Annual Report and Consolidated Financial Statements

for the year ended 31 March 2018

POPLAR HARCA

Contents

Poplar Housing and Regeneration Community Association
Trading as "Poplar HARCA"

Regulator of Social Housing number: L4170
Registered Society Number: 7726

Chair's Review Of The Year

This year marks Poplar HARCA's 20th anniversary. The first 2,100 properties were transferred to us from the London Borough of Tower Hamlets in March 1998. Two decades on, we have approximately 9,400 homes and are a key partner in the physical regeneration of Poplar. We have built brand new homes; education, healthcare and faith buildings; retail, workspace and community spaces. We provide jobs & skills training, enterprise support and youth provision for our community. Our HARCA police team helps keeps the streets safer and we work with local and national organisations to provide green initiatives, art & culture, clubs and networks. All of this builds sustainability and resilience, helping local people take advantage of existing opportunities and preparing them for an exciting future.

And it has been another year full of achievements. It is pleasing to see resident satisfaction recover to 81% following 2016's dip to 75%. We completed the final phase of the 10 year redevelopment of the Leopold Estate providing 364 new homes of which 108 are affordable. We were also named Social Landlord of the Year at the Housing Excellence Awards, won two awards for our sustainability work and accolades for both place-making and community impact.

The Regulator of Social Housing published its Regulatory Judgement in March 2018 after completing an in depth assessment resulting in no change to our G1 and V2 rating and concluding that Poplar HARCA can deal with a reasonable range of adverse scenarios. The Board acknowledges that we continue to have material risks to manage, in particular with joint venture sales activity peaking in 2019/20.

The Board's strategic approach to asset management and use of void properties continues to mitigate rent reduction. Working in partnership with the London Borough of Tower Hamlets, we are helping homeless people and securing increased rental income. Operating margin overall and for social housing lettings have both improved year on year.

After successfully arranging a new £40m revolving credit facility with Allied Irish Bank in February 2018, sufficient funding and security is in place to fund the existing ambitious development plan. This liquidity, combined with proceeds from disposal of carefully selected void homes has resulted in a financially resilient business plan that will deliver 780 new affordable homes over the next 6 years.

Looking ahead, our plans for regenerating Chrisp Street Market were passed by London Borough of Tower Hamlets' Strategic Development Committee on 24th July. This is a fantastic opportunity for us to provide 643 new, mixed tenure, homes. The scheme also includes refurbishment of the market area, new shops plus a new community hub and public realm.

As part of the plans, our head office will make way for a new cinema. Our move to a neighbouring building will see Poplar HARCA staff working more efficiently under one roof. As part of our digitisation strategy, we're also encouraging residents to do more online and our resident portal is now live.

Fashioning Poplar is now on site, helping bring garment manufacture back to its roots in the East End, in conjunction with the London College of Fashion, UAL and a range of partners. It will offer affordable workspace and local training and employment opportunities.

None of these past achievements, or incredibly exciting future plans, would be possible without the support of our residents, our hardworking staff, my fellow Board Directors, and partners including the London Borough of Tower Hamlets.

A huge thank you to everyone that helps us create opportunities in Poplar.

Here's to the next 20 years!

Paul Brickell

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 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 refurbishing existing homes, Poplar HARCA has built new homes, transformed estates and re-shaped the 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 community.

We own and manage approximately 9,400 homes and a number of community, commercial and retail spaces within four square miles of East London.

Our Values & 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 over 300 staff. The most recent annual survey (completed in 2017) 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. The Finance and General Purposes Committee and Board monitor 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, 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 the most important driver of improvement.

Poplar HARCA has a strong resident representation throughout its Board and Committee structure. The Vice Chair and Chair of the Services Committee is a resident.

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 local people.

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 our website poplarharca.co.uk

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

A further **173** new homes.

589 new homes, in the two years to date

Leopold Phase 2 regeneration project complete

Fashioning Poplar, a project to transform 81 underused garages into a fashion and makery enterprise centre, planning permission secured and now on site

252 residents were supported into employment

540 volunteers engaged with local projects and initiatives

2,400 young people attended Spotlight with over 2,700 sessions in the year

Helped **309** residents gain accredited training

The new on-line service offer for residents was successfully launched

Planning permission for Chrisp Street Market regeneration scheme secured

2,076 residents have accessed health and well-being sessions

The brand new Poplar BMX track opened

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 2018 a total of 128 homes (2017: 83) were let at Local Housing Allowance or market rent, rising to 173 as at 30 June 2018. The local housing allowance for a one bedroom flat in Tower Hamlets is approximately double the social rent.

RECYCLING ASSETS, CREATING OPPORTUNITY (RACO)

The objective of RACO is to sell homes that the asset evaluation matrix identifies as less suitable for re-letting and to use the sales proceeds to supply at least 1.5 new affordable homes for every home sold.

A total of 108 sales completed in the year to bring the total sales to 131. All the void properties advertised for sale in the year were sold to the London Borough of Tower Hamlets.

The Board has approved development schemes to be funded from RACO proceeds that will deliver 357 new affordable homes. We are actively considering more opportunities to utilise future proceeds from RACO.

Summary Of Financial Performance

MAINTAINING FINANCIAL RESILIENCE

Group operating surplus of £55.8m is a 96% (£27.4m) increase on 2017 (£28.4m). The increase is driven by an increase in surplus from disposal of properties as a result of the Board's strategy to dispose of selected void homes and use the proceeds to buy new affordable homes.

Stripping out joint venture activity and gain on fixed asset disposal shows a 'core' operating surplus of £14.2m up 5.5% on 2017 (£13.4m). The result 'core' operating margin of 24% is an improvement on 2017 (23%) despite rent reduction.

	2018	2017
Turnover £k	59,393	59,154
Operating surplus £k	55,802	28,367
Operating margin %	94%	48%
Core operating surplus £k [1]	14,164	13,422
Core operating margin	24%	23%
Surplus on 1st tranche shared ownership sales £k	2,145	1,481
Debt per unit £k [2]	44.5	49.9
Net assets £k	109,515	64,062

[1] Excludes joint venture activity, write down of investment and gain on sale of fixed assets

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

Share of operating surplus from joint ventures of £3.7m in 2018 is the remaining profit for phase 2 of the Aberfeldy New Village LLP, adding to the £6.4m received in 2017 for the phase.

Poplar HARCA recognises it has a lower 'core' operating margin position than the average for a comparable provider such as those rated by Moody's. Our community regeneration expenditure in 2018 of £6.1m (2017: £4.9m) was partly offset by external funding of £2.2m (2017: £1.5m) and is an important part of the delivery of our corporate vision and strategy. 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 for the Group.

OTHER COSTS AND ACTIVITIES

Interest payments of £13.3m for the year were marginally up on 2017 (£13.2m).

GROUP STATEMENT OF FINANCIAL POSITION

The Group statement of financial position has continued to strengthen as debt reduced during the year driven principally by the surplus from joint ventures and void disposal programme. The resulting liquidity remains a key part of the business strategy ensuring financial resilience and ability to fund our ambitious regeneration programme.

LOOKING FORWARD

March 2017 was the peak debt position for the Group at £316m reducing to £281m as at March 2018. The June 2018 business plan submitted to the Regulator of Social Housing shows debt remaining at approximately £280m through 2019 and 2020 and then increasing to peak in March 2022 at £304m. Total committed and uncommitted capital expenditure results in 780 new affordable homes over the next 6 years.

The June 2018 business plan results in interest cover (bank loan covenant definition including capitalised maintenance) of at least 135% in all years (covenant minimum 110%). This is one of several critical internal limits set to maintain financial resilience within an agreed risk appetite.

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 Allied Irish Bank, Lloyds and Santander which is a mix of relatively long term fixed debt and short term Revolving Credit Facility (RCF).

TREASURY AND LIQUIDITY RISK

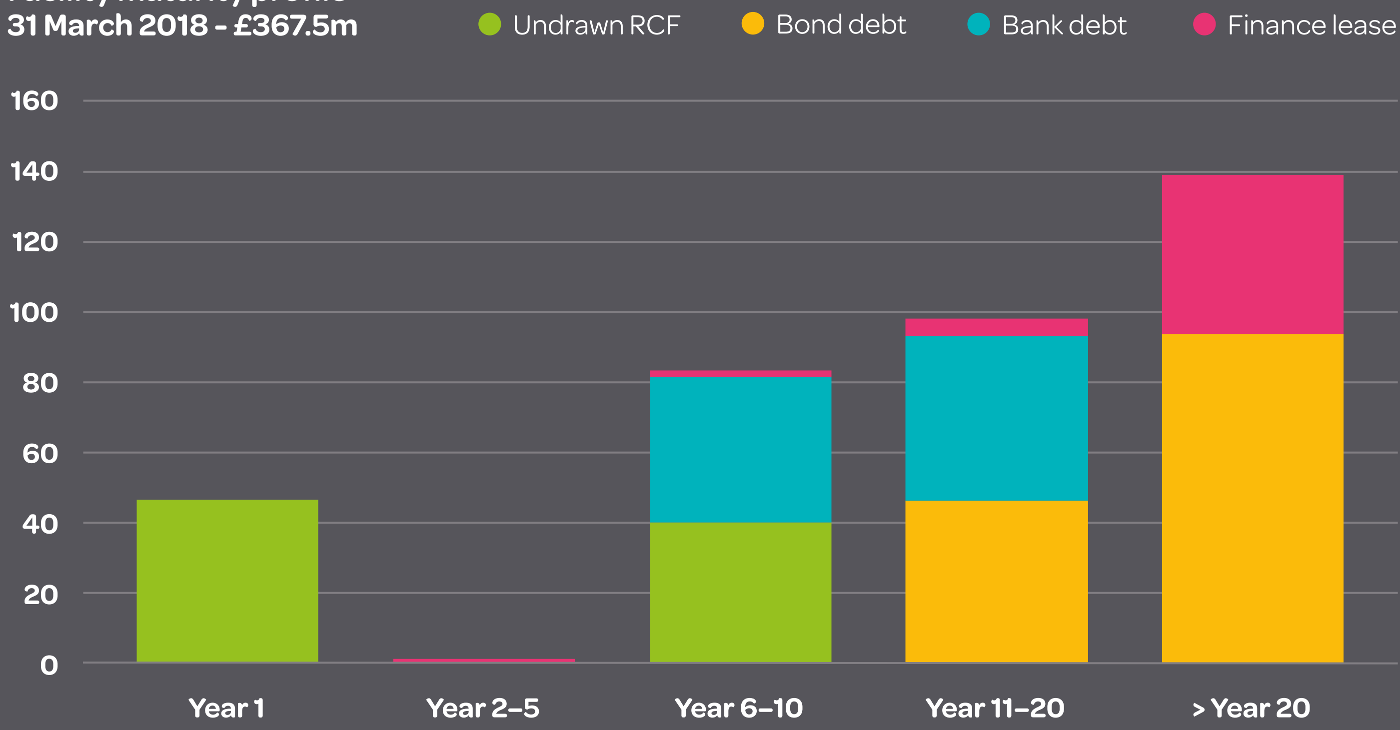
The treasury management plan agreed by the Board in 2017 has been implemented in raising a new 7 year £40m RCF facility with Allied Irish Bank and extending an RCF with Santander.

