet the definition of investment properties.**

Accounting estimates

The following accounting estimates have been made, which have a significant risk of causing material misstatement on the assets and liabilities within the next financial year:

- **Housing properties**

Government grants - All government grants previously allocated to land has been proportionally allocated against structure, and have been amortised against the respective useful economic life.

Component useful lives - The component useful lives are reviewed at the end of the reporting period.

- **Impairment of housing properties**

An impairment assessment has been carried out on recent schemes. The overall value in use has been estimated using the depreciated replacement cost. Refer to note 11 Fixed assets – housing properties.

- **Investment properties**

Investment properties have been measured as follows:

Date of transition- Directors' valuation

31 March 2016 - External professional valuation

31 March 2017 - Directors' valuation

The fair values assessed have been taken as the value of the investment properties.

The valuation is calculated as the net present value based on a prudent forecast cashflow using a discount factor equal to the Weighted Average Cost of Capital plus a risk margin equal to the spread on the Poplar HARCA Plc bond as at 31 March 2017. Refer to note 14 Investment in commercial properties.

- **Intangible assets**

Intangible assets are recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

- **Provision for doubtful debt**

At the end of each reporting period, Poplar HARCA assesses whether there is objective evidence of impairment of its debtors. All significant debtor balances are reviewed on an individual and case-by-case basis depending on the nature of the account.

- **Pension scheme: SHPS**

An external actuarial valuation has been carried out to determine the asset, liability and deficit value of the SHPS scheme. Poplar HARCA has recognised a liability at the net present value of contributions payable in future years. Refer to note 20 for the valuation approach and assumptions taken in calculating the scheme liability.

- **Pension scheme: LPFA**

The valuation of the LPFA defined benefit scheme has been carried out by qualified actuaries. Refer to note 8 for the valuation approach and assumptions taken in calculating the scheme asset and liability.

- **Thames Water**

An assessment of the Thames Water provision has been carried out on current tenants dating back 6 years for previous contract period between years 2000 and 2016. The provision has been calculated based on a 17% commission charge, offset against an administration fee of 1.5p per day for the length of the tenancy, excluding amounts already provided for in the calculation of provision for doubtful debts. Poplar HARCA has entered into a revised contract with Thames Water, commencement date being 1 April 2016.

TAX

Poplar HARCA is exempt from corporation tax on its charitable activities. Tax is payable on its non-charitable business activities.

VALUE ADDED TAX

Poplar HARCA is registered for VAT. Expenditure with recoverable VAT is shown net of VAT and expenditure with irrecoverable VAT is shown inclusive of VAT. VAT on refurbishment / development works expenditure for projects that Poplar HARCA has opted to tax for VAT purposes is fully recoverable. Expenditure on these works is shown net of VAT.

2a. Particulars of income and expenditure from social housing lettings

Group	2017					Restated 2016				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus £'000
Social housing lettings										
Rental accommodation	41,079	-	(28,085)	-	12,994	42,280	-	(28,617)	-	13,663
Leasehold accommodation	4,445	-	(5,235)	-	(790)	4,033	-	(4,546)	-	(513)
	45,524	-	(33,320)	-	12,204	46,313	-	(33,163)	-	13,150
Amortised government grants	2,952	-	-	-	2,952	1,764	-	-	-	1,764
Refurbishment administration	-	-	(3,066)	-	(3,066)	-	-	(3,362)	-	(3,362)
Refurbishment administration costs capitalised	-	-	1,085	-	1,085	-	-	1,067	-	1,067
	48,476	-	(35,301)	-	13,175	48,077	-	(35,458)	-	12,619
Other social housing activities										
Shared ownership sales – First tranche	3,325	(1,844)	-	-	1,481	1,217	(444)	-	-	773
Gain on disposal of tangible fixed assets	-	-	-	8,528	8,528	-	-	-	6,795	6,795
	3,325	(1,844)	-	8,528	10,009	1,217	(444)	-	6,795	7,568
Non-social housing activities										
Community regeneration	1,492	-	(4,923)	-	(3,431)	1,143	-	(4,926)	-	(3,783)
Garages and commercial properties	2,748	-	(1,556)	-	1,192	3,009	-	(311)	-	2,698
Market rent	2,272	-	(455)	-	1,817	469	-	(424)	-	45
Other	841	-	(1,682)	-	(841)	758	-	(3,026)	-	(2,268)
Share of operating surplus of joint ventures	-	-	-	6,417	6,417	-	-	-	76	76
	7,353	-	(8,616)	6,417	5,154	5,379	-	(8,687)	76	(3,232)
Total on ordinary activities	59,154	(1,844)	(43,917)	14,945	28,338	54,673	(444)	(44,145)	6,871	16,955
Leaseholder works and recharges	27	-	2	-	29	(162)	-	228	-	66
Total	59,181	(1,844)	(43,915)	14,945	28,367	54,511	(444)	(43,917)	6,871	17,021

2a. Particulars of income and expenditure from social housing lettings (continued)

Association	2017					Restated 2016				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other Operating Items £'000	Operating Surplus £'000
Social housing lettings										
Rental accommodation	41,079	-	(28,085)	-	12,994	42,280	-	(28,617)	-	13,663
Leasehold accommodation	4,445	-	(5,235)	-	(790)	4,033	-	(4,546)	-	(513)
	45,524	-	(33,320)	-	12,204	46,313	-	(33,163)	-	13,150
Amortised government	2,952	-	-	-	2,952	1,764	-	-	-	1,764
Refurbishment administration	-	-	(3,066)	-	(3,066)	-	-	(3,362)	-	(3,362)
Refurbishment administration costs capitalised	-	-	1,085	-	1,085	-	-	1,067	-	1,067
Refurbishment administration recharged to group company	-	-	100	-	100	-	-	22	-	22
	48,476	-	(35,201)	-	13,275	48,077	-	(35,436)	-	12,641
Other social housing activities										
Shared ownership sales – First tranche	3,325	(1,844)	-	-	1,481	1,217	(444)	-	-	773
Gain on disposal of tangible fixed assets	-	-	-	8,528	8,528	-	-	-	4,049	4,049
	3,325	(1,844)	-	8,528	10,009	1,217	(444)	-	4,049	4,822
Non-social housing activities										
Community regeneration	1,492	-	(4,923)	-	(3,431)	1,143	-	(4,926)	-	(3,783)
Garages and commercial properties	2,084	-	(1,092)	-	992	2,722	-	(255)	-	2,467
Market rent	2,272	-	(455)	-	1,817	469	-	(424)	-	45
Other	832	-	(1,673)	-	(841)	394	-	(2,867)	-	(2,473)
	6,680	-	(8,143)	-	(1,463)	4,728	-	(8,472)	-	(3,744)
Total on ordinary activities	58,481	(1,844)	(43,344)	8,528	21,821	54,022	(444)	(43,908)	4,049	13,719
Leaseholder works and recharges	27	-	2	-	29	(162)	-	228	-	66
Total	58,508	(1,844)	(43,342)	8,528	21,850	53,860	(444)	(43,680)	4,049	13,785

