



# Annual Report and Consolidated Financial Statements

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for the year ended 31 March 2019



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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

We are all living through challenging times. It is therefore all the more pleasing to look back on what has been another very successful year for Poplar HARCA, our partners and our community.

Of most pride to the Board is the increase in our residents' satisfaction with our services, up from 2016 to 83% of tenants and 75% of homeowners. Listening to and acting on residents' ideas and concerns will continue to be our first priority.

We were also delighted that Teviot's residents have given an overwhelming mandate for regeneration. On a turnout of 81%, 86% voted in favour of proposals they had played an essential part in developing. The Board very much appreciates this vote of trust and will continue to ensure that Poplar HARCA keeps residents at the heart of the decision-making process as this long-term project progresses.

Our enduring commitment to Poplar has been reinforced by the move to our new Head Office on East India Dock Road. What was the George Green Grammar School is now home to Poplar HARCA's teams, bringing together an engaged and committed workforce that I am proud to work alongside.

The work of our staff and residents has been acknowledged by a basket full of awards this year. We were the proud recipients of the Evening Standard New Homes Award for Best Regeneration Project; the RESI Award for Development of the Year; the UK Housing Award for Innovative Landlord of the Year; the Landscape Institute Award for Design for a Medium-Scale Development; the UKHA award for Outstanding Approach to Income Management; and highly commended by the National Housing Awards for Home Ownership Team of the Year and the HANA Awards for Best Financial Change/Turnaround Programme. A special mention also to two of our residents who each won a Star in the Community Award, and another who was runner-up at the TPAS Tenant of the Year Award. All of these residents were recognised for their significant contribution to the wellbeing of their local community.

None of what Poplar HARCA achieves can be done without a prudent approach to managing assets and finances. The Board's approach to value for money and asset management has evolved into a sophisticated strategy that is strengthening our financial capacity, with both our operating margin overall, and for social housing lettings, continuing to improve.



It is through this strengthened financial capacity that we continue to confidently bring forward regeneration schemes such as Chrisp Street and Teviot. After successfully implementing our treasury management plan in 2018, sufficient funding and security is in place to fund our ambitious development plan. This liquidity, supplemented by proceeds from selective disposal of uneconomic empty properties, has resulted in a financially resilient business plan that will deliver 780 new affordable homes over the next 6 years.

The Grenfell tragedy was a watershed moment that has continued to inform our decisions. The Board has always prioritised safety, and continues to have a risk-averse approach that does not allow for compromise. We therefore took the decision this year to accelerate a programme of electrical safety inspections and associated works in our tenants' homes.

I am conscious that political, financial and social challenges are often felt deeply by our community. The work Poplar HARCA does to create opportunities that improve life chances and experiences is, therefore, a cornerstone. From supporting residents into work and training to improving health and well-being to inspiring young people to be future leaders, our investment in our community will continue to be a priority for us.

None of what Poplar HARCA achieves would be possible without our residents, our wider community, our staff, our volunteers, my fellow Board Directors, and our partners including the London Borough of Tower Hamlets. I'm always particularly struck by the enormous energy and hard work that residents put in through Estate Boards and by other means. I'm very grateful to them.

As always, a huge thank you to everyone who supports us to create opportunity in our bit of East London.

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

DR PAUL BRICKELL - Chair



## Report of the Board including Strategic Report

### 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 9,500 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 350 diverse, committed and engaged people. The 2019 staff survey reported 90% would recommend Poplar HARCA as an employer.

People indicators are reported quarterly to our Board and Finance and General Purposes Committee. Following the approval of a refreshed Organisational Development Strategy last year, we have spent this year focusing on our performance culture, well-being and succession.

# 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 of the Board 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

East London has always attracted new communities, and the unprecedented level of new development and infrastructure has meant the area is even more of a magnet for a younger, ever- more diverse population.

Poplar HARCA's Corporate Strategic Plan 2016-21 'Creating Opportunity' sets out our aspirations, and celebrates how much has already been achieved.

In the third year of this plan, together we have achieved so much that we are all very proud of, including:

12

affordable workspace studios were developed in an unused, dilapidated basement

58

new affordable homes

647

new homes of all tenures built in the past three years

3,780

young people participating in Spotlight's 3,700 sessions

£768,000

grant for Spotlight from the London Mayor's Young Londoners Fund

81

disused garages being transformed into Poplar Works, a new fashion and makery enterprise hub

320

residents supported into employment

363

new volunteers provided c£2m social value

493

residents supported to achieve accredited qualifications

2,076

residents taking advantage of health and wellbeing initiatives

Secured overwhelming resident mandate for the regeneration of the Teviot Estate

Secured planning permission for Crisp Street regeneration

The full Creating Opportunity document is available on our website [www.poplarharca.co.uk](http://www.poplarharca.co.uk)



# 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.

As at 31 March 2019 a total of 234 homes (2018: 129) were let at Local Housing Allowance or market rent. 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 99 sales completed in the year to bring the total sales to 230. Other than 5 units, 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

The Group operating surplus for the year of £60.1m (2018: £55.9m) is a strong result after increasing operating costs to £38.8m (2018: £34.2m) driven largely by improvements to our tenants' homes following electrical surveys and increased management costs after a Board decision to reinstate the in house Police Team.

The increase in operating surplus was principally driven by increased turnover from overage received in the year relating to the land deal for the completed Leopold Development scheme (£14.3m, 2018 nil) and a change in value of investment property (£5.2m, 2018 £0.1m). These significant favourable movements were offset by the increase in operating costs and write downs in the year and losses relating to our joint venture activity.

Joint venture activity resulted in a small loss of £1.1m in the year as both the Balfron Tower Development LLP and Aberfeldy New Village LLP phase 3a continue in the construction phase with relatively low volume of off plan sales. This compares to a £3.7m surplus in 2018 being the remaining profit for phase 2 of the Aberfeldy New Village LLP (total profit paid to the Group from phase 2 was over £10m).

The £4.0m write down of investment in joint ventures (2018: £1.1m) relates to the Balfron Tower LLP and the costs incurred by the Group in buying back leaseholders prior to the full refurbishment starting on site. The LLP, of which the Group is a 50% shareholder, is forecasting a profit from the project.

Stripping out overage, joint venture activity, gain on fixed asset disposal and changes in value of investment property shows a 'core' operating surplus of £11.8m down 16.8% on 2018 (£14.2m). The lower core surplus is principally driven by the Board's decisions on investing our stock and management services.