Total Debt Funding
31 March 2018
£367.5m

- Bond **£140m**
- Bank fixed **£57m**
- RCF drawn **£31.5m**
- Finance lease **£52.5m**
- RCF undrawn **£86.5m**

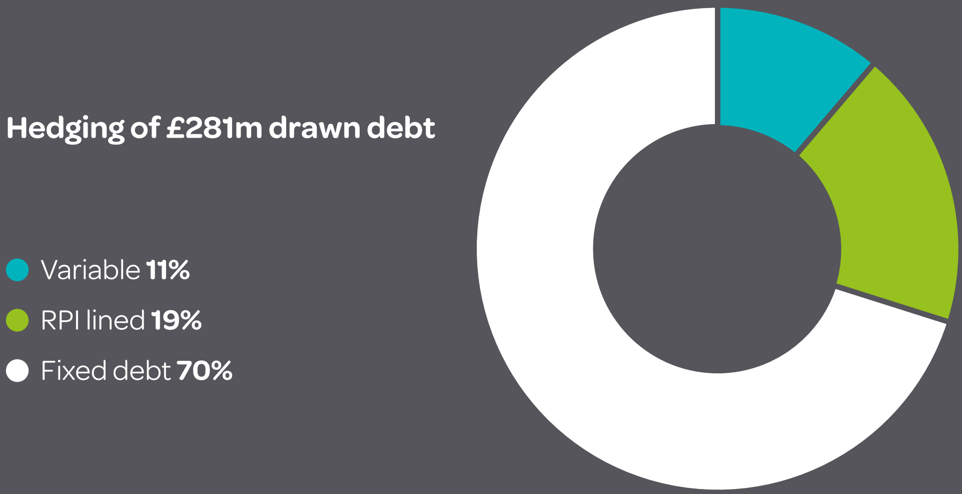
Note of the £86.5m of undrawn facilities at 31 March 2018 shown in the chart above, £46.5m matured in July 2018 reducing undrawn RCF facilities to £40m. The resulting debt funding of £321m is relatively long dated and is sufficient to fund the capital commitments from the development programme.

Facility maturity profile
31 March 2018 - £367.5m



The Group continues to be risk averse in its approach to interest rate management. As at 31 March 2018, 11% of drawn debt (£31.5m) is variable and exposed to the risk of rising LIBOR. In addition 19% of debt is an RPI linked finance lease (£52.5m). The remaining 70% 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 of £281m drawn debt



BREXIT AND CREDIT RATING

Following a downgrade by Moody's Investors Service (Moody's) of the UK rating to Aa2 and outlook change from negative to stable, 54 sub-sovereign issuers rated by Moody's were subsequently downgraded and outlook changed to stable. Moody's rating of Poplar HARCA was reduced from Baa1 to Baa2 with the outlook changed from negative to stable.

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. Any further rating downgrade to the UK would be met with a strategic response by Poplar HARCA. Currently sales exposure across the Group is minimal at this time with almost all homes sold and continues to be monitored closely as Brexit unfolds.

COVENANTS

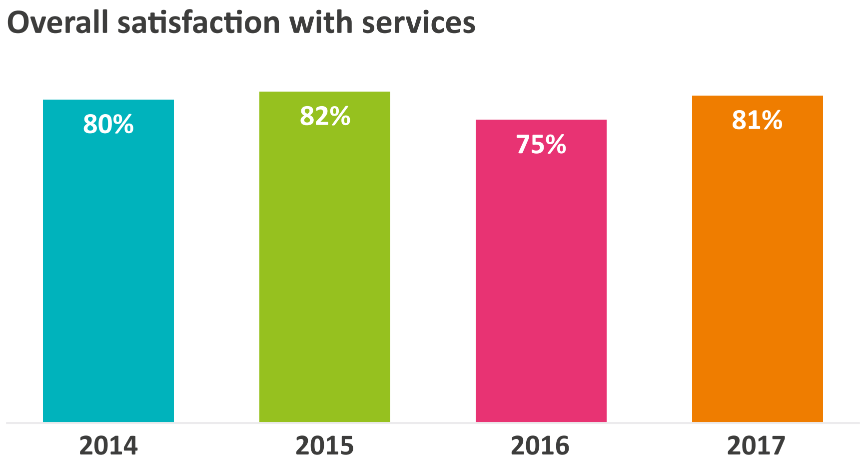
All loan covenants were met. Interest cover for the Association as measured by the bank covenant (excluding gift aid and gains from disposal of tangible fixed assets) was 145% (2017: 121%). The covenant requirement is 110%. The result of 145% exceeds the 135% internal target in the financial control framework.

Our tenanted homes were valued at £486 million on a EUV-SH basis resulting in a gearing of 58% (2017: 62%). 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 £44,458 (2017: £49,854). The covenant requirement is £55,000 as at 2018 increasing annually by CPI.

Operational Performance And Satisfaction Levels

It is pleasing to see resident satisfaction recover following 2016's dip. The dip was the result of the measures taken to mitigate the income lost through the Government's 1% social rent reduction.



HOUSING MANAGEMENT

We have continued to provide advice and support to tenants affected by Welfare Reform, and to monitor the impact on arrears.

Current arrears were 4.8% at year-end, 4.4% net of Housing Benefit.

We know that 4.8% of tenant households are affected by the so-called bedroom tax, and 0.6% are affected by the benefit cap. We also know the impact Universal Credit is having as it rolls out across all affected tenant households: excluding the 510 tenant households currently in receipt of UC arrears were 3.5%, 3.2% net of Housing Benefit.

TECHNICAL AND ESTATE SERVICES

Resident satisfaction with repairs remains top quartile. Telephone surveys reveal a satisfaction rate of 94% while just 4% of residents express dissatisfaction via the SMS survey programme.

In the financial year we completed over 20,000 repairs, more than 5,000 gas servicing visits and turned around 194 void properties. The average repair takes 6.85 days from the initial report to completion with 98% of repairs completed in target.

DEVELOPMENT AND REGENERATION

This year we completed the 10 year redevelopment of the Leopold Estate, adding a further 125 private homes and 48 affordable homes in the year, bringing the total new homes on the estate to 364 of which 108 are affordable. The environment has been transformed with a tree lined central avenue and two new pocket parks for the residents created around the original mature trees.

The refurbishment of Balfron Tower is now well underway and the building is fully shrouded in scaffolding. All the main specialist packages have now been let and we are confident that, despite the uncertainties of refurbishing a Grade 2 star listed brutalist icon, the project will perform better than our original forecasts. Interest from the media is growing and we have a long list of potential buyers registering with our agents.

At our Aberfeldy New Village site, Phase 2 has completed and is 100% sold. A topping out ceremony was recently held for Phase 3A, where both blocks are on programme to complete as expected. Interest in the "Help to Buy" product has been high, with over 150 potential buyers having registered their interest. We have also welcomed our new joint venture partner, Ecoworld to the project.

The St Paul's Way School extension and Burdett regeneration project has continued to achieve key milestones in the year after the opening of the new mosque in 2017. Both the East and West wings of the new school have been occupied and the main school building is due to hand over during the 2018 summer holidays. The project won first prize in the prestigious 2017 Housing Design Awards.

Meanwhile we continue to have a healthy pipeline of schemes moving through the planning system, including Jolles House, which replaces an old block of 12 homes with a new development of 70 homes, all of which will be for affordable rent or shared ownership. We are also rationalising the old consent for Stroudley Walk, increasing the scheme from 134 new homes to over 200. We also await planning consent for three new infill blocks on the Devons Estate and a new block on Bromley High Street.

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 £6.1m (2017: £4.9m) was partially offset by external funding of £2.2m (2017: £1.5m) resulting in a net investment by Poplar HARCA of £3.9m for the year (2017: £3.4m).

SPOTLIGHT

Spotlight has successfully expanded service delivery to now cover the six wards of Lansbury, Mile End, Lansbury and Bromley North, Bromley South & Bow East.

Spotlight continued to deliver an exciting programme themed under the categories of Get Creative, Get Active and Get Inspired. The number of young people attending has grown to approximately 2,400, with over 40,000 attendances and more than 2,700 session in 2017/18.

Implementation has been led by external partners with Spotlight utilising local delivery partners such 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.