2b. Particulars of income and expenditure from social housing lettings

Group	General needs housing	Supported housing and housing for older people	Other social housing	2017 Total	Restated 2016 Total
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and void losses	37,705	-	-	37,705	38,365
Service income	3,790	-	-	3,790	3,915
Amortisation of social housing and other capital grants	2,952	-	-	2,952	1,764
Leasehold rents and service charges	-	-	4,029	4,029	4,033
Total income from social housing lettings	44,447	-	4,029	48,476	48,077
Expenditure on lettings					
Services	(5,578)	-	(1,964)	(7,542)	(7,590)
Management	(7,961)	-	(1,363)	(9,324)	(9,054)
Responsive maintenance	(6,715)	-	(702)	(7,417)	(8,413)
Planned maintenance	(12)	-	-	(12)	(434)
Rent and service charges losses from bad debts	(230)	-	(271)	(501)	(191)
Depreciation of social housing properties	(8,524)	-	-	(8,524)	(7,481)
Refurbishment administration net of capitalised costs	(1,981)	-	-	(1,981)	(2,295)
Total expenditure on social housing lettings	(31,001)	-	(4,300)	(35,301)	(35,458)
Operating surplus on social housing letting activities	13,446	-	(271)	13,175	12,619
Rent losses from voids.				(599)	(568)

2b. Particulars of income and expenditure from social housing lettings (continued)

Association

	General needs housing	Supported housing and housing for older people	Other social housing	2017 Total	Restated 2016 Total
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and void losses	37,705	-	-	37,705	38,365
Service income	3,790	-	-	3,790	3,915
Amortisation of social housing and other capital grants	2,952	-	-	2,952	1,764
Leasehold rents and service charges	-	-	4,029	4,029	4,033
Total income from social housing lettings	44,447	-	4,029	48,476	48,077
Expenditure on lettings					
Services	(5,578)	-	(1,964)	(7,542)	(7,590)
Management	(7,961)	-	(1,363)	(9,325)	(9,054)
Responsive maintenance	(6,715)	-	(702)	(7,417)	(8,413)
Planned maintenance	(12)	-	-	(12)	(434)
Rent and service charges losses from bad debts	(230)	-	(271)	(501)	(191)
Depreciation of social housing properties	(8,524)	-	-	(8,524)	(7,481)
Refurbishment administration net of capitalised costs	(1,881)	-	-	(1,881)	(2,273)
Total expenditure on social housing lettings	(30,901)	-	(4,300)	(35,201)	(35,436)
Operating surplus on social housing letting activities	13,546	-	(271)	13,275	12,641
Rent losses from voids.				(599)	(568)

3. Housing stock

Group	2017 No.	2016 No.
Social housing accommodation		
General needs housing	5,708	5,970
Affordable rent	109	110
Low-cost home ownership	128	88
Intermediate market rent	27	27
Total social housing managed	5,972	6,195
Non-social housing managed		
Leaseholders	2,748	2,763
Market rent	183	183
Total non-social housing managed	2,931	2,946
Total units managed	8,903	9,141
Housing units in development pipeline	176	165

4. Surplus on ordinary activities before tax

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Is stated after charging:				
Depreciation:				
- housing properties:				
• regular	8,523	7,481	8,523	7,481
• community centres	571	534	571	534
- commercial property fixed assets	-	-	-	-
- other fixed assets	874	851	874	851
Amortisation of intangible assets	8	1	8	1
Auditor's remuneration (excluding VAT):				
- Audit of these financial statements	65	81	47	73
- Audit Certificates	2	2	2	2
- Other	-	3	-	3
Current service charges for pension scheme	338	332	338	332
Operating lease charges for the year	-	-	-	-

5. Surplus on sale of fixed assets and other investments

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Disposal proceeds	11,084	8,863	11,084	6,117
Transfer to Disposal Proceeds Fund	-	(1,644)	-	(1,644)
Transfer to Recycled Capital Grant Fund	(55)	(176)	(55)	(176)
Shared Ownership Subsequent Tranche	1,213	1,749	1,213	1,749
Cost of disposals	(3,714)	(1,997)	(3,714)	(1,997)
	8,528	6,795	8,528	4,049

Under certain development agreements, building works are carried out in exchange for disposal of land. Such barter agreements are accounted for as sales in the year of disposal; this creates a debtor balance, which is transferred to fixed assets as works are carried out. The value attributed to such disposals and included in proceeds in the year was £nil (2016: £nil).

6. Interest receivable and similar income

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Bank interest receivable	6	15	6	13
Other interest receivable	619	405	28	8
Interest received from group companies	-	-	703	534
	625	420	737	555

7. Interest payable and similar charges

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Interest expense on liabilities at amortised cost	14,517	11,809	7,687	5,029
Amortisation of arrangement fees	127	129	127	129
Non-utilisation fee	151	285	151	285
Interest payable to group companies	-	-	6830	6,825
Interest on Disposal Proceeds Fund and Recycled Capital Grant Fund	30	18	30	18
Interest on pension scheme liabilities	301	283	301	283
Interest capitalised in fixed assets	(1,935)	(1,008)	(1,935)	(1,008)
	13,191	11,516	13,191	11,561

Interest expense on liabilities at amortised cost is calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument to the net carrying amount of the financial liability.

Interest charges at an average rate of 4.46% (2016: 4.63%) were capitalised into fixed assets.

8. Employee information

The average monthly number of persons employed during the period (including the Chief Executive) expressed in full time equivalents was:

	Group		Association	
	2017 No.	2016 No.	2017 No.	2016 No.
Administration	37	33	37	33
Development	9	9	9	9
Housing, maintenance and estate services	211	215	211	215
	257	257	257	257
Community regeneration	39	37	39	37
	296	294	296	294

Full time equivalents are calculated based on a standard working week of 35 hours.

The aggregate cost of employing the above staff was:

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Administration				
Wages and salaries	1,739	1,558	1,739	1,558
Social security	179	163	179	163
Pension costs	116	124	116	124
	2,034	1,845	2,034	1,845
Development				
Wages and salaries	636	627	636	627
Social security	78	73	78	73
Pension costs	55	57	55	57
	769	757	769	757
Housing				
Wages and salaries	6,241	6,441	6,241	6,441
Social security	576	556	576	556
Pension costs	321	369	321	369
	7,138	7,366	7,138	7,366
	9,941	9,968	9,941	9,968
Community regeneration				
Wages and salaries	1,688	1,510	1,688	1,510
Social security	170	152	170	152
Pension costs	99	94	99	94
	1,957	1,756	1,957	1,756
	11,898	11,724	11,898	11,724

The pension costs above do not include the remeasurement with respect to the pension schemes.