	2019	2018
Turnover £k	74,958	59,393
Operating surplus £k	60,138	55,875
Operating margin %	80%	94%
Core operating surplus £k <sup>1</sup>	11,779	14,164
Core operating margin	19%	24%
Surplus on 1st tranche shared ownership sales £k	1,044	2,145
Debt per unit £k <sup>2</sup>	42.2	46.1
<b>Net assets £k</b>	<b>159,488</b>	<b>113,429</b>

<sup>1</sup> Excludes overage, joint venture activity and write down of investment, gain on sale of fixed assets and change in value of investment property

<sup>2</sup> Debt per unit calculated as bank, bond and finance lease liabilities less cash and cash equivalents per home owned



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 2019 of £6.0m (2018: £6.1m) was partly offset by external funding of £1.7m (2018: £2.2m) 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 £12.8m for the year were down on 2018 (£13.3m) due to a £10m reduction in long term loans.

**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 void disposal programme and the overage income. The resulting liquidity strength remains a key part of the business strategy ensuring financial resilience and ability to fund our ambitious regeneration programme.

**LOOKING FORWARD**

Sufficient funding is in place to deliver the total committed and uncommitted capital expenditure resulting in 760 new affordable homes over the next 10 years. March 2017 was the peak debt position for the Group at £316m reducing to £271m as at March 2019. The June 2019 business plan submitted to the Regulator of Social Housing shows debt remaining at approximately £270m through to 2023 and decreasing from there with cash balances remaining above £20m in all years.

The June 2019 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.



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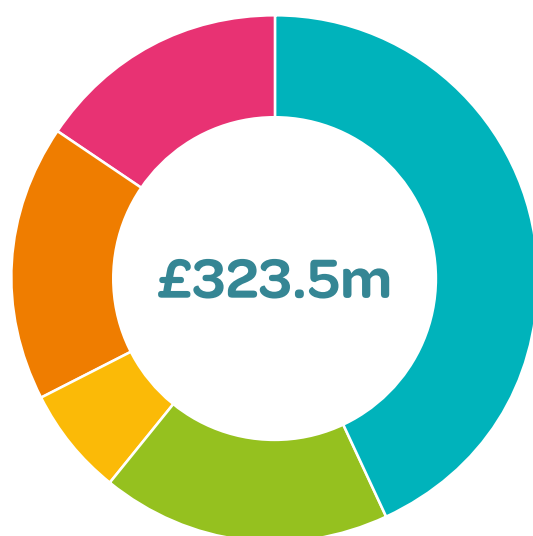
# Treasury Management

## 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 to address the RCF facilities that matured in July 2018 has been fully implemented. A new 7 year RCF was arranged in February 2018 and an existing RCF extended in July 2018 for a further 5 years.



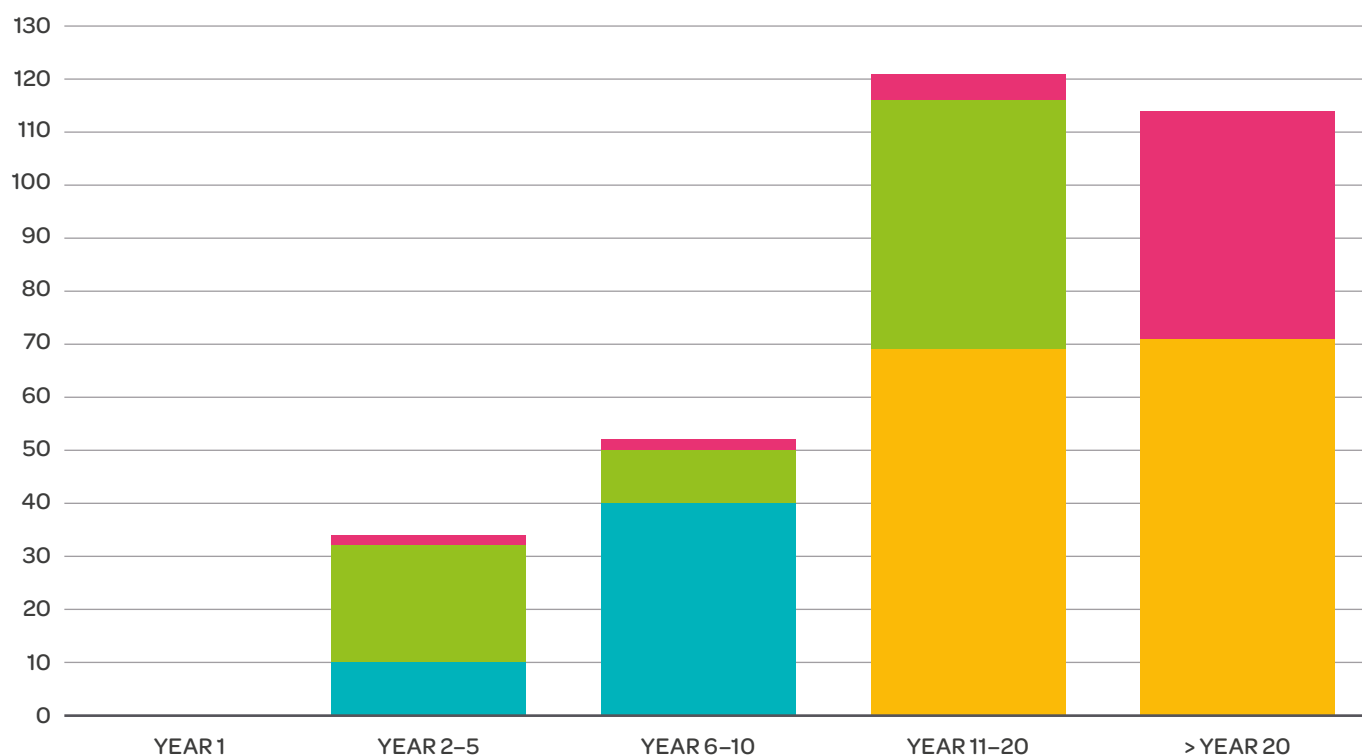
## TOTAL DEBT FUNDING 31 MARCH 2019

- Bond **£140m**
- Bank Fixed **£57m**
- RCF Drawn **£21.5m**
- Finance Lease **£55m**
- RCF Undrawn **£50m**

The debt funding of £323.5m is relatively long dated and is sufficient to fund the capital commitments from the development programme.