EMPLOYMENT & TRAINING

The Employment and Training team have engaged with approximately 1,000 people throughout the year, providing one to one support, organising jobs fairs and running accredited training for work. As a result, 252 people successfully got a job and 325 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. Grant funding was received from the organisations listed below during the period from 1 April 2017 to 31 March 2018:

Organisation	2018 £	2017 £
BBC Children in Need	-	9,250
Belling Charitable	15,000	-
Big Lottery Fund	101,333	87,776
Big Local Trust	120,225	-
Clairon Futures	9,881	-
College of North West London	-	104,517
Community Links Trust Limited	13,988	28,914
Department of Work & Pensions	28,935	11,538
Dulwich Picture Gallery	-	2,392
East End Community Foundation	313,080	188,750
Energy & Utilities Skills Ltd	-	216,684
European Social Fund	117,718	66,741
Future Moves	-	1,500
Gartfield Weston Foundation	20,000	-
Higgins Construction Plc	-	200
HUBBUB	-	1,000
Lincoln Area Regeneration Group	500	-
London Youth	300	-
London Borough of Tower Hamlets	320,000	166,968
Morgan Stanley	3,900	25,000
TFL Corporate	28,750	-
The London Community	13,390	-
The National Foundation for Youth Music	7,949	-
Westminster Kingsway College	13,800	8,400
WH SMith	100	-
	1,128,849	**919,630**

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.

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 135% as we control risk and maintain 'financial resilience'
- Manage external debt within set parameters
- Manage on-lending to subsidiaries within set parameters
- Control exposure to market sales
- Manage liquidity

The Resourcing the Vision Strategy incorporated into the business plan includes:

- A reduced cost base delivered in 2016/17 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 cost and 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

The result of our value for money strategy is a lower headline social housing cost per unit, a rising overall and social lettings operating margin and lower gearing. And critically continuing our ambitious development and regeneration programme within risk tolerance. This is all achieved in a time when regulated social housing rents are reducing by 1% year on year.

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 completion of Leopold phase 2 are examples of regeneration increasing the number of homes and improving the local environment. 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.

A focus for the Board in late 2018 is to assess its financial strategy in particular with consideration for the underlying strength of the social lettings business. The scorecard shows a year on year improvement in social lettings operating margin from 27% in 2017 to 28% in 2018. This compares to the peer group average of 31%.

The table below is known as the "Sector Scorecard", an initiative to benchmark housing associations' performance using 15 agreed measures of which seven are specifically required to be published annually under the "Value for Money Standard 2018" issued by the Regulator.

SECTOR SCORECARD	PH Group 2018	PH Group 2017	Peer Group 2017[1]
Business health			
Operating margin excluding surplus on disposals	24%	23%	34%
Operating margin - social housing lettings	28%	27%	31%
EBITDA MRI % interest cover 2	173%	174%	216%
Development - capacity and supply			
New supply delivered (absolute)			
Units developed social housing units	48	85	N/A
Units developed non-social housing units	125	331	N/A
New supply delivered (as % of units owned)			
Units developed social housing units	1%	1%	1% 6
Units developed non-social housing units	1%	4%	4% 6
Gearing 3	55%	64%	51%
Outcomes delivered			
Resident satisfaction with services provided by landlord	81%	75%	77%
Reinvestment % 4	4%	6%	4%
Investment in Communities (spend in year)	£6.1m	£4.9m	£0.3m
£s invested in Communities for every £ generated from operations	0.26	0.15	N/A
Effective asset management			
Return on capital employed 5	10%	6%	4%
Occupancy	99.7%	99.7%	99.6%
Ratio of responsive repairs to planned maintenance	0.8	0.9	0.6
Operating efficiencies			
Headline social housing cost per unit	£3,955	£4,023	£4,375
Management cost per unit	£1,455	£1,371	£937
Service charge cost per unit	£860	£961	£734
Maintenance cost per unit	£967	£1,157	£1,153
Major repairs cost per unit	£267	£193	£842
Other social housing cost per unit	£406	£341	£87
Rent collected	99.8%	100.3%	99.5%
Overheads as a % adjusted turnover	10.7%	9.9%	14.0%

[1] Poplar HARCA peer group average source HouseMark data - 'Global Accounts benchmark' unless otherwise stated

[2] 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

[3] Gearing calculated as net debt ÷ Housing properties a cost x 100 as prescribed in the current sector scorecard pilot, where net debt represents total loans (including finance lease) less cash and cash equivalents

[4] Investment in properties as a % of the value of total properties held at year end

[5] Return on capital employed calculated as operating surplus ÷ (total fixed assets + total current assets less total creditors due within one year)

[6] Poplar HARCA peer group average not available - G15 median stats used for benchmark

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. The potential impact is incorporated into stress testing and additional bad debt is assumed in the business plan.

- Another key 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 put in place a £6.5m escrow account to fund 70% of cessation debt, resulting in reduced on going revenue contributions.

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 18 June 2018.
- 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 to our housing stock in terms of ACM cladding, we recognise and will make an appropriate 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 taking into account 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 charitable Registered Society under the Co-operative and Community Benefit Societies Act 2014. Poplar HARCA is also registered with the Regulator of Social Housing (RSH) as a Registered Provider. Poplar HARCA was incorporated on 13 September 1998. Poplar HARCA converted from a Company Limited by Guarantee to a Registered Society on 23 February 2018. Poplar HARCA has eleven directors who are also shareholders.

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. An in depth assessment (IDA) by the Regulator took place in 2017/18 and resulted in no change to the highest governance rating of G1 and no change to the compliant viability rating of V2. 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 RSH 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 RSH 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 (Chair)

Reverend James Olanipekun (Vice Chair)

Alexandra Woolmore (Appointed March 2018)

Colin Woollard

John Norman

Juliana Ben Salem (Resigned November 2017)

Matthew Rowe

Momotaz Begum (Appointed September 2017)

Naz Hussain (Appointed March 2018)

Simon Turek

Tanya Martin

Tilat Mahiudin (Appointed September 2017)

Andrew Pinto (Resigned June 2017)

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

Kevin Wright
Director of Technical Resources

Neal Hunt
Director of Development

Andrea Baker
Director of Housing

Babu Bhattacherjee
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.

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

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

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

POLITICAL AND CHARITABLE CONTRIBUTIONS

Poplar HARCA is a charitable organisation. No contributions were made to other charities or to political organisations (2017: £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 auditor is 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 auditor is 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 2015 to review how it operates and how effectively it governs the Association. Every three years an independent governance review is completed, the most recent taking place in 2018.

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 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

An in depth assessment (IDA) by the Regulator took place in 2017/18 and resulted in no change to the highest governance rating of G1 and no change to the compliant viability rating of V2.

AUDITOR

The auditor, KPMG LLP, will resign as the auditor following the completion for the year ended 31 March 2018. Mazars LLP have expressed their willingness to be appointed as auditors of the Company.

A resolution to appoint Mazars LLP as auditors for the Company for the year ended 31 March 2019, following the resignation of KPMG, was approved by the Board.

STRATEGIC AND DIRECTOR'S REPORT

The strategic report and statement of the Board's responsibilities was approved on 11 September 2018.

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

Dr Paul Brickell
Chair

Date: 11 September 2018

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

OPINION

We have audited the financial statements of Poplar Housing and Regeneration Community Association Limited ("the association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Consolidated Statement of Cash Flows, and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

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

BASIS FOR OPINION

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

GOING CONCERN

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

OTHER INFORMATION

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

We have nothing to report in these respects.

BOARD'S RESPONSIBILITIES

As more fully explained in their statement set out on page 25, the association's Board is responsible for the preparation of financial statements which give a true and fair view; such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES

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

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

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

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association as a body, for our audit work, for this report, or for the opinions we have formed.

Harry Mears
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL

25 September 2018

Financial Statements

Statement of Comprehensive Income – Group and Association
for the year ended 31 March 2018

		Group		Association	
		2018	2017	2018	2017
	Notes	£'000	£'000	£'000	£'000
Turnover	*2a*	59,393	59,154	59,090	58,481
Cost of sales	*2a*	(1,021)	(1,844)	(1,021)	(1,844)
Operating costs	*2a*	(43,983)	(43,917)	(43,683)	(43,344)
Net cost of refurbishment works to leasehold properties	*2a*	(225)	29	(225)	29
Share of operating surplus of joint ventures	*2a, 16*	3,661	6,417	-	-
Impairment of investment in joint ventures	*16*	(1,104)	-	-	-
Gain on disposal of tangible fixed assets	*2a, 5*	39,081	8,528	39,081	8,528
Operating surplus	*2a*	**55,802**	**28,367**	**53,242**	**21,850**
Interest receivable and similar income	*6*	383	625	484	737
Interest payable and similar charges	*7*	(13,336)	(13,191)	(13,336)	(13,191)
Change in value of investment property	*14*	73	61	73	61
Gift aid	*26*	-	-	10,254	4
Surplus before tax	*4*	**42,922**	**15,862**	**50,717**	**9,461**
Tax on surplus on ordinary activities	*10*	(1,235)	(1,281)	(78)	(3)
Surplus for the year		**44,157**	**14,581**	**50,639**	**9,458**
Other comprehensive income					
Remeasurement of pension schemes	*8*	1,296	(471)	1,296	(471)
Total comprehensive income for the year		**45,453**	**14,110**	**51,935**	**8,987**