SALARY BANDING FOR ALL EMPLOYEES EARNING OVER £60,00

Including salaries, performance related pay, benefits in kind, termination payments and pension contributions paid by the employer:

	Group and Association	
	2017 No.	2016 No.
£60,000 to £70,000	12	16
£70,001 to £80,000	6	7
£80,001 to £90,000	3	-
£90,001 to £100,000	1	4
£100,001 to £110,000	-	1
£110,001 to £120,000	1	2
£120,001 to £140,000	2	1
£140,001 to £160,000	2	1
£160,001 to £180,000	2	1
£180,001 to £200,000	-	1

PENSION CONTRIBUTIONS

The Group participates in an industry-wide defined benefit scheme, the Social Housing Pension Scheme administered by the Pensions Trust and the Local Government Pension Scheme and in particular in the Fund administered by the London Pensions Fund Authority ("LPFA"). These defined benefit schemes are closed to new employees who may choose to join the Flexible Retirement Plan which is a defined contribution Money Purchase Scheme run by the Pensions Trust.

SUMMARY OF PENSION LIABILITY

	2017 £'000	2016 £'000
LGPS defined benefit scheme	6,950	6,142
SHPS defined benefit scheme	3,502	3,819
Net pension liability	10,452	9,961

SOCIAL HOUSING PENSION SCHEME

The Group participates in the Social Housing Pension Scheme (SHPS) which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. The Group is unable to obtain sufficient information to use defined benefit accounting for this multi-employer plan, and accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period. To the extent that payments plans relate to funding a deficit, the contributions are recognised as a liability payable arising from the agreement with the multi-employer plan and results in a charge to the income and expenditure account. Where these payments are not expected to be settled within 12 months the liability is measured at the present value of the contributions payable.

The most recent full actuarial valuation was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2016 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. The Group has recognised 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

Reconciliation of opening and closing provisions

Provision at start of period	
Unwinding of the discount factor (interest expense)	
Deficit contribution paid	
Remeasurements - impact of any change in assumptions	
Remeasurements - amendments to the contribution schedule	
Provision at end of period	

2017 £000	2016 £000
3,819	3,135
74	57
(485)	(376)
94	(22)
	1,025
3,502	3,819

Income and expenditure impact

Interest expense	
Remeasurements – impact of any change in assumptions	
Remeasurements – amendments to the contribution schedule	
Contributions paid in respect of future service*	
Costs recognised in income and expenditure account	

2017 £000	2016 £000
74	57
94	(22)
-	1,025
-	*
-	*

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

Assumptions

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

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

The following schedule details the deficit contributions agreed between the Group and SHPS at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2017 £000	31 March 2016 £000
Year 1	505	485
Year 2	525	505
Year 3	546	525
Year 4	461	546
Year 5	368	461
Year 6	382	368
Year 7	309	382
Year 8	230	309
Year 9	237	230
Year 10	122	237
Year 11	-	122
Year 12	-	-
Year 13	-	-
Year 14	-	-
Year 15	-	-
Year 16	-	-
Year 17	-	-
Year 18	-	-
Year 19	-	-
Year 20	-	-

The Group has recognised a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive Group's balance sheet liability.

LOCAL GOVERNMENT PENSION SCHEME (LGPS)

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2014, is contracted out of the State Second Pension and currently provides benefits based on career average revalued salary and length of service on retirement.

The administering authority for the Fund is the London Pensions Fund Authority. The LPFA Board oversees the management of the Fund whilst the day to day fund administration is undertaken by a number of teams within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

The LGPS provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Group. This scheme has been closed to new entrants. Pension scheme assets are measured using market values. The Group's net obligation in respect of defined benefit plans and other long term employee benefits is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plan assets is deducted.

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 they are recoverable) or deficit is recognised in full. Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined benefit liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in income and expenditure.

Remeasurement of the net defined liability/asset is recognised in other comprehensive income.

The carrying value of any resulting pension scheme asset is restricted to the extent that the Group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

VALUATION APPROACH

To assess the value of the Employer's liabilities at 31 March 2017, we have rolled forward the value of the Employer's liabilities calculated for the funding valuation as at 31 March 2016, using financial assumptions that comply with FRS102.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cashflows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated value of liabilities as at 31 March 2017 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2017 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information we have received there appears to be no evidence that this approach is inappropriate.

To calculate the asset share we have rolled forward the assets allocated to the Employer at 31 March 2016 allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the Employer and its employees.

DEMOGRAPHIC/STATISTICAL ASSUMPTIONS

We have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2016. These have been updated from the tables used at the previous accounting date. The post retirement mortality tables have been constructed based on Club Vita analysis. These base tables are then projected using the CMI 2015 Model, allowing for a long-term rate of improvement of 1.5% p.a.

The assumed life expectations from age 65 are:

Life expectancy from age 65 (years)		31 March 2017	31 March 2016
Retiring today	Males	21.4	21.9
	Females	24.1	25.1
Retiring in 20 years	Males	23.7	24.3
	Females	26.3	27.4

The LPFA have also assumed that:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- No members will take up the option under the new LGPS to pay 50% of contributions for 50% of benefits.

FINANCIAL ASSUMPTIONS

The financial assumptions used to calculate the results are as follows:

Assumptions as at	31 March 2017 % p.a.	31 March 2016 % p.a.	31 March 2015 % p.a.
Salary increases	4.2%	4.2%	4.3%
Pension increases	2.7%	2.4%	2.5%
Discount rate	2.7%	3.7%	3.4%

These assumptions are set with reference to market conditions at 31 March 2017.

The LPFA's estimate of the duration of the Poplar HARCA's liabilities is 20 years.

The discount rate is the annualised yield at the 19 year point on the Merrill Lynch AA-rated corporate bond yield curve which has been chosen to meet the requirements of FRS102 and with consideration of the duration of the Employer's liabilities. This is consistent with the approach used at the last accounting date.

The Retail Prices Index (RPI) increase assumption is set based on the difference between conventional gilt yields and index-linked gilt yields at the accounting date using data published by the Bank of England (BoE), specifically the 19 year point on the BoE market implied inflation curve. The RPI assumption is therefore 3.6% p.a (2016: 3.3%). This is consistent with the approach used at the last accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 0.9% p.a. (2016: 0.9%) below RPI i.e. 2.7% p.a. We believe that this is a reasonable estimate for the future differences in the indices, based on the different calculation methods and recent independent forecasts. This is consistent with the approach used at the last accounting date.

Salaries are assumed to increase at 1.5% p.a. above CPI in addition to a promotional scale. However, we have allowed for a short-term overlay from 31 March 2016 to 31 March 2020 for salaries to rise in line with CPI.

PAST SERVICE COSTS/GAINS

Past service costs/gains arise as a result of introduction or withdrawal of, or changes to, member benefits. For example, an award of additional discretionary benefits to a member such as added years by a member would be considered a past service cost.