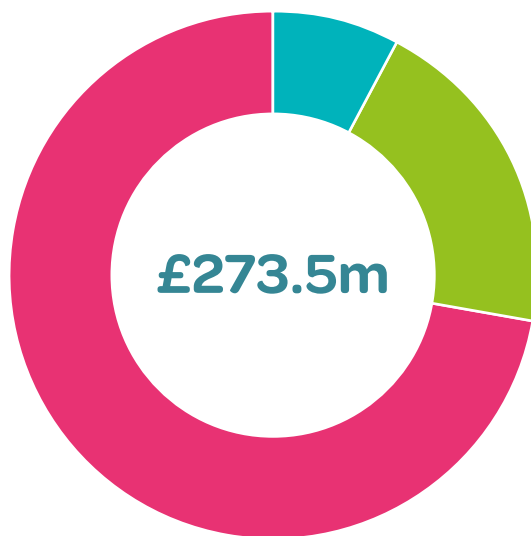
## FACILITY MATURITY PROFILE 31 MARCH 2019

- Undrawn RCF
- Bond Debt
- Bank Debt
- Finance Lease





The Group continues to be risk averse in its approach to interest rate management. As at 31 March 2019, 8% of drawn debt (£21.5m) is variable and exposed to the risk of rising LIBOR. In addition 20% of debt is an RPI linked finance lease (£55.0m). The remaining 72% of debt is at fixed rates. 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 £273.5M DRAWN DEBT\*

- Variable **7.9%**
- RPI Linked **20.1%**
- RCF Drawn **72%**

\* Hedging in this context refers to fixed rate bank loans for which there are no hedge accounting implications

#### BREXIT AND CREDIT RATING

Following a downgrade by Moody's Investors Service (Moody's) of the UK rating to Aa2 in September 2017, the Moody's rating of Poplar HARCA was reduced from Baa1 to Baa2 with the outlook changed from negative to stable.

In December 2018 Moody's assigned a positive outlook to Poplar HARCA's Baa2 rating.

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 133% (2018: 145%). The covenant requirement is 110%. The result of 133% marginally missed the 135% internal target in the financial control framework following the investment decisions by the Board.

Our tenanted homes were valued at £492 million on a security basis resulting in a gearing of 56% (2018: 58%). 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 £42,174 (2018: £46,065). The covenant requirement is £55,000 as at 2018 increasing annually by CPI.

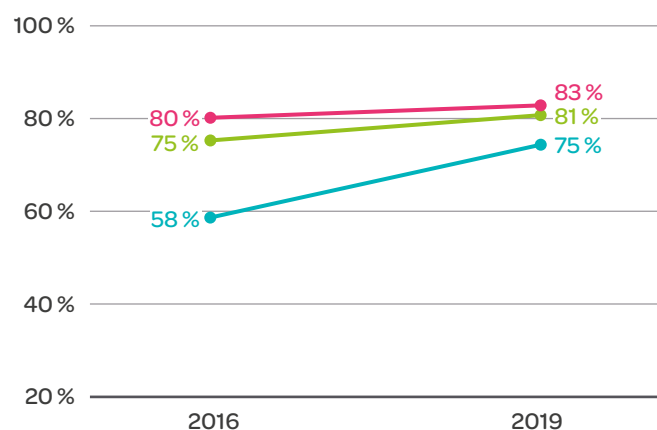


# Operational Performance & Satisfaction Levels

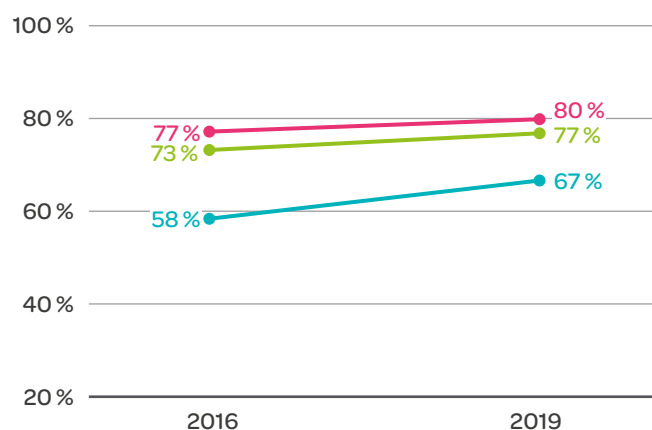
Following a survey of residents by an independent polling company, it is pleasing to report increasing satisfaction across key indicators:

● Tenant ● Leaseholders ● Combined

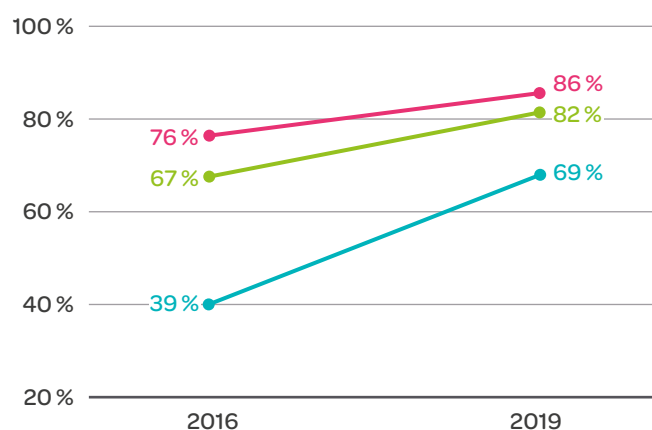
## SATISFIED WITH POPLAR HARCA AS A LANDLORD



## WOULD RECOMMEND POPLAR HARCA AS A LANDLORD



## POPLAR HARCA SERVICES ARE VALUE FOR MONEY



## 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 3.16% at year-end, 2.85% net of Housing Benefit.

We know that 4.4% 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 611 tenant households currently in receipt of UC arrears were 3.16%, 2.85% net of Housing Benefit.

## TECHNICAL AND ESTATE SERVICES

Resident satisfaction with repairs remains top quartile, with transactional surveys revealing a satisfaction rate of 96%. In the financial year we completed over 25,000 repairs, replaced 325 boilers and carried out 2,849 electrical tests. The average repair takes 7.45 days from the initial report to completion with 98.3% of repairs completed in target.

## 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 3,780, with over 43,000 attendances and more than 3,715 sessions in 2018/19

Implementation has been led by external partners with Spotlight utilising local delivery partners such as IMD Legion, Leaders in Community, Urban Interface Dance UK, Ruff Squad 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, UAL, Celtic FC Foundation and Fight 4 Change. Our specialist support services have been bolstered through partnerships with the NSPCC, Docklands Outreach and Lifeline Renewal.

## DEVELOPMENT AND REGENERATION

Aberfeldy Phase 3A has now completed and residents are taking occupation. The phase consisted of 121 new homes, 30 of which were for affordable rent and nine for shared ownership. Sales of the private residential have been averaging six per month and we anticipate all the units being sold by October 2019. The linear park is now complete and provides a beautiful amenity for all the residents. Meanwhile, works have commenced on Phase 3B, which consists of 223 new homes, 39 of which are for affordable rent and four for shared ownership. Sixteen of the private residential homes have already been sold.