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

Paul Brickell

Dr Paul Brickell
Chair

Tanya Martin
Trustee

Jonathan Spearing
Company Secretary

Statement of Financial Position – Group and Association
as at 31 March 2018

		Group		Association	
	Notes	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Fixed assets					
Housing properties	*11*	404,372	401,179	404,744	401,551
Other fixed assets	*12*	6,531	3,407	6,531	3,407
Intangible assets	*13*	477	484	477	484
Investment in commercial properties	*14*	62,895	62,573	57,959	57,637
Investment in subsidiaries	*15*	-	-	18,401	14,305
Investment in joint ventures	*16*	17,327	20,924	-	-
		491,602	**488,567**	**488,112**	**477,384**
Current assets					
Stock	*17*	3,030	1,427	3,030	1,427
Debtors	*18*	11,367	20,246	17,048	26,311
Cash and cash equivalents	*19*	14,631	15,631	13,756	14,271
		29,028	**37,304**	**33,834**	**42,009**
Creditors: amounts falling due within one year	*20*	(22,560)	(39,551)	(22,576)	(38,324)
Net current assets		**6,468**	**(2,247)**	**11,258**	**3,685**
Debtors due after more than one year	*18*	13,591	14,133	13,532	14,133
Total assets less current liabilities		**511,661**	**500,453**	**512,902**	**495,202**
Long term liabilities	*21*	(395,373)	(428,389)	(395,304)	(428,310)
Provisions for liabilities	*22*	(6,773)	(8,002)	(6,773)	(8,002)
Net Assets		**109,515**	**64,062**	**110,825**	**58,890**
Reserves					
Revenue reserves		108,008	62,555	109,325	57,390
Revaluation reserve		1,500	1,500	1,500	1,500
		109,508	**64,055**	**110,825**	**58,890**
Minority interests		7	7	-	-
Total reserves		**109,515**	**64,062**	**110,825**	**58,890**

These financial statements were approved by the Board of Directors on 11 September 2018 and were signed on its behalf by:

Paul Brickell

Dr Paul Brickell
Chair

Tanya Martin
Trustee

Jonathan Spearing
Company Secretary

Statements of Changes in Equity - Group and Association
for the year ended 31 March 2018

Group

	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**

	Minority interest £'000	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2017	7	-	1,500	62,555	64,062
Surplus for the year after tax	-	-	-	44,157	44,157
Remeasurement of pension scheme	-	-	-	1,296	1,296
Balance at 31 March 2018	**7**	**-**	**1,500**	**108,008**	**109,515**

Association

	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**

	Called up share capital £'000	Revaluation reserve £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2017	-	1,500	57,390	58,890
Surplus for the year after tax	-	-	50,639	50,639
Remeasurement of pension scheme	-	-	1,296	1,296
Balance at 31 March 2018	**-**	**1,500**	**109,325**	**110,825**

Consolidated Cash Flow Statement
for the year ended 31 March 2018

	2018 £'000	2017 £'000
Cash flows from operating activities		
Surplus for the year	44,157	14,581
Less:		
Tax on ordinary activities	(1,235)	1,281
Net financing costs	12,953	12,565
Gain on revaluation of investment properties	(73)	(61)
Adjusted operating surplus	55,802	28,366
Adjustments:		
Pension remeasurement	4	168
Pension expenditure	463	580
Gain on disposal of fixed assets	(39,081)	(8,528)
Share of profit from joint ventures	(3,661)	(6,416)
Write down of investment	1,104	-
Bad debts	633	563
Depreciation and amortisation of assets	10,336	9,976
Cost less depreciation on components written off	511	204
Grant amortisation	(4,770)	(3,890)
(Increase)/decrease in stocks	(1,603)	764
Decrease in trade and other debtors	11,731	3,548
(Decrease)/increase in trade and other creditors	(7,219)	7,979
Deficit contributions paid for pension scheme liabilities	(627)	(728)
Tax paid	(3)	-
Net cash received from operating activities	**23,620**	**32,586**
Cash flows from investing activities		
Proceeds from sale of housing properties	38,894	10,781
Interest received	938	34
Acquisition of housing properties	(18,739)	(27,559)
Acquisition of other fixed assets	(4,245)	(1,363)
Acquisition of investment properties	(249)	(10)
Distribution from joint ventures	10,250	-
Grants received	1,048	597
Loan provided to joint venture	(4,918)	(1,839)
Joint venture loan repayment	2,164	4,500
Other loans	-	(455)
Net cash paid in investing activities	**25,143**	**(15,314)**
Cash flows from financing activities		
Interest paid	(14,082)	(15,825)
Loans received	(35,279)	12,000
Arrangement fees	(402)	-
Net cash paid in financing activities	**(49,763)**	**(3,825)**
Net cash (decrease)/increase in cash	(1,000)	13,447
Cash at 1 April	15,631	2,184
Cash at 31 March	**14,631**	**15,631**

Notes to the Financial Statements
for the year ended 31 March 2018

1. Legal Status

The association is registered under the Co-operative and Community Benefit Societies Act 2014 with the Financial Conduct Authority (FCA) and is a registered provider of social housing with the Regulator of Social Housing, Homes England.

The association converted to a Community Benefit Society (CBS) from a Company Limited by guarantee on the 23rd February 2018.

Poplar Housing and Regeneration Community Association Limited is the ultimate parent of the Poplar HARCA Group. Poplar HARCA has four subsidiaries; Poplar HARCA (Developments) Limited, Poplar HARCA Projects Limited and Poplar HARCA Capital PLC and Leaside Business Centre Management Limited. All four subsidiaries are registered under the Companies Act 2006 and 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 the Co-operative and Community Benefit Societies Act 2014, 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.

RESTATEMENT

Any restatement of figures from the prior year are disclosed in the relevant notes to the 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.

GOING CONCERN

After reviewing the Group's budget for 2018/19 and forecast for future years, and based on normal strategic business planning and control procedures, and following the 11 September 2018 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 Business Centre Management Limited.

The Joint Venture investments in Aberfeldy New Village LLP and Balfron Tower Developments LLP are accounted for using the equity accounting method in these consolidated financial statements.

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 and mixed income tenures (Market rent and LHA rateable) lettings 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.

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.

Shared ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales (25% First Tranche Sales). The first tranche proportion is classed as a current asset and related sales proceeds are included in turnover. The remaining element is classed as a fixed asset, and included in housing properties at cost, less any provisions needed for depreciation or impairment.

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 Statement of Comprehensive Income 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 2018, interest has been capitalised at an average rate of 4.41% (2017: 4.46%) that reflects the weighted average cost of capital on the Group's borrowings required to finance housing property developments.

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.

INTANGIBLE ASSETS

Intangible assets are recognised at cost at acquisition. There are no internally generated intangible assets. The cost method is used for subsequent measurement net of accumulated amortisation. Intangible assets are amortised over the length of the useful life on an asset by asset basis.

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 is transferred to the Recycled Capital Grant Fund ("RCGF") 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 Regulator of Social Housing's (formerly known as Homes and Community Agency) 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, Regulator of Social Housing ("RSH") 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 RSH 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 the Statement of Comprehensive Income. 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 Statement of Comprehensive Income 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

Net proceeds from Right to Acquire sales if unused within a three year period may be repayable to the RSH 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 Statement of Financial Position 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 tenure type (the cost net of grant exceeds the value in use), then the 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 Statement of Financial Position.

COMMUNITY REGENERATION

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

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 the Statement of Comprehensive Income. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

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 Statement of Comprehensive Income 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 Statement of Comprehensive Income. 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 Statement of Financial Position 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 Statement of Comprehensive Income 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 Statement of Comprehensive Income 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 and in 2018 no indicator of impairment were identified. 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:

  31 March 2018 - Directors' valuation
  31 March 2017 – Directors' valuation
  31 March 2016 – External professional 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 cash flow 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 2018. 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 8 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 turnover, cost of sales, operating costs and operating surplus – Group

Group	2018					2017				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000
Social housing lettings										
Rental accommodation	40,485	-	(28,002)	-	12,483	41,079	-	(28,085)	-	12,994
Leasehold accommodation	3,762	-	(3,892)	-	(130)	4,445	-	(5,235)	-	(790)
	44,247	**-**	**(31,894)**	**-**	**12,353**	**45,524**	**-**	**(33,320)**	**-**	**12,204**
Amortised government grants	2,978	-	-	-	2,978	2,952	-	-	-	2,952
Refurbishment administration	-	-	(3,241)	-	(3,241)	-	-	(3,066)	-	(3,066)
Refurbishment administration costs capitalised	-	-	945	-	945	-	-	1,085	-	1,085
	47,225	**-**	**(34,190)**	**-**	**13,035**	**48,476**	**-**	**(35,301)**	**-**	**13,175**
Other social housing activities										
Shared ownership sales – First tranche	3,166	(1,021)	-	-	2,145	3,325	(1,844)	-	-	1,481
Gain on disposal of tangible fixed assets	-	-	-	39,081	39,081	-	-	-	8,528	8,528
	3,166	**(1,021)**	**-**	**39,081**	**41,226**	**3,325**	**(1,844)**	**-**	**8,528**	**10,009**
Non-social housing activities										
Community regeneration	2,221	-	(6,098)	-	(3,877)	1,492	-	(4,923)	-	(3,431)
Garages and commercial properties	2,590	-	(1,804)	-	786	2,748	-	(1,556)	-	1,192
Market rent	2,418	-	(257)	-	2,161	2,272	-	(455)	-	1,817
Other	1,773	-	(1,634)	-	139	841	-	(1,682)	-	(841)
Share of operating surplus of joint ventures	-	-	-	3,661	3,661	-	-	-	6,417	6,417
Impairment of investment in joint ventures	-	-	(1,104)	-	(1,104)	-	-	-	-	-
	9,002	**-**	**(10,897)**	**3,661**	**1,766**	**7,353**	**-**	**(8,616)**	**6,417**	**5,154**
Total on ordinary activities	**59,393**	**(1,021)**	**(45,087)**	**42,742**	**56,027**	**59,154**	**(1,844)**	**(43,917)**	**14,945**	**28,338**
Leaseholder works and recharges	(258)	-	33	-	(225)	27	-	2	-	29
Total	**59,135**	**(1,021)**	**(45,054)**	**42,742**	**55,802**	**59,181**	**(1,844)**	**(43,915)**	**14,945**	**28,367**