The LPFA is not aware of any additional benefits which were granted over the year ending 31 March 2017.

CURTAILMENTS

The LPFA has calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Employer may also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the LPFA have only calculated the cost of curtailments which affect the Employer's LGPS pension liabilities.

The LPFA calculate the cost of curtailments at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, the LPFA understand that two former employees became entitled to unreduced early retirement benefits.

The capitalised cost of the additional benefits on FRS102 compliant assumptions is calculated at £90,000. This figure has been included within the service cost in the statement of profit or loss.

SETTLEMENTS

We are not aware of any liabilities being settled at a cost materially different to the accounting reserve during the year.

Statement of financial position as at 31 March 2017

Net pension liability as at	31 March 2017 £'000	31 March 2016 £'000	31 March 2015 £'000
Present value of the defined benefit obligation	20,745	17,817	18,393
Fair value of Fund assets (bid value)	(13,795)	(11,675)	(11,648)
Deficit	6,950	6,142	6,745
Present value of unfunded obligation	-	-	-
Unrecognised past service cost	-	-	-
Impact of asset ceiling	-	-	-
Net defined benefit liability	6,950	6,142	6,745

Statement of profit or loss for the year ended 31 March 2017

The amounts recognised in the profit and loss statement are:	2017 £'000	2016 £'000
Service cost	338	332
Current service cost	Included above	Included above
Net interest on the defined benefit liability/(asset)	227	226
Interest on obligation	n/a	n/a
Expected return on Fund assets	n/a	n/a
Past service costs	Included above	Included above
Losses (gains) on settlements and curtailments	Included above	Included above
Administration expenses	15	17
Total loss (profit)	580	575

Asset and benefit obligation reconciliation for the year ended 31 March 2017

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	2017 £'000	2016 £'000
Opening defined benefit obligation	17,817	18,393
Current service cost	248	332
Interest cost	651	624
Change in financial assumptions	3,835	(1,437)
Change in demographic assumptions	(288)	-
Experience loss/(gain) on defined benefit obligation	(952)	-
Total actuarial losses (gains)	Separated above	Separated above
Losses (gains) on curtailments	Combined below	Combined below
Liabilities assumed/(extinguished) on settlements	-	-
Estimated benefits paid net of transfers in	(722)	(175)
Past service cost	Combined below	Combined below
Past service costs, including curtailments	90	-
Contributions by Scheme participants	66	80
Unfunded pension payments	-	-
Closing defined benefit obligation	20,745	17,817

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

	2017 £'000	2016 £'000
Opening fair value of Fund assets	11,675	11,648
Expected return on Fund assets	n/a	n/a
Interest on assets	424	398
Return on assets less interest	1,934	(490)
Other actuarial gains/(losses)	190	-
Total actuarial gains/(losses)	n/a	n/a
Administration expenses	(15)	(17)
Contributions by employer including unfunded	243	231
Contributions by Fund participants	66	80
Estimated benefits paid plus unfunded net of transfers in	(722)	(175)
Settlement priced received/(paid)	-	-
Closing fair value of Fund assets	13,795	11,675

The total return on the fund assets for the year to 31 March 2017 is £2,358,000 (2016: -£92,000).

Sensitivity analysis

2017	2016
£'000	£'000

Adjustments to discount rate	+0.1%	+0.1%
- Present value of total obligation	20,372	17,473
- Projected service cost	323	294

Adjustment to long term salary increase	+0.1%	+0.1%
- Present value of total obligation	20,785	17,867
- Projected service cost	329	300

Adjustment to pension increases and deferred revaluation	+0.1%	+0.1%
- Present value of total obligation	21,084	18,122
- Projected service cost	335	306

Adjustment to life expectancy assumptions	+0.1 year	+0.1 year
- Present value of total obligation	21,492	18,312
- Projected service cost	339	308

For the adjustment to the life expectancy assumption, the LPFA are essentially assuming a member will live a year longer or a year less. For example, under +1 Year the LPFA assumed that a member with a 25 year life expectancy is actually expected to live for 26 years.

REMEASUREMENT IN OTHER COMPREHENSIVE INCOME**Remeasurement of net assets/(defined liability)**

2017	2016
£'000	£'000

Return on Fund assets in excess of interest	1,934	(490)
Other actuarial gains/(losses) on assets	190	-
Change in financial assumptions	(3,835)	1,437
Change in demographic assumptions	288	-
Experience gain/(loss) on defined benefit obligation	952	-
Changes in effect of asset ceiling	-	-

Remeasurement of the net assets/(defined liability)

(471)	947
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PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2018**Projections for the year to 31 March 2018**

	2018
	£'000
Service cost	329
Net interest on the defined liability (asset)	185
Administration expenses	18
Total loss (profit)	532
Employer contributions	166

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2017. These projections are based on the assumptions as at 31 March 2017, as described in the main body of this report.

9. Board members and executive directors

The directors are defined as the members of the Board, the Chief Executive and the Executive Group.

Members of the Board

No member of the Board is an employee of Poplar HARCA or received any emoluments during the period.

Members of the Corporate Management Team

The Corporate Management Team, including the Chief Executive, received emoluments as follows:

	2017 £'000	2016 £'000
Aggregate emoluments payable to the Corporate Management		
Salaries including bonuses	780	867
Employers national insurance contribution	101	106
Pension contributions	72	87
Benefit in kind	4	6
Total emoluments	957	1,066

Emoluments payable to the highest paid employee

Salary including bonus	136	155
Employers national insurance contribution	18	20
Pension contributions	24	27
Benefit in kind (car allowance)	4	6
Total emoluments	182	208

The car allowance relates to a people carrier owned by Poplar HARCA and used in the main for conducting Poplar HARCA tours.

The Chief Executive is an ordinary member of the Local Government Pension Scheme administered by the London Pension Fund Authority.

Poplar HARCA did not pay into an individual pension arrangement (including a personal pension plan) for the Chief Executive.

10. Taxation

ANALYSIS OF CHARGE IN PERIOD

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Current tax				
Current tax on income for the period	1,286	30	3	3
Tax charge	1,286	53	3	3
Deferred tax				
Revaluation of investment property	(5)	5	-	-
Effect of decreased tax rate on opening liability	-	-	-	-
	(5)	5	-	-
Tax on surplus on ordinary activities	1,281	58	3	3

The tax charge for the Group and Association is at 20% (2016: 20%), the standard rate of corporation tax in the UK as explained below.