Works on the 146 flats in Balfron Tower are progressing well and are on target for a major sales launch in September 2019 and completion by April 2020. Interior designers have been chosen for the show flats and we are anticipating considerable media interest and coverage. The project has already been covered in a feature length article in the Financial Times property section.

The St Pauls Way School extension has finally completed and all the flats above have been sold. The school is now complete and has a full cohort of pupils. The project is a stunning example of how education and housing can share scarce land in an inner city and has won both the 2019 Property Week "Large Project of the Year" award and the 2019 Evening Standard "Best Regeneration Scheme" award.

Planning approval has been granted for the regeneration of our Chrisp Street market, which includes 643 new homes and 1244m<sup>2</sup> of additional commercial space. Enabling works are underway, including the construction of a replacement SureStart Centre in adjacent Kirby Street. Demolition works are expected to start in early 2020.

Planning consent was also granted for Jolles House and works have commenced on site to provide 70 new affordable homes in place of the old Jolles House which contained just twelve homes.

Our "Hidden Homes" programme has also continued, with unused spaces in our housing blocks being converted for residential use. In Leopold Street we created five new affordable rent homes from a disused NHS facility, all of which are now occupied.

## 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 £6.0m (2018: £6.1m) was partially offset by external funding of £1.7m (2018: £2.2m) resulting in a net investment by Poplar HARCA of £4.3m for the year (2018: £3.9m).

## EMPLOYMENT & TRAINING

The Employment and Training team have engaged with approximately 1,113 people throughout the year, providing one to one support, organising jobs fairs and running accredited training for work. As a result, 320 people successfully got a job and 493 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 2018 to 31 March 2019:

Organisation	2019 £	2018 £
Action For Bow	7,743	-
Belling Charitable	-	15,000
Big Local Trust	-	120,225
Big Lottery Fund	142,280	101,333
Canal & River Trust	5,000	-
Capital City College	5,000	13,800
Clarion Futures	10,000	9,881
Community Links Trust Limited (Talent Match)	-	13,988
Department of Work & Pensions	-	28,935
East End Community Foundation	16,000	313,080
Education and Skills Funding Agency	523,914	-
European Social Fund	140,313	117,718
Garfield Weston Foundation	-	20,000
Lincoln Area Regeneration Group	-	500
London Borough of Tower Hamlets	504,968	320,000
London Marathon Fund	14,000	-
London Youth	1,500	300
Morgan Stanley	3,600	3,900
TFL Corporate	-	28,750
The Greater London Authority	86,201	-
The London Community Foundation	33,580	13,390
The National Foundation for Youth Music	-	7,949
The National Health Service (NHS)	13,450	-
WH Smith	-	100
Wilmott Dixon Community Fund	1,620	-
	<b>1,509,168</b>	<b>1,128,849</b>



# 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:**

- 1% cost saving efficiency per year, every year, from 2017/18 until 2020
- Letting a further 175 homes at local housing allowance to homeless households or at market rent, bringing the total programme that started in 2016/17 to 425
- Selling a further 186 homes based on asset management criteria where disposal adds significant value relative to cost and planned maintenance obligations, bringing the total programme that started in 2016/17 to 425
- 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 financial resilience measured through covenant headroom and strong liquidity. 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.

The next significant regeneration opportunity is the Teviot Estate and following the recent ballot result (86% in favour of regeneration and 81% turnout) the Board turns its attention to viability and funding. The June 2019 business plan includes the increased number of asset sales and conversions to local housing allowance, building the resilience and funding required to deliver the improvements to the estate and significant increase in the number of affordable homes.

The investment of asset disposal proceeds in new affordable homes through regeneration or acquisition is a priority for the Board to provide more affordable homes and enhance the underlying strength of the social lettings business which has weakened through the asset management programme. Income generated in partnership with the London Borough of Tower Hamlets in housing homeless people is non-social housing activity, but is a secure income stream and delivers social value.

The tragedy at Grenfell Tower further reinforced the Board's commitment to ensuring that our residents all live in safe homes, in safe blocks on safe estates. The Board's decision to therefore bring forward safety compliance programs so increasing investment in our rented homes and management has resulted in higher social housing lettings expenditure. At the same time the number of social homes has temporarily reduced due to the asset management programme. This has increased social housing cost per unit to £4,873, and in response to this the Board has committed to an objective of no further material increases in social housing cost per unit and working with the Services Committee and Joint Estate Panel as part of Together with Tenants to drill into the forecast cost trend and report headline cost performance periodically.

# Value For Money Scorecard

The table below is the Poplar HARCA Value for Money Scorecard that compares performance against a peer group average. The performance measures are set by the Board and include seven that are specifically required to be published annually under the “Value for Money Standard 2018” issued by the Regulator.

Sector scorecard	PH Group 2019	PH Group 2018	Peer Group 2019 <sup>1</sup>
<b>Business health</b>			
Operating margin excluding surplus on disposals	35%	24%	34%
Operating margin - social housing lettings	17%	28%	27%
EBITDA MRI % interest cover <sup>2</sup>	218%	173%	217%
<b>Development - capacity and supply</b>			
<b>New supply delivered (absolute)</b>			
Units developed social housing units	58	48	53
Units developed non-social housing units	0	125	0
<b>New supply delivered (as % of units owned)</b>			
Units developed social housing units	1%	1%	1%
Units developed non-social housing units	0%	1%	0%
Gearing <sup>3</sup>	48%	55%	50%
<b>Outcomes delivered</b>			
Resident satisfaction with services provided by landlord	81%	81%	81%
Reinvestment % <sup>4</sup>	5%	4%	6%
Investment in Communities (spend in year)	£6.0m	£6.1m	£0.8m
£s invested in Communities for every £ generated from operations	0.19	0.20	N/A
<b>Effective asset management</b>			
Return on capital employed <sup>5</sup>	11%	11%	5%
Occupancy	99.3%	99.7%	99.7%
Ratio of responsive repairs to planned maintenance	0.9	0.8	0.3
<b>Operating efficiencies</b>			
Headline social housing cost per unit <sup>6</sup>	£4,873	£3,955	£4,356
Management cost per unit <sup>6</sup>	£1,701	£1,455	£1,275
Service charge cost per unit <sup>6</sup>	£937	£860	£741
Maintenance cost per unit <sup>6</sup>	£1,496	£967	£1,176
Major repairs cost per unit <sup>6</sup>	£246	£267	£654
Other social housing cost per unit <sup>6</sup>	£493	£406	£510
Rent collected	102.6%	99.8%	100.7%

<sup>1</sup> Poplar HARCA peer group median data used (source: HouseMark data - ‘Global Accounts benchmark’ unless otherwise stated)

<sup>2</sup> 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

<sup>3</sup> 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

<sup>4</sup> Investment in properties as a % of the value of total properties held at year end

<sup>5</sup> Return on capital employed calculated as operating surplus ÷ (total fixed assets + total current assets less total creditors due within one year)

<sup>6</sup> Poplar HARCA peer group average data used (source: HouseMark data - ‘Global Accounts 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.