2a. Particulars of turnover, cost of sales, operating costs and operating surplus – Association

Association	2018					2017				
	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Other operating items £'000	Operating Surplus /(Deficit) £'000
Social housing lettings										
Rental accommodation	40,485	-	(28,002)	-	12,483	41,079	-	(28,085)	-	12,994
Leasehold accommodation	3,762	-	(3,892)	-	(130)	4,445	-	(5,235)	-	(790)
	44,247	**-**	**(31,894)**	**-**	**12,353**	**45,524**	**-**	**(33,320)**	**-**	**12,204**
Amortised government grants	2,978	-	-	-	2,978	2,952	-	-	-	2,952
Refurbishment administration	-	-	(3,241)	-	(3,241)	-	-	(3,066)	-	(3,066)
Refurbishment administration costs capitalised	-	-	945	-	945	-	-	1,085	-	1,085
Refurbishment administration recharged to Group Company	-	-	252	-	252	-	-	100	-	100
	47,225	**-**	**(33,938)**	**-**	**13,287**	**48,476**	**-**	**(35,201)**	**-**	**13,275**
Other social housing activities										
Shared ownership sales – First tranche	3,166	(1,021)	-	-	2,145	3,325	(1,844)	-	-	1,481
Gain on disposal of tangible fixed assets	-	-	-	39,081	39,081	-	-	-	8,528	8,528
	3,166	**(1,021)**	**-**	**39,081**	**41,226**	**3,325**	**(1,844)**	**-**	**8,528**	**10,009**
Non-social housing activities										
Community regeneration	2,221	-	(6,098)	-	(3,877)	1,492	-	(4,923)	-	(3,431)
Garages and commercial properties	2,287	-	(1,752)	-	535	2,084	-	(1,092)	-	992
Market rent	2,418	-	(257)	-	2,161	2,272	-	(455)	-	1,817
Other	1,773	-	(1,637)	-	136	832	-	(1,673)	-	(841)
	8,699	**-**	**(9,745)**	**-**	**(1,046)**	**6,680**	**-**	**(8,143)**	**-**	**(1,463)**
Total on ordinary activities	59,090	(1,021)	(43,683)	39,081	53,467	58,481	(1,844)	(43,344)	8,528	21,821
Leaseholder works and recharges	(258)	-	33	-	(225)	27	-	2	-	29
Total	**58,832**	**(1,021)**	**(43,650)**	**39,081**	**53,242**	**58,508**	**(1,844)**	**(43,342)**	**8,528**	**21,850**

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

Group	General needs housing £'000	Supported housing and housing for older people £'000	Other social housing £'000	2018 Total £'000	2017 Total £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and void losses	36,597	-	-	36,597	37,705
Service income	3,888	-	-	3,888	3,790
Amortisation of social housing and other capital grants	2,978	-	-	2,978	2,952
Leasehold rents and service charges	-	-	3,762	3,762	4,029
Total income from social housing lettings	**43,463**	**-**	**3,762**	**47,225**	**48,476**
Expenditure on lettings					
Services	(4,863)	-	(1,640)	(6,503)	(7,542)
Management	(8,228)	-	(1,425)	(9,653)	(9,324)
Responsive maintenance	(5,471)	-	(697)	(6,168)	(7,417)
Planned maintenance	(688)	-	-	(688)	(12)
Rent and service charges losses from bad debts	(236)	-	(130)	(366)	(501)
Depreciation of social housing properties	(8,516)	-	-	(8,516)	(8,524)
Refurbishment administration net of capitalised costs	(2,296)	-	-	(2,296)	(1,981)
Total expenditure on social housing lettings	**(30,298)**	**-**	**(3,892)**	**(34,190)**	**(35,301)**
Operating surplus/ (deficit) on social housing letting activities	**13,165**	**-**	**(130)**	**13,035**	**13,175**
Rent losses from voids.				(642)	(599)

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

Association	General needs housing £'000	Supported housing and housing for older people £'000	Other social housing £'000	2018 Total £'000	2017 Total £'000
Turnover from social housing lettings					
Rent receivable net of identifiable service charges and void losses	36,597	-	-	36,597	37,705
Service income	3,888	-	-	3,888	3,790
Amortisation of social housing and other capital grants	2,978	-	-	2,978	2,952
Leasehold rents and service charges	-	-	3,762	3,762	4,029
Total income from social housing lettings	**43,463**	**-**	**3,762**	**47,225**	**48,476**
Expenditure on lettings					
Services	(4,863)	-	(1,640)	(6,503)	(7,542)
Management	(8,228)	-	(1,425)	(9,653)	(9,324)
Responsive maintenance	(5,471)	-	(697)	(6,168)	(7,417)
Planned maintenance	(688)	-	-	(688)	(12)
Rent and service charges losses from bad debts	(236)	-	(130)	(366)	(501)
Depreciation of social housing properties	(8,516)	-	-	(8,516)	(8,524)
Refurbishment administration net of capitalised costs	(2,044)	-	-	(2,044)	(1,881)
Total expenditure on social housing lettings	**(30,046)**	**-**	**(3,892)**	**(33,938)**	**(35,201)**
Operating surplus/ (deficit) on social housing letting activities	**13,417**	**-**	**(130)**	**13,287**	**13,275**
Rent losses from voids.				(642)	(599)

3. Housing stock

	Group	
	2018 No.	2017 No.
Social housing accommodation		
General needs housing	5,355	5,529
Affordable rent	155	128
Low-cost home ownership	117	120
Intermediate market rent	28	28
Total social housing managed	**5,655**	**5,805**
Non-social housing managed		
Leaseholders	3,396	2,759
Market rent	190	189
Non-social other	141	102
Total non-social housing managed	**3,727**	**3,050**
Total units managed	**9,382**	**8,855**
Housing units in development pipeline	**181**	**176**

The prior year figures have been re-analysed due to a reclassification of stock.

4. Surplus on ordinary activities before tax

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Is stated after charging:				
Depreciation:				
- housing properties:				
• regular	8,559	8,523	8,559	8,523
• community centres	649	571	649	571
- commercial property fixed assets	-	-	-	-
- other fixed assets	1,121	874	1,121	874
Amortisation of intangible assets	7	8	7	8
Auditor's remuneration (excluding VAT):				
- Audit of these financial statements	70	65	47	47
- Audit Certificates	3	2	3	2
- Other	-	-	-	-
Current service charges for pension scheme	259	338	259	338

5. Surplus on sale of fixed assets and other investments

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Disposal proceeds	45,614	11,084	45,614	11,084
Transfer to Disposal Proceeds Fund	-	-	-	-
Transfer to Recycled Capital Grant Fund	-	(55)	-	(55)
Shared Ownership Subsequent Tranche	1,313	1,213	1,313	1,213
Cost of disposals	(7,846)	(3,714)	(7,846)	(3,714)
	39,081	**8,528**	**39,081**	**8,528**

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 £5,672k (2017: £nil).

6. Interest receivable and similar income

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Bank interest receivable	25	6	22	6
Other interest receivable	358	619	45	28
Interest received from group companies	-	-	417	703
	383	**625**	**484**	**737**

7. Interest payable and similar charges

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Interest expense on liabilities at amortised cost	13,664	14,517	6,868	7,687
Amortisation of arrangement fees	123	127	123	127
Non-utilisation fee	203	151	203	151
Interest payable to group companies	-	-	6,796	6,830
Interest on Disposal Proceeds Fund and Recycled Capital Grant Fund	15	30	15	30
Interest on pension scheme liabilities	229	301	229	301
Interest capitalised in fixed assets	(898)	(1,935)	(898)	(1,935)
	13,336	**13,191**	**13,336**	**13,191**

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 4.41% (2017: 4.46%) 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	
	2018 No.	2017 No.	2018 No.	2017 No.
Administration	47	37	47	37
Development	10	9	10	9
Housing, maintenance and estate services	244	211	244	211
	301	257	301	257
Community regeneration	63	39	63	39
	364	**296**	**364**	**296**

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Administration				
Wages and salaries	2,009	1,739	2,009	1,739
Social security	230	179	230	179
Pension costs	142	116	142	116
	2,381	**2,034**	**2,381**	**2,034**
Development				
Wages and salaries	684	636	684	636
Social security	82	78	82	78
Pension costs	56	55	56	55
	822	**769**	**822**	**769**
Housing				
Wages and salaries	6,825	6,241	6,825	6,241
Social security	623	576	623	576
Pension costs	331	321	331	321
	7,779	**7,138**	**7,779**	**7,138**
	10,982	**9,941**	**10,982**	**9,941**
Community regeneration				
Wages and salaries	2,274	1,688	2,274	1,688
Social security	226	170	226	170
Pension costs	126	99	126	99
	2,626	**1,957**	**2,626**	**1,957**
	13,608	**11,898**	**13,608**	**11,898**

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

Salary banding for all employees earning over £60,000 (including salaries, performance related pay, benefits in kind, termination payments and pension contributions paid by the employer):

	Group and Association	
	2018 No.	2017 No.
£60,000 to £70,000	13	12
£70,001 to £80,000	7	6
£80,001 to £90,000	1	3
£90,001 to £100,000	2	1
£100,001 to £110,000	-	-
£110,001 to £120,000	-	1
£120,001 to £140,000	1	2
£140,001 to £160,000	3	2
£160,001 to £180,000	1	2
£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	2018 No.	2017 No.
LGPS defined benefit scheme	5,995	6,950
SHPS defined benefit scheme	3,001	3,502
Net pension liability	8,996	10,452