TAX RECONCILIATION

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Profit on ordinary activities before tax	15,862	7,325	9,461	7,126
Profit on charitable activities	(15,855)	(4,026)	(9,444)	(7,109)
Tax charge	7	3,299	17	17
Current tax at 20% (2016: 20%)	1	660	3	3
Effects of:				
Expenses not deductible for corporation tax	-	3	-	-
Income in respect of Aberfeldy New Village LLP not taxable for tax purposes	-	(54)	-	-
Share of profit received from Aberfeldy New Village LLP	1,284	-	-	-
Share of loss of Balfron Tower Developments	-	-	-	-
Gift aid payment relieved in prior years	-	70	-	-
Impact of indexation allowance on deferred tax on revaluation	-	(24)	-	-
Adjust closing deferred tax to average rate of 20%	-	-	-	-
Depreciation and profit on sale ineligible for capital allowances	-	-	-	-
Adjustments to tax charge in respect of previous periods	-	23	-	-
Impact of future changes in corporation tax rate- deferred tax	-	(1)	-	-
Deferred tax not recognised	-	-	-	-
Marginal relief	-	-	-	-
Deferred tax on investment property revaluation	-	-	-	-
Income to be covered by gift aid payment	-	(619)	-	-
Increase in tax losses	(4)	-	-	-
Other	-	-	-	-
Total tax charge recognised in profit and loss	1,281	58	3	3

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Association is a registered charity. Surpluses generated from its charitable activities are not subject to UK corporation tax. However, tax is payable on its non charitable business activities.

As at 31 March 2017, the Group had unutilised tax losses amounting to £4.4 million (2016: £4.4 million). The deferred tax asset of £0.8 million (2016: £0.8 million) has not been recognised in the Group accounts due to uncertainties over the extent and timing of its future recovery.

As announced in the 2016 Budget, the UK government's latest plans are that from 1 April 2017, the rate of UK corporation tax will reduce from the current standard rate of 20% to 19%, and from 1 April 2020 reduce further to 17%.

11. Fixed assets – housing properties

Group	Properties under construction			Properties held for lettings			Total
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	
Cost							
At 1 April 2016	77,176	434	2,577	353,476	10,174	15,467	459,304
Acquisitions and new build	23,399	2,628	417	11	-	-	26,455
Capitalised repairs	(1,124)	-	-	1,124	-	-	-
Reclassifications	(7,250)	3,997	3,253	-	-	-	-
Disposals – voluntary sales	(1,480)	-	-	(1,664)	(443)	-	(3,587)
Transfer to sites for sale	(6,085)	2,056	-	-	(2,957)	-	(6,986)
Components written off	-	-	-	(4,627)	-	-	(4,627)
Transfer to completed housing properties	(32,239)	(8,770)	(5,198)	32,239	8,770	5,198	-
At 31 March 2017	52,397	345	1,049	380,559	15,544	20,665	470,559
Depreciation							
At 1 April 2016	-	-	-	59,826	40	2,418	62,284
Charge for the period	-	-	-	8,517	6	571	9,094
Disposals – voluntary sales	-	-	-	(404)	(16)	-	(420)
Components written off	-	-	-	(1,578)	-	-	(1,578)
At 31 March 2017	-	-	-	66,361	30	2,989	69,380
Net book value							
At 31 March 2017	52,397	345	1,049	314,198	15,514	17,676	401,179
At 1 April 2016	77,176	434	2,577	293,650	10,134	13,049	397,020

11. Fixed assets – housing properties (continued)

Association	Properties under construction			Properties held for lettings			Total
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	
Cost							
At 1 April 2016	77,548	434	2,577	353,476	10,174	15,467	459,676
Acquisitions and new build	23,399	2,628	417	11	-	-	26,455
Capitalised repairs	(1,124)	-	-	1,124	-	-	-
Reclassifications	(7,250)	3,997	3,253	-	-	-	-
Disposals – voluntary sales	(1,480)	-	-	(1,664)	(443)	-	(3,587)
Transfer to sites for sale	(6,085)	2,056	-	-	(2,957)	-	(6,986)
Components written off	-	-	-	(4,627)	-	-	(4,627)
Transfer to completed housing properties	(32,239)	(8,770)	(5,198)	32,239	8,770	5,198	-
At 31 March 2017	52,769	345	1,049	380,559	15,544	20,665	470,931
Depreciation							
At 1 April 2016	-	-	-	59,826	40	2,418	62,284
Charge for the period	-	-	-	8,517	6	571	9,094
Disposals – voluntary sales	-	-	-	(404)	(16)	-	(420)
Components written off	-	-	-	(1,578)	-	-	(1,578)
At 31 March 2017	-	-	-	66,361	30	2,989	69,380
Net book value							
At 31 March 2017	52,769	345	1,049	314,198	15,514	17,676	401,551
At 1 April 2016	77,548	434	2,577	293,650	10,134	13,049	397,392

The cost of construction, or of refurbishment for stock transferred to Poplar HARCA at nil cost, is shown above. Maintenance expenditure of £1,135,000 (2016: £871,774) was capitalised during the year. The staff salaries capitalised during the current year was £1,063,934 (2016: £1,038,559).

Housing properties were disposed of to tenants under the preserved Right to Buy, Right to Acquire and voluntary sales agreed with the Homes and Communities Agency. The shared ownership tenure is not yet a material part of the Association's business and therefore these dwellings are not shown separately but included in housing properties above.

IMPAIRMENT

An annual review is undertaken of existing social housing properties and the properties currently under construction to determine if there has been any indicator of impairment in the current financial year. Where any potential indicator as defined in FRS 102.27 'Impairment of Assets' is identified, a review of the affected scheme is undertaken to determine if an impairment is required. No impairment is recognised for the current financial year.

In 2016 under the SORP, the 1% rent reduction which was announced in the July 2015 Budget was an indicator of impairment and as a result, an impairment assessment was performed for the Group's affected housing properties. Cash generating units (CGUs) were defined on a scheme level for both completed properties and properties still under construction.

In line with the SORP, recoverable amount was determined to be the higher of EUV-SH (Existing Use Value – Social Housing, representing fair value less costs to sell) and depreciated replacement cost (DRC, representing value in use, given the social value of these housing properties. As the properties are not primarily held in order to generate a return, a conventional value in use calculation, for example discounted cash flow, would not be appropriate). DRC was determined to be the estimated construction cost (excluding any additional development costs as a result of issues or problems), reduced for depreciation based on the age of the properties.

As a result of the impairment assessment, it was concluded that no additional impairment provision is required.