- Exposure to market sales through joint venture activity (open market sales) and our shared ownership programme is a key risk for the Group and a fall in prices of 20% and delay in sale completions is modelled as part of stress testing. Working through joint venture means cross default risk is mitigated, and whilst reductions in LLP profits or losses would have an impact on Group cash flow, the volatile accounting impact is excluded from loan covenants.

## 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, Safety & Fire

We have a comprehensive system in place to manage health and safety. There were no prosecutions or enforcement actions during the year.

Quarterly reports on health and safety performance with an annual overall report and plan are given to our Audit and Risk Committee. The internal auditors, RSM, looked at health and safety including fire safety and gas, in July 2018. The overall rating was one of reasonable assurance. A substantial assurance rating was given for planned and cyclical maintenance which RSM audited in February 2019.

Following on from the Grenfell disaster, it is understood that fire safety across our residential stock is still a priority area. 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. We spent approximately £440k on fire improvement work across our stock during the last business year. We visited 2,400 homes, mainly to identify residents who might be at high risk of fire due to vulnerabilities or behaviour such as hoarding.

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.

Our Estate Services Ambassadors visit all new residents with welcome packs covering fire safety information and guidance and met over 400 residents in the last year, 95% within our four week target.

Estate Services Operatives conduct daily visual assessments in line with our Estate Management Procedure. In addition, our Estate Services team remove approximately 850 tonnes of dumped bulk rubbish a year and do this promptly to avoid the risk of arson.

Where not already in place, fire detection is installed by our electricians in our tenanted homes when they conduct the NICEIC checks in homes, in addition to which the detection is tested by our gas contractor during annual gas servicing appointments of tenanted homes.



# Constitution & 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 twelve 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 2018.

## 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 meets at least four times a year and members of the Corporate Management Team attend all meetings.

## DIRECTORS AND DIRECTORS' INTERESTS

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

**Paul Brickell (Chair)**

**Reverend James Olanipekun  
(resigned November 2018)**

**Alexandra Woolmore**

**Colin Woollard**

**John Norman**

**Matthew Rowe**

**Momtaz Ajid**

**Naz Hussain**

**Rafi Mannan (appointed March 2019)**

**Sade Koiki (appointed March 2019)**

**Simon Turek**

**Tanya Martin**

**Tilat Mahiudin**

The directors received no remuneration during the period.

## DIRECTORS APPOINTMENTS, DIVERSITY & INCLUSION, SUCCESSION PLANNING, BOARD EVALUATION

Poplar HARCA operates a community focused Board model, which means when vacancies arise we first search for candidates who are Poplar HARCA residents, then search further across Poplar and Tower Hamlets, and finally to the wider community to fulfil particular skill requirements.

In the past year two Directors were appointed to the Board, both of whom are local residents and one of whom is also a Poplar HARCA tenant or leaseholder. Of our twelve Board members, six are local residents and one a former resident, and a total of four members are Poplar HARCA tenants or leaseholders.

We continue to promote diversity and inclusion on our Board and Committees and utilise a wide range of resources to find candidates; including referrals from our REST and CaN teams, Youth Empowerment Board and Joint Estate Panel. We also use LinkedIn, social media, the Poplar HARCA website and email newsletters, Say It Poplar, Reach Volunteering and Volunteer Centre Tower Hamlets. At 31 May 2019 the Board had a gender balance of one third female, two thirds male, and a broad distribution of members across age brackets (see right).

18-30	31-40	41-50	51-60	61-70
2	5	2	0	3

We will continue to work on broadening the Board's ethnic diversity; currently the Board has seven white British, three British Asian-Bangladeshi, one black British and one British Asian-Pakistani member.

Three members have joined our Committees over the last year, providing vital capacity building opportunities to perpetuate the strength of the Board moving into the future. The skills base of the Board and Committees remains strong, and a range of development and training opportunities have been delivered throughout the year providing members with vital skills that enhance our governance. Board and Committee members undergo an annual appraisal with their Chair to evaluate performance and identify skills gaps.

The Remuneration & Nominations Committee meets annually and the Committee Chairs meet quarterly to monitor succession planning and evaluation of the Board and Committees. As required by the NHF Code of Governance, the Board considers their own performance annually, with a formal review every three years.





The following Committees meet four times a year minimum and provide assurance and recommendations to the Board, which will sign off final decisions when required. Attendance in the last twelve months has been good, with an average 90% Board attendance, and average 78% attendance across the following three Committees.

- **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.

In addition, the following groups provide input to Poplar HARCA's governance structure:

- **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, covering issues including community safety, regeneration and homelessness. It is open to 16-25 year olds who live in Tower Hamlets. The Chair of YEB joined the Poplar Board in 2019, further strengthening ties between young people and Poplar HARCA's formal governance structure.

- **Estate Boards and Joint Estate Panel**

There are ten Estate Boards/Gathering Groups consisting of elected tenant and leaseholder representatives. Estate Boards work in partnership with Poplar HARCA to ensure that residents' voices are heard within the organisation in order to improve and shape the services provided. They have an advisory/consultative role on local service provision, housing, technical, community and physical regeneration, and meet to consider how services are being delivered, future plans, projects and initiatives, how to spend an allocated Estate Minor Works budget. The Joint Estate Panel is made up of two members from each Estate Board/Gathering Group, with an added scrutiny remit on specific issues.

## RELATED PARTY DISCLOSURES

Four of the current 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 Bhattacharjee**  
Director of Communities  
& 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 2019. 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 (2018: £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, resigned as the auditor following the completion for the year ended 31 March 2018. A resolution to appoint Mazars LLP as auditors 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 17 September 2019.

By order of the Board  
155 East India Dock Road  
Poplar  
London E14 6DA



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**Dr Paul Brickell**

Chair

**Date: 20 September 2019**

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

## OPINION

We have audited the financial statements of Poplar Housing and Regeneration Community Association Limited (the 'parent association') and its subsidiaries (the 'group') for the year ended 31 March 2019 which comprise the Group and the parent association's Statements of Comprehensive Income, the Group and the parent association's Statements of Financial Position, the Group Statement of Cash Flows, the Group and the parent association's Statements of Changes in Reserves and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

### In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent association's affairs as at 31 March 2019 and of the group's and the parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

## BASIS FOR OPINION

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

## THE IMPACT OF UNCERTAINTIES DUE TO THE UNITED KINGDOM EXITING THE EUROPEAN UNION ON OUR AUDIT

The Board's view on the impact of Brexit is disclosed on page 11.