SOCIAL HOUSING PENSION SCHEME

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

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

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

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

DEFICIT CONTRIBUTIONS

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

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

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

PRESENT VALUES OF PROVISION

	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Present value of provision	3,001	3,502	3,819

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Provision at start of period	3,502	3,819
Unwinding of the discount factor (interest expense)	43	74
Deficit contribution paid	(505)	(485)
Remeasurements - impact of any change in assumptions	(39)	94
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	3,001	3,502

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 £'000	Period Ending 31 March 2017 £'000
Interest expense	43	74
Remeasurements – impact of any change in assumptions	(39)	94
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

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

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

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 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Year 1	525	505	485
Year 2	546	525	505
Year 3	461	546	525
Year 4	368	461	546
Year 5	382	368	461
Year 6	309	382	368
Year 7	230	309	382
Year 8	237	230	309
Year 9	122	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 Statement of Comprehensive Income 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 Statement of Financial Position 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 Group's liabilities at 31 March 2018, we have rolled forward the value of the Group'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 cash flows to be paid from the Fund and placing a value on them. These cash flows 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 2018 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2018 should not introduce any material distortions in the results provided that the actual experience of the Group 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. 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 2018	31 March 2017
Retiring today	Males	21.5	21.4
	Females	24.2	24.1
Retiring in 20 years	Males	23.9	23.7
	Females	26.5	26.3

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

The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

FINANCIAL ASSUMPTIONS

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

Assumptions as at	31 March 2018 % p.a.	31 March 2017 % p.a.	31 March 2016 % p.a.
Salary increases	3.8%	4.2%	4.2%
Pension increases	2.3%	2.7%	2.4%
Discount rate	2.55%	2.7%	3.7%

These assumptions are set with reference to market conditions at 31 March 2018.

The LPFA's estimate of the Employer's past service liability duration is 19 years.

An estimate of the Group's future cash flows is made using notional cash flows based on the estimated duration above. These estimated cash flows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cash flows, discounted at this single rate, equates to the net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point). The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

Similarly to the approach used to derive the discount rate, the Retail Prices Index (RPI) increase assumption is set using a Single Equivalent Inflation Rate (SEIR) approach, using the notional cash flows described above. The single inflation rate derived is that which gives the same net present value of the cash flows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve, as applying the BoE implied inflation curve. As above, the Merrill Lynch AA rated corporate bond yield spot curve is assumed to be flat beyond the 30 year point and the BoE implied inflation spot curve is assumed to be flat beyond the 40 year point. The approach has changed from the "spot rate" approach adopted at the previous accounting date to reflect national auditor preferences.

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 1.0% p.a. (2017: 0.9% p.a.) below RPI i.e. 2.3% p.a. (2017: 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 a slightly higher deduction than at the last accounting date where we assumed that CPI was 0.9% lower than RPI.

Salaries are assumed to increase at 1.5% p.a. (2017: 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 2018.

CURTAILMENTS

LPFA have calculated the cost of curtailments arising as a result of the payment of unreduced pensions on early retirement. The Group 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 Group's LGPS pension liabilities.

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 no employees were permitted by the Group to take unreduced early retirement that they would not otherwise have been entitled to.

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 2018

Net pension liability as at	31 March 2018 £'000	31 March 2017 £'000	31 March 2016 £'000
Present value of the defined benefit obligation	20,339	20,745	17,817
Fair value of Fund assets (bid value)	(14,344)	(13,795)	(11,675)
Deficit	**5,995**	**6,950**	**6,142**
Present value of unfunded obligation	-	-	-
Unrecognised past service cost	-	-	-
Impact of asset ceiling	-	-	-
Net defined benefit liability	5,995	6,950	6,142

Statement of Comprehensive Income for the year ended 31 March 2018

The amounts recognised in the Statement of Comprehensive Income:	2018 £'000	2017 £'000
Service cost	259	338
Current service cost	Included above	Included above
Net interest on the defined benefit liability/(asset)	186	227
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	18	15
Total loss (profit)	**463**	**580**

Asset and benefit obligation reconciliation for the year ended 31 March 2018

Reconciliation of opening and closing balances of the present value of the defined benefit obligation	2018 £'000	2017 £'000
Opening defined benefit obligation	**20,745**	**17,817**
Current service cost	259	248
Interest cost	556	651
Change in financial assumptions	(903)	3,835
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	(373)	(722)
Past service cost	Combined below	Combined below
Past service costs, including curtailments	-	90
Contributions by Scheme participants	55	66
Unfunded pension payments	-	-
Closing defined benefit obligation	**20,339**	**20,745**

Reconciliation of opening and closing balances of the fair value of Fund assets	2018 £'000	2017 £'000
Opening fair value of Fund assets	**13,795**	**11,675**
Expected return on Fund assets	n/a	n/a
Interest on assets	370	424
Return on assets less interest	393	1,934
Other actuarial gains/(losses)	-	190
Total actuarial gains/(losses)	n/a	n/a
Administration expenses	(18)	(15)
Contributions by employer including unfunded	122	243
Contributions by Fund participants	55	66
Estimated benefits paid plus unfunded net of transfers in	(373)	(722)
Settlement priced received/(paid)	-	-
Closing fair value of Fund assets	**14,344**	**13,795**

The total return on the fund assets for the year to 31 March 2018 is £763k (2017: £2,358k).

Sensitivity analysis	£'000	£'000	£'000
Adjustments to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	19,973	20,339	20,712
Projected service cost	241	245	250
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	20,362	20,339	20,316
Projected service cost	245	245	245
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	20,689	20,339	19,995
Projected service cost	250	245	240
Adjustment to life expectancy assumptions	+1 year	None	-1 Year
Present value of total obligation	21,079	20,339	19,626
Projected service cost	253	245	237

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)	2018 £'000	2017 £'000
Return on Fund assets in excess of interest	393	1,934
Other actuarial gains/(losses) on assets	-	190
Change in financial assumptions	903	(3,835)
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)	**1,296**	**(471)**

Projected pension expense for the year to 31 March 2019

Projections for the year to 31 March 2019	2019 £'000
Service cost	245
Net interest on the defined liability and (asset)	152
Administration expenses	19
Total	**416**
Employer contributions	131

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2018. These projections are based on the assumptions as at 31 March 2018, 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:

	2018 £'000	Restated 2017 £'000
Aggregate emoluments payable to the Corporate Management		
Salaries including bonuses	864	800
Employers national insurance contribution	116	101
Pension contributions	90	72
Benefit in kind	4	4
Total emoluments	**1,074**	**977**
Emoluments payable to the highest paid employee		
Salary including bonus	168	157
Employers national insurance contribution	25	18
Benefit in kind (car allowance)	4	4
Total emoluments	**197**	**179**

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

During the year ending March 2018, the Chief Executive was an ordinary member of the LGPS scheme. Poplar HARCA did not pay into an individual pension arrangement (including a personal pension plan) for the Chief Executive.

The prior year figures have been restated by an increase of £20k in salaries including bonus for the highest paid employee. This restatement has no impact to the surplus after tax on the Statement of Comprehensive Income or on net assets in the Statement of Financial Position.

10. Taxation

ANALYSIS OF CHARGE IN PERIOD

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Current tax				
Current tax on income for the period	118	1,286	78	3
Adjustments in respect of prior year	(1,282)	-	-	-
Tax charge/(credit)	(1,164)	1,286	78	3
Recognised in Statement of Comprehensive Income	847	1,286	78	3
Recognised in equity	(2,012)	(1)	-	-
Deferred tax				
Revaluation of investment property	-	(4)	-	-
Deferred tax recognised on losses in Balfron Tower Developments LLP	(71)	-	-	-
	(71)	(4)	-	-
Tax on surplus on ordinary activities	**(1,236)**	**1,281**	**78**	**3**

The tax charge for the Group and Association is at 19% (2017: 20%), the standard rate of corporation tax in the UK as explained below.

TAX RECONCILIATION

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Surplus/(deficit) on ordinary activities before tax	42,922	15,862	50,717	9,461
(Surplus)/deficit on charitable activities	(33,394)	(15,855)	(50,235)	(9,444)
Surplus/(deficit) on non-charitable activities	9,528	7	482	17
Current tax at 19% (2017: 20%)	1,810	1	92	3
Effects of:				
Adjustments in respect of prior years	(1,282)	-	-	-
Share of profit received from Aberfeldy New Village LLP	775	1,284	-	-
Share of accounting profit received from Aberfeldy New Village LLP	(1,948)	-	-	-
Gift aid payment relieved in prior years	1,282	-	-	-
Impairment of joint ventures	209	-	-	-
Tax adjusted losses in Balfron Tower Developments LLP	(71)	-	-	-
Prior year adjustment on deferred tax	-	(4)	-	-
Group relief claimed	-	-	(14)	-
Tax impact of gift aid recognised in equity at subsidiary level	(2,012)			
Total tax charge recognised in the Statement of Comprehensive Income	**(1,236)**	**1,281**	**78**	**3**

10. Taxation (continued)

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

The Association is a registered Community Benefit Society. 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 2018, the group had tax losses of £0.4m allocated from underlying LLPs. A deferred tax asset of £0.1million has been recognised in the Group accounts as it is expected that the future profitability of underlying LLPs is likely to be sufficient so that these losses will be utilised in subsequent years.

As announced in the 2016 Budget, the rate of UK corporation tax reduced to 19% from 1 April 2020. The Government intends to reduce the rate of UK corporation tax further from 1 April 2020 to 17%.