12. Other fixed assets - Group and Association

	Office premises £'000	Furniture and equipment £'000	Computer equipment and software £'000	Vehicles and estate equipment £'000	Total £'000
Cost					
At 1 April 2016	2,481	1,040	5,157	1,201	9,879
Additions	90	68	1,048	157	1,363
Disposals	-	-	(412)	(231)	(643)
At 31 March 2017	2,571	1,108	5,793	1,127	10,599
Depreciation					
At 1 April 2016	1,347	799	3,463	941	6,550
Disposal/Trade in during the year	-	-	-	(232)	(232)
Charge for the period	122	107	523	122	874
At 31 March 2017	1,469	906	3,986	831	7,192
Net book value					
At 31 March 2017	1,102	202	1,807	296	3,407
At 1 April 2016	1,134	241	1,694	260	3,329

13. Intangible assets

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cost				
At 1 April 2016	-	-	-	-
Franchise licence fee	493	493	493	493
At 31 March 2017	493	493	493	493
Depreciation				
At 1 April 2016	1	-	1	-
Charge for the period	8	1	8	1
At 31 March 2017	9	1	9	1
Net book value				
At 31 March 2017	484	-	484	-
At 1 April 2016	-	492	-	492

14. Investment in commercial properties

Group 2016			
	Completed £'000	Under Construction £'000	Total £'000
Balance at 1 April 2015- restated	15,190	-	15,190
Reclassification	1,101	-	1,101
Additions	44,811	-	44,811
Revaluation	1,400	-	1,400
Balance at 31 March 2016	62,502	-	62,502
Group 2017			
	Completed £'000	Under Construction £'000	Total £'000
Balance at 1 April 2016	62,502	-	62,502
Additions	10	-	10
Revaluation	61	-	61
Balance at 31 March 2017	62,573	-	62,573
Association 2016			
	Completed £'000	Under Construction £'000	Total £'000
Balance at 1 April 2015- restated	10,458	-	10,458
Additions	45,866	-	45,866
Revaluation	1,252	-	1,252
Balance at 31 March 2016	57,576	-	57,576
Association 2017			
	Completed £'000	Under Construction £'000	Total £'000
Balance at 1 April 2016	57,576	-	57,576
Additions	-	-	-
Revaluation	61	-	61
Balance at 31 March 2017	57,637	-	57,637

On 23 July 2015, Leaside Regeneration Limited was dissolved, and its properties (Container Futures, Old Poplar Library and The View Tube) were transferred to Poplar HARCA at their fair values totalling £1,135,000. A further upward revaluation of £171,500 was made at the year end for these properties.

The valuations for the Crisp Street, Stroudley Walk, Bromley Hall and William Cotton Place have been independently valued by SFP Property in 2016. A professional valuation is obtained in a three year cycle and a directors' valuation is carried out in the years where a professional valuation is not obtained.

In 2015/16, Poplar HARCA entered into a finance lease with M&G Investments Limited to carry out the construction of private and affordable residential units on the Aberfeldy estate. The private residential units are classified as investment properties. At the reporting date the fair value of the private residential units was measured at £44,781,610 (2016: £44,720,134) representing the net present value of the lease liability. The Discounted cash flow method was used to determine the net present value.

15. Investment in subsidiary companies

Association

	2017 £'000	2016 £'000
Leaside Regeneration Limited limited by members' guarantee	-	-
Poplar HARCA Projects Limited ordinary shares	8,170	-
Poplar HARCA Capital PLC	50	50
Poplar HARCA (Developments) Limited ordinary shares and capital contribution	11,609	5,524
Less provision for impairment of investment in Poplar HARCA (Developments) Limited	(5,524)	(5,524)
	14,305	50

Poplar HARCA Capital PLC was formed on 4 April 2013 with allotted, issued and paid-up capital of 50,000 ordinary shares of £1 each with the sole purpose of raising Bond Finance for the Group. The company issued Bonds with a value of £140 million in July 2013. All the proceeds were on lent to the parent company, Poplar HARCA.

Poplar HARCA (Developments) Limited, a wholly owned subsidiary of Poplar HARCA, is incorporated in England and Wales with an issued, and allotted capital of two ordinary shares of £1 each. The company's principal activity is the development and sale of housing and commercial properties.

Poplar HARCA (Developments) Limited entered into a Limited Liability Partnership agreement with Willmott Dixon Regen Limited for the development of Aberfeldy Village on 9 February 2012. The LLP issued 1,000 shares of £1 each, 500 of which are owned by Poplar HARCA (Developments) Limited.

16. Investment in joint ventures

The investments in which the Group has more than 20% interest in are:

Aberfeldy New Village LLP - This is a joint venture between Poplar HARCA (Developments) Limited and Willmott Dixon Regeneration Limited for the construction and development of new homes on the Aberfeldy estate. The LLP arrangement is designed such that the land obtained by Poplar HARCA through stock transfers will be developed by Willmott Dixon, with future profits being shared equally.

Balfron Tower Developments LLP - This is a joint venture between Poplar HARCA Projects Limited and St Leonards Developments LLP for the refurbishment and sale of the Balfron Tower with future profits to be shared equally. The amounts included in respect of the Group's share of joint ventures comprise the following:

2017	Aberfeldy £'000	Balfron £'000	Total £'000
Turnover	22,426	-	22,426
Cost of Sales	(16,026)	(5)	(16,031)
Operating surplus / (deficit)	6,400	(5)	6,395
Fair value gain	22	-	22
Surplus for the year	6,422	(5)	6,417
Current assets	15,539	1,881	17,420
Liabilities falling due within one year	(3,130)	(431)	(3,561)
Liabilities falling due after more than one year	(5,730)	(1,450)	(7,180)
Net assets	6,679	-	6,679
Investment in joint ventures	6,679	(10)	6,669
Contributions made during the year	6,085	8,170	14,255
Interest in joint ventures	12,764	8,160	20,924
2016	Aberfeldy £'000	Balfron £'000	Total £'000
Turnover	872	-	872
Cost of Sales	(771)	(5)	(776)
Operating surplus	101	(5)	96
Fair value losses	(20)	-	(20)
Surplus for the year	81	(5)	76
Current assets	16,796	1,090	17,886
Liabilities falling due within one year	(4,646)	(223)	(4,869)
Liabilities falling due after more than one year	(12,150)	(867)	(13,017)
Net assets	-	-	-
Investment in joint ventures	258	(5)	253
Interest in joint ventures	258	(5)	253

Interest in joint ventures represents the share of profit not yet paid to its members as at balance date.

During the year, the company invested £6,085,137 as an investment in joint-venture Aberfeldy New Village LLP and £8,169,734 as an investment in joint-venture Balfron Tower Developments LLP. These investments have been funded in the form of capital contribution from the parent company being Poplar HARCA Ltd.

17. Stocks

Shared ownership completed
 Shared ownership under construction
 Maintenance and cleaning materials

Group		Association	
2017	2016	2017	2016
£'000	£'000	£'000	£'000
1,277	-	1,277	-
115	2,170	115	2,170
35	20	35	20
1,427	2,190	1,427	2,190

18. Debtors

Amounts receivable within one year:

Rent and service charge arrears
 Less: provision for bad and doubtful debts

Other debtors and prepayments
 Amounts owing from subsidiaries

Group		Association	
2017	2016	2017	2016
£'000	£'000	£'000	£'000
5,891	5,872	5,809	5,723
(2,809)	(2,500)	(2,809)	(2,500)
3,082	3,372	3,000	3,223
17,164	16,683	17,136	16,671
-	-	6,175	5,307
20,246	20,055	26,311	25,201

Amounts receivable after one year:

Amounts owed by group undertakings
 Amounts owed by joint venture

Other debtors
 Leaseholder refurbishment debtors
 Less: provision for bad and doubtful debts

-	-	5,697	7,763
5,697	7,766	-	-
5,697	7,766	5,697	7,763
455	-	455	-
8,720	11,195	8,720	11,195
(739)	(741)	(739)	(741)
14,133	18,220	14,133	18,217
34,379	38,275	40,444	43,418

A housing benefit payment of £767,414 (2016: £921,300) towards gross rent arrears was received just after the year end.