The terms on which the United Kingdom may withdraw from the European Union, are not clear, and it is therefore not currently possible to evaluate all the potential implications to the Group's and parent association's trade, customers suppliers and the wider economy.

We consider the impact of Brexit on the Group and the parent association as part of our audit procedures, applying a standard firm wide approach in response to the uncertainty associated with the Group's and parent association's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible implications for the Group and parent association and this is particularly the case in relation to Brexit.



## CONCLUSIONS RELATING TO GOING CONCERN

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

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

## OTHER INFORMATION

The Board is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

## RESPONSIBILITIES OF THE BOARD

As explained more fully in the Statement of the Board's responsibilities set out on page 23, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## USE OF THE AUDIT REPORT

This report is made solely to the parent association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the parent association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the parent association and the parent association's members as a body for our audit work, for this report, or for the opinions we have formed.



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Mazars LLP  
Chartered Accountants and Statutory Auditor  
45 Church Street  
Birmingham  
B3 2RT

Date: **20 September 2019**



# Financial Statements





# Statement of Comprehensive Income - Group and Association

for the year ended 31 March 2019

	Notes	Group		Association	
		2019 £'000	2018 £'000	2019 £'000	2018 £'000
Turnover	2a	74,958	59,393	60,203	59,090
Cost of sales	2a	(498)	(1,021)	(498)	(1,021)
Operating costs	2a	(48,543)	(43,983)	(48,278)	(43,682)
Net income/(cost) of refurbishment works to leasehold properties	2a	149	(225)	149	(225)
Share of operating (loss)/surplus of joint ventures	2a, 16	(1,061)	3,661	-	-
Write down of investment in joint ventures	16	(4,024)	(1,104)	-	-
Gain on disposal of fixed assets and investment property	2a, 5	33,936	39,081	33,967	39,081
Change in value of investment property	14	5,221	73	5,532	73
<b>Operating surplus</b>	2a	<b>60,138</b>	<b>55,875</b>	<b>51,075</b>	<b>53,316</b>
Interest receivable and similar income	6	554	383	655	484
Interest payable and similar charges	7	(12,773)	(13,336)	(12,773)	(13,336)
Gift aid	29	-	-	11,226	10,254
<b>Surplus before tax</b>	4	<b>47,919</b>	<b>42,922</b>	<b>50,183</b>	<b>50,718</b>
Tax on surplus on ordinary activities	10	191	1,235	43	(78)
<b>Surplus for the year</b>		<b>48,110</b>	<b>44,157</b>	<b>50,226</b>	<b>50,640</b>
<b>Other comprehensive income</b>					
Initial recognition of multi-employer defined benefit scheme	8	(1,801)	-	(1,801)	-
Re-measurement of pension schemes	8	(243)	1,296	(243)	1,296
<b>Total comprehensive income for the year</b>		<b>46,066</b>	<b>45,453</b>	<b>48,182</b>	<b>51,936</b>

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



**Dr Paul Brickell**  
Chair



**Tanya Martin**  
Trustee



**Jonathan Spearing**  
Company Secretary

# Statement of Financial Position - Group and Association

as at 31 March 2019

	Notes	Group		Association	
		2019 £'000	2018 Restated £'000	2019 £'000	2018 Restated £'000
<b>Fixed assets</b>					
Housing properties	11	414,475	404,372	414,475	404,744
Other fixed assets	12	15,388	9,642	15,388	9,642
Intangible assets	13	469	477	469	477
Investment in commercial properties*	14	71,638	66,809	67,405	61,873
Investment in subsidiaries	15	-	-	18,612	18,401
Investment in joint ventures	16	12,453	17,327	-	-
		<b>514,423</b>	<b>498,627</b>	<b>516,349</b>	<b>495,137</b>
<b>Current assets</b>					
Stock	17	2,740	3,030	2,740	3,030
Debtors	18	16,956	11,367	33,805	17,048
Cash and cash equivalents	19	23,699	8,045	8,344	7,170
Short term investment	20	6,586	6,586	6,586	6,586
		<b>49,981</b>	<b>29,028</b>	<b>51,475</b>	<b>33,834</b>
Creditors: amounts falling due within one year	23	(17,843)	(22,563)	(17,717)	(22,579)
<b>Net current assets</b>		<b>32,138</b>	<b>6,465</b>	<b>33,758</b>	<b>11,255</b>
Debtors due after more than one year	18	9,570	13,591	9,375	13,532
<b>Total assets less current liabilities</b>		<b>556,131</b>	<b>518,683</b>	<b>559,482</b>	<b>519,924</b>
Long term liabilities	24	(385,730)	(398,481)	(385,648)	(398,412)
Provisions for liabilities	25	(10,913)	(6,773)	(10,913)	(6,773)
<b>Net Assets</b>		<b>159,488</b>	<b>113,429</b>	<b>162,921</b>	<b>114,739</b>
<b>Reserves</b>					
Income and expenditure reserve		157,988	111,922	161,421	113,239
Fair value reserve		1,500	1,500	1,500	1,500
		<b>159,488</b>	<b>113,422</b>	<b>162,921</b>	<b>114,739</b>
Non-controlling interests		-	7	-	-
<b>Total reserves</b>		<b>159,488</b>	<b>113,429</b>	<b>162,921</b>	<b>114,739</b>

These financial statements were approved by the Board of Directors on 17 September 2019 and were signed on its behalf by:



**Dr Paul Brickell**  
Chair



**Tanya Martin**  
Trustee



**Jonathan Spearing**  
Company Secretary

\* The investment in commercial properties prior year amount has been restated to reflect the correct fair value of the investment.

# Statement of Changes in Equity

## - Group and Association

for the year ended 31 March 2019

Group	Notes	Called up share capital £'000	Fair value reserve £'000	Income and expenditure reserve £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 April 2017 – previously reported		-	1,500	62,555	7	64,062
Prior period adjustment – fair value revaluation on investment properties	14	-	-	3,914	-	3,914
<b>Balance at 1 April 2017 – as restated</b>		-	<b>1,500</b>	<b>66,469</b>	<b>7</b>	<b>67,976</b>
Surplus for the year after tax		-	-	44,157	-	44,157
Re-measurement of pension scheme	8	-	-	1,296	-	1,296
<b>Balance at 31 March 2018 – as restated</b>		-	<b>1,500</b>	<b>111,922</b>	<b>7</b>	<b>113,429</b>
		Called up share capital £'000	Fair value reserve £'000	Income and expenditure reserve £'000	Non-controlling interest £'000	Total equity £'000
Balance at 1 April 2018 – previously reported		-	1,500	108,008	7	109,515
Prior period adjustment – fair value revaluation on investment properties		-	-	3,914	-	3,914
<b>Balance at 1 April 2018 – as restated</b>		-	<b>1,500</b>	<b>111,922</b>	<b>7</b>	<b>113,429</b>
Surplus for the year after tax		-	-	48,110	-	48,110
De-recognition of minority interest		-	-	-	(7)	(7)
Initial recognition of multi-employer defined benefit scheme	8	-	-	(1,801)	-	(1,801)
Re-measurement of pension scheme	8	-	-	(243)	-	(243)
<b>Balance at 31 March 2019</b>		-	<b>1,500</b>	<b>157,988</b>	-	<b>159,488</b>