11. Fixed assets - housing properties

	Properties under construction			Properties held for lettings			
Group	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	Total £'000
Cost							
At 1 April 2017	52,397	345	1,049	380,559	15,544	20,665	470,559
Acquisitions and new build	11,933	5,109	887	-	-	-	17,929
Capitalised repairs	-	-	-	810	-	-	810
Reclassifications	(1,664)	3,256	(535)	1,508	(2,442)	(123)	-
Disposals – voluntary sales	-	-	-	(6,173)	(822)	-	(6,995)
Transfer to sites for sale	-	-	-	-	-	-	-
Components written off	-	-	-	(1,124)	-	-	(1,124)
Transfer to completed housing properties	(11,470)	(82)	(378)	11,470	82	378	-
At 31 March 2018	**51,196**	**8,628**	**1,023**	**387,050**	**12,362**	**20,920**	**481,179**
Depreciation							
At 1 April 2017	-	-	-	66,361	30	2,989	69,380
Reclassification	-	-	-	(678)	678	-	-
Charge for the period	-	-	-	8,462	97	649	9,208
Disposals – voluntary sales	-	-	-	(1,131)	(37)	-	(1,168)
Components written off	-	-	-	(613)	-	-	(613)
At 31 March 2018	**-**	**-**	**-**	**72,401**	**768**	**3,638**	**76,807**
Net book value							
At 31 March 2018	**51,196**	**8,628**	**1,023**	**314,649**	**11,594**	**17,282**	**404,372**
At 1 April 2017	**52,397**	**345**	**1,049**	**314,198**	**15,514**	**17,676**	**401,179**

11. Fixed assets - housing properties (continued)

Association	Properties under construction			Properties held for lettings			
	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	Total £'000
Cost							
At 1 April 2017	52,769	345	1,049	380,559	15,544	20,665	470,931
Acquisitions and new build	11,933	5,109	887	-	-	-	17,929
Capitalised repairs	-	-	-	810	-	-	810
Reclassifications	(1,664)	3,256	(535)	1,508	(2,442)	(123)	-
Disposals – voluntary sales	-	-	-	(6,173)	(822)	-	(6,995)
Transfer to sites for sale	-	-	-	-	-	-	-
Components written off	-	-	-	(1,124)	-	-	(1,124)
Transfer to completed housing properties	(11,470)	(82)	(378)	11,470	82	378	-
At 31 March 2018	**51,568**	**8,628**	**1,023**	**387,050**	**12,362**	**20,920**	**481,551**
Depreciation							
At 1 April 2017	-	-	-	66,361	30	2,989	69,380
Reclassification	-	-	-	(678)	678	-	-
Charge for the period	-	-	-	8,462	97	649	9,208
Disposals – voluntary sales	-	-	-	(1,131)	(37)	-	(1,168)
Components written off	-	-	-	(613)	-	-	(613)
At 31 March 2018	**-**	**-**	**-**	**72,401**	**768**	**3,638**	**76,807**
Net book value							
At 31 March 2018	**51,568**	**8,628**	**1,023**	**314,649**	**11,595**	**17,282**	**404,744**
At 1 April 2017	**52,769**	**345**	**1,049**	**314,198**	**15,514**	**17,676**	**401,551**

Group additions to new housing properties during the year include capitalised interest of £0.9m (2017: £1.9m) and capitalised direct administration costs of £0.9m (2017: £1.06m). The amount of cumulative interest capitalised in housing properties is not separately identifiable.

The cost of construction, or of refurbishment for stock transferred to Poplar HARCA at nil cost, is shown above. Maintenance expenditure of £810k (2017: £1,135k) was capitalised during the year.

11. Fixed assets - housing properties (continued)

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 indicator of impairment was identified in 2018 therefore no impairment cost on housing properties was recognised for the current financial year (2017: nil).

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 was required (2017: nil).

12. Other fixed assets - Group and Association

	Office premises £'000	Furniture and equipment £'000	Computer equipment and software £'000	Vehicles and estate equipment £'000	Work-in-Progress £'000	Total £'000
Cost						
At 1 April 2017	2,571	1,108	5,793	1,127	-	10,599
Reclassifications	(151)	-	-	-	151	-
Additions	15	81	697	35	3,417	4,245
Disposals	-	-	-	-	-	-
At 31 March 2018	**2,435**	**1,189**	**6,490**	**1,162**	**3,568**	**14,844**
Depreciation						
At 1 April 2017	1,469	906	3,986	831	-	7,192
Charge for the period	126	96	761	138	-	1,121
At 31 March 2018	**1,595**	**1,002**	**4,747**	**969**	**-**	**8,313**
Net book value						
At 31 March 2018	**840**	**187**	**1,743**	**193**	**3,568**	**6,531**
At 1 April 2017	1,102	202	1,807	296	-	3,407

13. Intangible assets

	Group and Association £'000
Cost	
At 1 April 2017	493
Franchise licence fee	-
At 31 March 2018	**493**
Amortisation	
At 1 April 2017	9
Charge for the period	7
At 31 March 2018	**16**
Net book value	
At 31 March 2018	477
At 1 April 2017	**484**

Poplar HARCA have paid a franchise licence fee in 2016 to be:here Limited to utilise the be:here brand at Aberfeldy New Village.

14. Investment in commercial properties

	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**

	Group 2018		
	Completed £'000	**Under Construction** £'000	**Total** £'000
Balance at 1 April 2017	62,573	-	62,573
Additions	248	1	249
Revaluation	73	-	73
Balance at 31 March 2018	**62,894**	**1**	**62,895**

	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**

	Association 2018		
	Completed £'000	**Under Construction** £'000	**Total** £'000
Balance at 1 April 2017	57,637	-	57,637
Additions	249	-	249
Revaluation	73	-	73
Balance at 31 March 2018	**57,959**	**-**	**57,959**

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 £1,135k.

The valuations for the Chrisp 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 £44,855k (2017: £44,782k) 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	
	2018	2017
	£'000	£'000
Poplar HARCA Projects Limited	9,516	8,170
Poplar HARCA Capital PLC	50	50
Poplar HARCA (Developments) Limited	8,835	6,085
	18,401	**14,305**

Poplar HARCA Projects 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 management of overages, mixed income tenure (LHA and market rent) lettings and refurbishment of Balfron Tower.

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. An investment of £2,749k was made in Poplar HARCA (Developments) Limited during the year for Aberfeldy Village Phase 3, this investment was funded in the form of capital contribution from the parent company Poplar HARCA 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 issued 1,000 shares of £1 each, 500 of which are owned by Poplar HARCA (Developments) Limited.

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 LLP issued 1,000 shares of £1 each, 500 of which are owned by Poplar HARCA Projects Limited.

The amounts included in respect of the Group's share of joint ventures comprise the following:

	2018		
	Aberfeldy £'000	**Balfron** £'000	**Total** £'000
Share of profits from joint ventures	**4,078**	**(417)**	**3,661**
Share of:			
Current assets	13,559	5,311	18,870
Liabilities falling due within one year	(2,802)	(5,738)	(8,540)
Liabilities falling due after more than one year	-	-	-
Net assets	**10,757**	**(427)**	**10,330**
As at 1 April 2017	12,764	8,160	20,924
Share of profit from joint ventures	4,078	(417)	3,661
Profit distribution made during the year	(10,250)	-	(10,250)
Impairment of investment	-	(1,104)	(1,104)
Contributions made during the year	2,749	1,347	4,096
Investment in joint ventures	**9,341**	**7,986**	**17,327**

16. Investment in joint ventures (continued)

	2017 Aberfeldy £'000	2017 Balfron £'000	2017 Total £'000
Share of profits from joint ventures	**6,422**	**(5)**	**6,417**
Share of:			
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)	(1,460)	(7,190)
Net assets	**6,679**	**(10)**	**6,669**
As at 1 April 2016	-	-	-
Share of profit from joint ventures	6,422	(5)	6,417
Increase/(decrease) of investment	257	(5)	252
Contributions made during the year	6,085	8,170	14,255
Investment in joint ventures	**12,764**	**8,160**	**20,924**

During the year, Poplar HARCA (Developments) Limited invested £2,749k (2017: £6,085k) as an investment in Aberfeldy New Village LLP Phase 3 and Poplar HARCA Projects Limited invested £1,347k (2017: £8,169k) as an investment in Balfron Tower Developments LLP. These investments have been funded in the form of capital contribution from the parent company being Poplar HARCA Limited.

At each reporting date Poplar HARCA Limited assesses whether there is any indication of impairment and estimate the recoverable amount of the asset (the amount being higher of its fair value less costs to sell or its value in use). Poplar HARCA Projects Limited have recognised an impairment of £1,104k (2017: £nil) as a result of a decrease in profit forecast from outright sale of the units at Balfron Tower.

17. Stocks

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Shared ownership completed	197	1,277	197	1,277
Shared ownership under construction	2,803	115	2,803	115
Maintenance and cleaning materials	30	35	30	35
	3,030	**1,427**	**3,030**	**1,427**

18. Debtors

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Amounts receivable within one year:				
Rent and service charge arrears	5,530	5,891	5,475	5,809
Less: provision for bad and doubtful debts	(3,025)	(2,809)	(3,025)	(2,809)
	2,505	3,082	2,450	3,000
Other debtors and prepayments	8,862	17,164	8,836	17,136
Amounts owing from subsidiaries	-	-	5,762	6,175
	11,367	**20,246**	**17,048**	**26,311**
Amounts receivable after one year:				
Amounts owing from subsidiaries	-	-	7,902	5,697
Amounts owed by joint venture	7,890	5,697	-	-
	7,890	**5,697**	**7,902**	**5,697**
Other debtors	455	455	455	455
Deferred tax asset	71	-	-	-
Leaseholder refurbishment debtors	5,862	8,720	5,862	8,720
Less: provision for bad and doubtful debts	(687)	(739)	(687)	(739)
	13,591	**14,133**	**13,532**	**14,133**
	24,958	**34,379**	**30,580**	**40,444**

At balance sheet date there were no housing benefit payments outstanding in relation to the financial year ending March 2018. For the prior year a housing benefit payment of £767,414 towards gross rent arrears was received just after the year end.