Included in the amounts owed by group undertakings was a loan of £10.7m (2016: £12.3m) provided to Poplar HARCA (Developments) Limited, a wholly owned subsidiary, on an arms-length basis.

A further £2.4m was loaned to Poplar HARCA (Developments) Limited on an arms-length basis, for onward lending to Aberfeldy New Village LLP, in which it has a 50% interest.

During the year, Poplar HARCA received £nil (2016: £0.4m) in Gift Aid from Poplar HARCA (Developments) Limited.

Poplar HARCA Projects Limited will Gift Aid £4k (2016: £2.7m) to Poplar HARCA and is included in amounts owed by group undertakings.

The leaseholder refurbishment debtors are considered to be long term as Poplar HARCA offers a low cost long term loan facility for the repayment of this debt.

19. Cash and cash equivalents

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Cash and cash equivalents	15,631	2,184	14,271	1,613
	15,631	2,184	14,271	1,613

20. Creditors: amounts falling due within one year

	Notes	Group		Association	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Trade creditors		1,325	3,901	1,330	3,898
Corporation & other taxes		2,179	1,339	2,169	1,225
Grants in advance		134	555	134	555
Other creditors and accruals		19,899	6,467	18,559	6,412
Current lease liability		289	278	289	278
Loans		10,000	-	10,000	-
Pension deficit liability- SHPS	8	505	485	505	485
Amount owing to subsidiaries		-	-	118	93
Grant on housing properties	25	3,250	3,071	3,250	3,071
Disposal Proceeds Fund	24	1,752	683	1,752	683
Recycled Capital Grant Fund	23	218	-	218	-
		39,551	16,779	38,324	16,700

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

	Notes	Group		Association	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Long term loans		113,500	111,500	113,500	111,500
Bond finance		140,000	140,000	-	-
Less arrangement fees		(1,118)	(1,269)	(567)	(696)
Loan from group company		-	-	139,370	139,370
Long term lease liability		52,454	52,746	52,454	52,746
Grant on housing properties	25	118,083	122,152	118,083	122,152
Disposal Proceeds Fund	24	2,239	3,412	2,239	3,412
Recycled Capital Grant Fund	23	234	396	234	396
Pension deficit liability- SHPS	8	2,997	3,334	2,997	3,334
		428,389	432,271	428,310	432,214

Poplar HARCA Ltd has a loan facility to the value of £285 million (2016: £285 million). £263.5 million had been drawn down as at 31 March 2017 (2016: £251.5 million).

Poplar HARCA Ltd has entered into £67 million fixed interest loan contracts. The rates have been fixed between 4.47% and 5.68% plus margin. The remaining bank loan of £56.5 million incurs interest at variable rate of LIBOR plus margin. The £140 million bond is fixed at a rate of 4.84%.

Bank loans and the bond are secured by specific charges on certain Poplar HARCA's housing properties, and the finance lease is related to the Aberfeldy Phase 2 units over the fixed term. The table below provides an analysis of the bank loans, bond and finance lease based on the repayment terms in accordance with an individual financial agreements.

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
In one year or less	10,289	278	10,289	278
Between one and two years	56,500	10,289	56,500	10,289
Between two and five years	-	45,431	-	45,431
In more than five years	249,454	248,526	109,454	108,526
	316,243	304,524	176,243	164,524

22. Provisions for liabilities

Group and Association

Pension liability - LPFA £'000	Thames water rates £'000	2017 £'000
At beginning of period	6,142	1,101
Utilised/Released in the year	808	(49)
Provided for in the year	-	-
At end of period	6,950	1,052

The details of the Pension liability – LPFA is shown in Note 8 – Employee note. The Thames Water provision relates to costs arising from a historic contractual arrangement with Thames Water, and will be utilised as required.

23. Recycled Capital Grant Fund

Group and Association

2017 £'000	2016 £'000
At beginning of period	396
Amounts paid in from Right to Buy sales	-
Amounts paid in from Shared Ownership sales	55
Interest accrued	1
Amount utilised for new build programme	-
At end of period	452
Amounts to be utilised within a year	218
Amounts that may be utilised after more than one year	234
452	396

The Recycled Capital Grant Fund comprises the grant element on the disposal of shared ownership and new build properties.

24. Disposal proceeds fund

At beginning of period	
Amounts paid in from Right to Acquire sales	
Interest accrued	
Amount utilised for new build program	
At end of period	
Amounts to be utilised within a year	
Amounts that may be utilised after more than one year	

Group and Association	
2017	2016
£'000	£'000
4,095	2,434
550	1,644
29	17
(683)	-
3,991	4,095
1,752	683
2,239	3,412
3,991	4,095

The Disposal Proceeds Fund comprises the net proceeds of right to acquire property sales, less amount utilised to provide replacement housing, as explained in Note 1.

25. Deferred Capital Grant

At beginning of period	
Grant received in the year	
Released to income in the year	
At end of period	
Amounts to be utilised within a year	
Amounts that may be utilised after more than one year	

Group and Association	
2017	2016
£'000	£'000
125,223	129,548
1,476	5,924
(5,366)	(10,249)
121,333	125,223
3,250	3,071
118,083	122,152
121,333	125,223

26. Gift aid

The aggregate amount of gift aid receivable comprises:

Gift aid receivable in respect of prior year but not recognised as liabilities in that year	
Gift aid receivable approved by written resolution by the shareholder	

2017	Restated 2016
£'000	£'000
-	-
4	3,095
4	3,095

The aggregate amount of gift aid receivable and is recognised as assets as at the year end is £4,383 (2016: £3,095,471).