**Association**

	Notes	Called up share capital £'000	Fair value reserve £'000	Income and expenditure reserve £'000	Total equity £'000
Balance at 1 April 2017 – previously reported		-	1,500	57,390	58,890
Prior period adjustment – fair value revaluation on investment properties	14	-	-	3,914	3,914
<b>Balance at 1 April 2017 – as restated</b>		-	<b>1,500</b>	<b>61,304</b>	<b>62,804</b>
Surplus for the year after tax		-	-	50,639	50,639
Re-measurement of pension scheme	8	-	-	1,296	1,296
<b>Balance at 31 March 2018 – as restated</b>		-	<b>1,500</b>	<b>113,239</b>	<b>114,739</b>

		Called up share capital £'000	Fair value reserve £'000	Income and expenditure reserve £'000	Total equity £'000
Balance at 1 April 2018 – previously reported		-	1,500	109,325	110,825
Prior period adjustment – fair value revaluation on investment properties		-	-	3,914	3,914
<b>Balance at 1 April 2018 – as restated</b>		-	<b>1,500</b>	<b>113,239</b>	<b>114,739</b>
Surplus for the year after tax		-	-	50,226	50,226
Initial recognition of multi-employer defined benefit scheme	8	-	-	(1,801)	(1,801)
Re-measurement of pension scheme	8	-	-	(243)	(243)
<b>Balance at 31 March 2019</b>		-	<b>1,500</b>	<b>161,421</b>	<b>162,921</b>

# Consolidated Cash Flow Statement

## for the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
<b>Net cash received from operating activities</b>	21	34,741	22,274
<b>Cash flows from investing activities</b>			
Acquisition of housing properties		(22,145)	(18,739)
Acquisition of other fixed assets		(7,034)	(4,245)
Proceeds from sale of housing properties		34,981	38,894
Proceeds from sale of investment property		432	(249)
Distribution from joint ventures		-	10,250
Loan provided to joint ventures		(4,591)	(4,918)
Joint venture loan repayment		-	2,164
Grants received		3,287	2,394
Interest received		59	938
<b>Net cash flows from investing activities</b>		<b>4,989</b>	<b>26,489</b>
<b>Cash flows from financing activities</b>	22		
Interest paid		(11,286)	(11,443)
Interest element of finance lease rental payments		(2,496)	(2,360)
Capital element of finance lease rental payments		(294)	(279)
Loans paid		(10,000)	(35,279)
Arrangement fees		-	(402)
<b>Net cash paid in financing activities</b>		<b>(24,076)</b>	<b>(49,763)</b>
<b>Net cash (decrease)/increase in cash and cash equivalents</b>		<b>15,654</b>	<b>(1,000)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>8,045</b>	<b>9,045</b>
<b>Cash and cash equivalents at end of year</b>	22	<b>23,699</b>	<b>8,045</b>

# Notes to the Financial Statements for the year ended 31 March 2019

## 1. Legal status

The association is incorporated 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 23 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 Benefits Societies Act 2014, FRS 102 (March 2018), the financial reporting standard in the UK and Republic of Ireland ("FRS102") and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 ("SORP 2018"), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

The Group has elected to early adopt the changes in FRS102, SORP 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 except for the adoption of:

#### New standards applied

In the current financial year, the Group has adopted all the new and revised standards (FRS 102, SORP 2018 and Accounting Direction for Private Registered Providers of Social Housing 2019) which are effective for annual financial periods beginning on or after 1 January 2019.

The adoption of these standards did not have any effect on the financial performance or position of the Group.

#### Changes to accounting policy

There has been a change to the accounting policy relating to the Social Housing Pension Schemes. This year information has become available to enable Defined Benefit accounting for Social Housing Pension Schemes, which in prior years has been accounted for as a Defined Contribution Scheme. The information is available from 1 April 2018 onwards, therefore the accounting relating to Social Housing Pension Schemes has not been consistently applied between years ended 31 March 2018 and 31 March 2019. Refer to the Defined Benefits plans policy for further information and Note 8 for further detail on the effect of the change in line with FRS 102 10.13 (a) to (d).

### RESTATEMENT

Any restatement of figures from the prior year are disclosed in the relevant notes to the financial statements (refer to notes 12, 14, 19, 20, 23 and 24).

### PRIOR PERIOD ADJUSTMENT

A prior period comparative has been restated to reflect the correct fair value of the investment in commercial properties (refer to note 14 and statement of changes in equity).

### 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 2019/20 and forecast for future years, and based on normal strategic business planning and control procedures, and following the 17 September 2019 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
<b>Poplar HARCA Projects Limited</b>	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
<b>Poplar HARCA (Developments) Limited</b>	16 November 2005	Company limited by shares	Development of properties for re-sale Joint venture partner to Aberfeldy New Village LLP
<b>Poplar HARCA Capital PLC</b>	4 April 2013	Company limited by shares	Bond finance provided to the Group
<b>Leaside Business Centre Management Limited</b>	6 April 2016	Company limited by shares	Management company of commercial properties

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken an advantage of the exemption from presenting a statement of cash flows, as permitted by Section 7 'Statement of Cash Flows'.



## 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 Section 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. 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.

### • 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. 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 statement of comprehensive income 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 2019, interest has been capitalised at an average rate of 4.74% (2018: 4.41%) 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 (except for head office which is depreciated over the term of the finance lease)	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 Statement of Comprehensive Income as turnover income over the expected useful life of the structure of housing properties and its individual components in accordance with the accrual method applicable to social landlords accounting for housing properties at cost.

On disposal of properties, or occurrence of certain relevant events, all associated SHG are transferred to 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 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 RCGF following the abolition of DPF. Poplar HARCA Limited utilises the RCGF 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. Property interest held by a lessee under an operating lease may be classified and accounted for as investment property if property meets the definition of an investment property and the lessee can measure the fair value of the property interest on an on-going basis.

Investment properties are recognised initially at cost.

Subsequent to initial recognition

- i. Fair value is determined annually and 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.

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 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 24 *Creditors: amounts falling due after more than one year*.