Included in the amounts owing from subsidiaries was a loan of £13,212k (2017: £10,713k) provided to Poplar HARCA (Developments) Limited, a wholly owned subsidiary, on an arms-length basis.

A further £4,918k (2017: £2.5m) 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.

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.

A release of St Paul's Way Barter transaction of £6,847k on the completion of works resulted in a change in debtors for the year.

19. Cash and cash equivalents

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Cash and cash equivalents	14,631	15,631	13,756	14,271
	14,631	**15,631**	**13,756**	**14,271**

20. Creditors: amounts falling due within one year

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Trade creditors	1,403	1,325	1,403	1,330
Corporation & other taxes	1,247	2,179	1,207	2,169
Grants in advance	29	134	29	134
Other creditors and accruals	12,779	19,899	12,722	18,559
Current lease liability	291	289	291	289
Loans	-	10,000	-	10,000
Pension deficit liability- SHPS (note 8)	525	505	525	505
Amount owing to subsidiaries	-	-	113	118
Grant on housing properties (note 25)	3,024	3,250	3,024	3,250
Disposal Proceeds Fund (note 24)	2,866	1,752	2,866	1,752
Recycled Capital Grant Fund (note 23)	396	218	396	218
	22,560	**39,551**	**22,576**	**38,324**

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Long term loans	88,500	113,500	88,500	113,500
Bond finance	140,000	140,000	-	-
Less arrangement fees	(1,655)	(1,118)	(1,094)	(567)
Loan from group company	-	-	139,370	139,370
Long term lease liability	52,185	52,454	52,185	52,454
Grant on housing properties (note 25)	113,780	118,083	113,780	118,083
Disposal Proceeds Fund (note 24)	27	2,239	27	2,239
Recycled Capital Grant Fund (note 23)	58	234	58	234
Pension deficit liability- SHPS (note 8)	2,478	2,997	2,478	2,997
	395,373	**428,389**	**395,304**	**428,310**

The Group has a total agreed facility to a value of £367.5m (2017: £337.7m) of which £281m had been drawn as at 31 March 2018 (2017: £316m). The total drawn facility includes 70% fixed loan at the average borrowing cost of 5.41%, 11% floating charge loan ranges between 125 bps to 150bps over the bank reference rate, and 19% RPI linked finance lease.

During the year the Group agreed new 7 years RCF facility with Allied Irish Bank (AIB) to replace the existing Lloyds RCF facility which is due to expire in July 2018.

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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
In one year or less	291	10,289	291	10,289
Between one and two years	296	56,500	296	56,500
Between two and five years	32,834	-	32,834	-
In more than five years	247,555	249,454	107,555	109,454
	280,976	**316,243**	**140,976**	**176,243**

22. Provisions for liabilities

	Group and Association		
	Pension liability - LPFA £'000	Thames water rates £'000	2018 Total £'000
At beginning of period	6,950	1,052	8,002
Utilised/Released in the year	(955)	(274)	(1,229)
At end of period	**5,995**	**778**	**6,773**

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	
	2018 £'000	2017 £'000
At beginning of period	452	396
Amounts paid in from Right to Buy sales	-	-
Amounts paid in from Shared Ownership sales	-	55
Interest accrued	2	1
Amount utilised for new build programme	-	-
At end of period	**454**	**452**
Amounts to be utilised within a year	396	218
Amounts that may be utilised after more than one year	58	234
	454	**452**

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

24. Disposal proceeds fund

	Group and Association	
	2018	**2017**
	£'000	£'000
At beginning of period	3,991	4,095
Amounts paid in from Right to Acquire sales	-	550
Interest accrued	14	29
Amount utilised for new build program	(1,112)	(683)
At end of period	**2,893**	**3,991**
Amounts to be utilised within a year	2,866	1,752
Amounts that may be utilised after more than one year	27	2,239
	2,893	**3,991**

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

	Group and Association	
	2018	**2017**
	£'000	£'000
At beginning of period	121,333	125,223
Grant received in the year	2,593	1,476
Reclassification	(2,353)	-
Released to income in the year	(4,770)	(5,366)
At end of period	**116,803**	**121,333**
Amounts to be utilised within a year	3,024	3,250
Amounts that may be utilised after more than one year	113,779	118,083
	116,803	**121,333**

26. Gift aid

The aggregate amount of gift aid comprises:

	2018 £'000	2017 £'000
Gift aid approved by written resolution by shareholder and paid during the year	10,254	-
Gift aid receivable approved by written resolution by the shareholder	-	4
	10,254	**4**

The aggregate amount of gift aid receivable and is recognised as assets as at the year end is £nil (2016: £4k).

27. Financial assets and liabilities

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

	Group		Association	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Financial assets measured at amortised cost				
Cash and cash equivalents *(note 19)*	14,631	15,631	13,756	14,271
Debtors *(note 18)*	24,958	34,379	30,580	40,444
	39,589	**50,010**	**44,336**	**54,715**
Financial liabilities measured at amortised cost				
Trade creditors *(note 20)*	1,403	1,325	1,403	1,330
Interest payable	517	471	517	471
Arrangement fees *(note 21)*	(1,655)	(1,118)	(1,094)	(567)
Loans and borrowings *(note 21)*	280,976	316,243	140,976	176,243
	281,241	**316,921**	**141,802**	**177,477**

28. Capital commitments

	Group		Association	
	2018 £'000	**2017** £'000	**2018** £'000	**2017** £'000
Capital expenditure contracted less certified that has not been provided for in the Financial Statements	39,113	22,017	39,113	22,017
Capital expenditure that has been authorised by the Board but has not yet been contracted for	100,306	87,716	100,306	87,716
	139,419	**109,733**	**139,419**	**109,733**
Financed by:				
Social Housing Grants	16,166	9,570	16,166	9,570
Receipts from sale of assets	26,737	36,993	26,737	36,993
Unutilised loan facilities & available funds	96,516	63,170	96,516	63,170
	139,419	**109,733**	**139,419**	**109,733**

The Group's development pipeline as at 31 March 2018 had an estimated cost of £139m (2017: £110m) and currently spans over 7 years. The expenditure includes s106 schemes and regeneration schemes which are currently on site as well as the development schemes not yet on site. These schemes will be funded through the social housing grant, accumulated reserves and borrowings.

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.

In the year ending 2017 Poplar HARCA made a capital contribution of £8,169k to Poplar HARCA Projects with regards to costs incurred on the Balfron Tower Development. Poplar HARCA Projects will receive a profit share on the sale of the flats in the year. Eligible profits in subsidiaries are expected to be gift aided to Poplar HARCA.

During the current year a further £1,347k capital contribution was made to Poplar HARCA Projects with regards to costs incurred on the Balfron Tower Development. An annual impairment review resulted in an impairment charge of £1,104k (2017: £nil) for the year.

As at 31 March 2018 Poplar HARCA Projects owes Poplar HARCA Ltd a balance of £441k (2017: £158k). This balance is included within note 18 of these accounts. A gift aid payment of £4k (2017: nil) was made to Poplar HARCA Limited during the year (note 26).

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 2018 Poplar HARCA Capital PLC has a long-term debtor balance of £139,370k (2017: £139,370k) with parent Poplar HARCA Ltd (note 21).

As at 31 March 2018 Poplar HARCA Capital PLC has a short-term debtor balance of £113k (2017: £118k) 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.

Poplar HARCA Limited has been provided a loan, to Poplar HARCA (Developments) Limited, 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 2018 this intercompany creditor balance to Poplar HARCA is £5,321k (2017: £6,016k) and will be repaid on sale of the remaining commercial units.

As at 31 March 2018 a long-term balance of £7,902k (2017: £5,697k) is loaned to Poplar HARCA (Developments) Limited on an arms-length basis, for onward lending to Aberfeldy New Village LLP, in which Poplar HARCA (Developments) Limited has a 50% interest.

Poplar HARCA had made a capital contribution of £11,609k to Poplar HARCA (Developments) Ltd prior to the start of the year. In the financial year ending March 2018, this balance is reduced by £6,085k by way of a bonus share issue.
A further capital contribution of £2,749k has been made in the year. This is shown within these accounts in the Investment in subsidiaries (Note 15). This gives the total balance for capital contribution at year ending 31 March 2018.

During the year Poplar HARCA (Developments) Limited received £10,250k (2017: £nil) as income from investment in joint venture which was then gift aided to Poplar HARCA Limited during the year (note 26).

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:

	2018 £'000	**2017** £'000
Interest charged by Poplar HARCA to DevCo	417	703
Management fees charged by Poplar HARCA to DevCo	156	91
Management fees charged by Poplar HARCA to Projects	262	61
Consultancy service charged by Poplar HARCA to Projects	981	325
Interest charged by Capital to Poplar HARCA	6,780	6,830
	8,596	**8,010**

All the subsidiaries are registered in the United Kingdom but are not registered with the Regulator of Social Housing.

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 2018 (2017: £455k). Poplar HARCA charged Geocapita a total of £18k (2017: £11k) in interest. Interest is charged at 4% on the long term debtor amount.

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 £421k (2017: £511k) with a £25k balance outstanding as at March 2018 (2017: £nil).

30. Operating leases

In the current year Poplar HARCA entered into an operating lease for the rent of the George Green building set to be the new offices of the group. Operating lease payments for this premises is set at £150,000 per annum featuring a break clause at 15 November 2026. As at March 2018 the operating lease payments to fall due are shown below.

	2018 £'000	2017 £'000
In one year or less	150	-
Between two and five years	600	-
In more than five years	545	-
	1,295	**-**

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