27. Financial assets and liabilities

The carrying amounts of the financial assets and financial liabilities include:

		Group		Association	
	Notes	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Financial assets measured at amortised cost					
Cash and cash equivalents	19	15,631	2,184	14,271	1,613
Debtors	18	34,379	38,275	40,444	43,418
		50,010	40,459	54,715	45,031
Financial liabilities measured at amortised cost					
Trade creditors	20	1,325	3,901	1,330	3,898
Interest payable		471	288	471	288
Arrangement fees	21	(1,118)	(1,269)	(567)	(696)
Loans and borrowings	21	316,243	304,524	176,243	164,524
		316,921	307,444	177,477	168,014

28. Capital commitments

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Capital expenditure contracted less certified that has not been provided for in the Financial Statements	22,017	41,270	22,017	41,270
Capital expenditure that has been authorised by the Board but has not yet been contracted for	87,716	6,291	87,716	6,291
	109,733	47,561	109,733	47,561
Financed by:				
Social Housing Grants	9,570	1,190	9,570	1,190
Receipts from sale of assets	36,993	10,043	36,993	10,043
Unutilised loan facilities & available funds	63,170	36,328	63,170	36,328
Finance Lease		-		-
	109,733	47,561	109,733	47,561

Poplar HARCA (Developments) Limited entered into a joint venture agreement with Willmott Dixon Regen Limited to redevelop Aberfeldy Village. Poplar HARCA is committed to making a long term loan of £3.9m to Aberfeldy Village LLP for the development of Aberfeldy Phase 3. During the year, both partners made a further payment of £1.84m each towards the redevelopment of Phase 3. Aberfeldy Village LLP has completed the delivery of Phase 2 development and started distributing the sub-debt repayments to both the partners. During the year, both partners received £4.5m each sub debt repayment from Phase 2 development.

29. Related parties/transactions with subsidiary undertakings

Poplar HARCA Group consists of Poplar Housing and Regeneration Community Association Limited, Poplar HARCA (Developments) Limited, Poplar HARCA Projects Limited, Poplar HARCA Capital PLC, and Leaside Business Centre Management Limited.

POPLAR HARCA PROJECTS LIMITED

Poplar HARCA Projects Limited, a wholly owned subsidiary of Poplar HARCA, manages the overage income on new build schemes, including Balfron Tower Developments LLP, a Joint Venture between Poplar HARCA and St. Leonards Developments LLP, a Telford Homes Group entity. Poplar HARCA Projects Ltd leases a number of LHA rateable properties from Poplar HARCA. The rent income of from these properties are captured by Poplar Projects Ltd.

Poplar HARCA has also made a capital contribution of £8,169,734 to Poplar HARCA Projects with regards to costs incurred on the Balfron Tower Development (note 15). Poplar HARCA Projects Limited will receive a profit share on the sale of the flats. Eligible profits in subsidiaries are expected to be gift aided to Poplar HARCA.

As at 31 March 2017 Poplar HARCA Projects owes Poplar HARCA Ltd a balance of £158k (2016: £128k) with parent Poplar HARCA Ltd. This balance includes a £4k gift-aid payment (2016: £45k). This balance is included within note 18 of these accounts.

POPLAR HARCA CAPITAL PLC

Poplar HARCA Capital Plc, a wholly owned subsidiary of Poplar HARCA, was established as a special purpose funding vehicle and secured funding of £140 million by issuing bonds from the capital markets for on-lending to Poplar HARCA. The bonds are 30 year fixed rate with a coupon of 4.843%.

As at 31 March 2017 Poplar HARCA Capital PLC has a long-term debtor balance of £139,370k (2016: £139,370k) with parent Poplar HARCA Ltd (note 21).

As at 31 March 2017 Poplar HARCA Capital PLC has a short-term debtor balance of £118k (2016: £93k) with parent Poplar HARCA Ltd (note 20).

POPLAR HARCA (DEVELOPMENTS) LIMITED

Poplar HARCA (Developments) Limited, a wholly owned subsidiary of Poplar HARCA, was formed to develop properties for sale. A loan has been provided on an arms-length basis secured by a fixed charge over the property 132 St. Paul's Way, London together with a floating charge over the assets of the company. Interest is payable on the outstanding balance at six monthly LIBOR + 1.5% for 132 St. Paul's Way and monthly at a fixed rate of 7.5% for the loan to Aberfeldy New Village LLP. The loan is repayable on demand and as at 31 March 2017 this intercompany creditor balance to Poplar HARCA is £5,016k (2016: £5,224k) and will be repaid on sale of the remaining commercial units. At 31 March 2017 Poplar HARCA (Developments) Ltd holds a further £1,000k intercompany creditor balance classed as a capital accrual. This is monies due to Poplar HARCA from the Joint Venture which had not been transferred by the year end date. These balances are shown as a short term debtor in note 18,

As at 31 March 2017 a further £5,697k (2016: £7,766k) is loaned to Poplar HARCA (Developments) Limited on an arms-length basis, for onward lending to Aberfeldy New Village LLP, in which it has a 50% interest.

Poplar HARCA has made a capital contribution of £5,524,000 to Poplar HARCA (Developments) Ltd prior to the start of the year. A further capital contribution amount of £6,085k from Poplar HARCA has been made during the year. This gives a Capital contribution balance in Poplar HARCA (Developments) Ltd of £11,608,775. This is shown within these accounts as an investment (Note 15).

29. Related parties/transactions with subsidiary undertakings (continued)

MANAGEMENT AND ADMINISTRATION CHARGES TO SUBSIDIARIES

Poplar HARCA Limited provides management and administration services to Poplar HARCA (Developments) Limited ("DevCo") and Poplar HARCA Projects Ltd ("Projects"). The most significant element of this is staff costs as DevCo and Projects do not have their own employees. These costs are apportioned as follows:

Development	Time spent by development staff
Finance	Time allocated to schemes developed by DevCo and time allocated to schemes administered through Projects.
Central overheads	Time allocated to DevCo and Projects as per budget

The total interest charged and management and administration costs apportioned in the year were:

	2017	2016
	£'000	£'000
Interest charged by Poplar HARCA to DevCo	703	534
Management fees charged by Poplar HARCA to DevCo	91	22
Consultancy service charged by Poplar HARCA to Leaside Regeneration Limited	61	-
Consultancy service charged by Poplar HARCA to Projects	325	-
Interest charged by Capital to Poplar HARCA	6,830	6,825
	8,010	7,381

All the subsidiaries are registered in the United Kingdom but are not registered with the Homes and Communities Agency.

GEOCAPITA

GeoCapita is a Community Benefit Society registered on the Mutual's Public Register regulated by the FCA. Geocapita has financed by way of Bank loans, and a Loan from Poplar HARCA Ltd for the installation of Solar panels on roofs around the Poplar Area. This is a related party as 2 board members of Poplar HARCA Ltd are also registered Directors of Geocapita, Reverend. James Olanipekun and Colin Woollard.

Poplar HARCA holds a long term debtor amount of £455k as at 31 March 2017 (2016: £0k).

LINCOLN AREA REGENERATION GROUP

Lincoln Area Regeneration Group ("LARG") is a registered charity which provides staff resource and other regeneration based services to Poplar HARCA. Asim Iftikhar is the Company Secretary of LARG and the Service Manager of Neighbourhood Centres for Poplar HARCA. Total amounts paid to LARG for services in the year were £511k (2016: £187k) with a £nil balance outstanding as at March 2017 (2016: £nil).

30. Operating leases

There were no material operating leases entered in the year ended 31 March 2017 (2016: £ nil).

Over
10,000
people come to our
events each year