## MIXED TENURE DEVELOPMENT

Poplar HARCA Limited develops some schemes which comprise of 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 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.

## 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 financial assets such as investments are measured at amortised cost and calculated by deducting the difference between the 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. For rent arrears an impairment loss is recognised on the unrecoverable arrears, which are classified as bad debts by management. 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 such as Property, Plant and Equipment, 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 is 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 Statement of Comprehensive Income.

Re-measurement 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. This year information has become available to enable Defined Benefit accounting for Social Housing Pension Schemes, which in prior years has been accounted for as a Defined Contribution Scheme. The information is available from 1 April 2018 onwards, therefore the accounting treatment for Social Housing Pension Schemes has not been consistently applied between years ended 31 March 2018 and 31 March 2019. The treatment of the change to Defined Benefit accounting this year complies with FRS 102 and FRED 71. Refer to Note 8 for further detail on the effect of the change in line with FRS 102 10.13 (a) to (d).

#### Accounting policy for Social Housing Pension Scheme for the year ended 31 March 2019

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 Statement of Comprehensive Income.

Re-measurement 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.

#### Accounting policy for Social Housing Pension Scheme for the year ended 31 March 2018 and earlier reporting periods

In the year ended 31 March 2018 and earlier reporting periods the Group was unable to obtain sufficient information to use defined benefit accounting for the multi-employer plan, and accounted for the scheme as if it were a defined contribution scheme. As a result, the amount charged to the Statement of Comprehensive Income represented the contributions payable to the scheme in respect of the accounting period. To the extent that payments plans related to funding a deficit, the contributions were recognised as a liability payable arising from the agreement with the multi-employer plan and resulted in a charge to the Statement of Comprehensive Income. Where these payments were not expected to be settled within 12 months the liability was 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 Association will be required to make a payment under the guarantee.

## OPERATING SEGMENTS

Where we have publically traded securities within the Group we are required to disclose information about our operating segments under IFRS 8. For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM the presentation of these financial statements and accompanied notes are in accordance with the Accounting Direction for Private Registered Providers of Social Housing from 2019 and is considered appropriate. The reporting segments include social housing which makes up the core activities, non-social housing and other. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the activities of the housing assets held by the Group. This is appropriate on the basis of the similarity of the services provide, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across the geographical location in which the Group operates. The CODM do not review disaggregated financial information of assets and liabilities at this level of operating segments. Refer to note 2b for further disclosed information.

## 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.

## COST OF SALES

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

## 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 bond 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.

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.

## RESERVES

The Income and expenditure reserve are the cumulative surpluses and deficits of the Group. The fair value reserve was established on transition to FRS102 on application of the deemed cost model, which allowed first time adopters to elect to measure investment property at its fair value at the date of transition and use that fair value as its deemed cost at that date.

## 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 2019 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*.

### • Impairment of investment in joint venture

An impairment review of joint ventures is performed at each year-end. In 2019, an impairment has been recognised on the Investment in Balfron Tower Developments LLP (Refer to Note 16 – *Investment in joint ventures*). In determining the recoverable amount of the investment, an estimation of sales value for the outright sales units at Balfron Tower was forecasted by three separate sales agents and an average of these were used. In terms of the expected constructions costs and finance costs, management carried out a best and worst case scenario analysis. A mid-point was used by management to estimate the projected surplus from the joint venture.

### • Investment properties

Investment properties have been measured as follows:

31 March 2019 – External professional valuation

31 March 2018 – Directors' valuation

31 March 2017 – Directors' valuation

As stated in the accounting policies investment properties are held at fair value based on the valuations obtained.

### • 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 schemes: Social Housing Pension Scheme and Local Government Pension Scheme

The valuation of the defined benefit pension schemes have been carried out by qualified actuaries. The cost of these benefits and the present value of the obligation depends on a number of factors, including life expectancy, salary increases and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumption reflect historical experience and current trends. Refer to note 8 for the valuation approach and assumptions taken in calculating the scheme asset and liability. A sensitivity analysis has been carried out in respect of the above key sources of estimation in note 8 which illustrates the impact on the total pension liability.

### • Thames Water

An assessment of the Thames Water provision has been carried out on current tenants dating back 6 years for the previous contract period between years 2000 and 2016. The provision was 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, dated 1 April 2016. In the current year, the likelihood of settlement of these amounts has been reassessed and it has been concluded to be appropriate that the Thames water provision has been released in full.

### • Former tenant unallocated receipts

An assessment of the former tenant unallocated receipts has been carried out on former tenant debt since inception of the Group. The provision has been calculated on all unallocated receipts for the last year from 31 March 2019 as it is probable and can be measured reliably. Any unallocated receipts on former tenants prior than the last year will be realised in the current year through the Statement of Comprehensive Income as it is not probable that the obligation will eventuate into an outflow of economic benefit.



## TAX

Poplar HARCA is exempt from corporation tax on its charitable activities. Tax is payable on its non-charitable business activities. The tax expense comprises current and deferred tax. Tax currently payable, relating to corporation tax, is calculated on the basis of the tax rates and laws that have been enacted or substantively enacted as at the reporting date.

Deferred tax is recognised on all timing differences that have originated but not reversed at the reporting date. Transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future give rise to a deferred tax liability or asset. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted as at the reporting date, that are expected to apply to the reversal of the timing difference. The tax expense is recognised in the same component of comprehensive income or equity as the transaction, or other event, that resulted in the tax expense.

Deferred income tax assets are recognised only to the extent that, on the basis of all available evidence, it is deemed probable that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Current and deferred tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts, and there is the intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

## VALUE ADDED TAX

Poplar HARCA Ltd 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. Poplar HARCA has an agreed Special Partial Exemption method with HM Revenue & Customs to calculate input tax.

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

Group	2019					2018				
	Turnover	Cost of Sales	Operating Costs	Other operating items	Operating Surplus /(Deficit)	Turnover	Cost of Sales	Operating Costs	Other operating items	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social housing lettings</b>										
Rental accommodation	39,227	-	(31,460)	-	7,767	40,485	-	(28,002)	-	12,483
Leasehold accommodation	4,547	-	(4,641)	-	(94)	3,762	-	(3,892)	-	(130)
	<b>43,774</b>	<b>-</b>	<b>(36,101)</b>	<b>-</b>	<b>7,673</b>	<b>44,247</b>	<b>-</b>	<b>(31,894)</b>	<b>-</b>	<b>12,353</b>
Amortised government grants	2,979	-	-	-	2,979	2,978	-	-	-	2,978
Refurbishment administration	-	-	(3,653)	-	(3,653)	-	-	(3,241)	-	(3,241)
Refurbishment administration costs capitalised	-	-	938	-	938	-	-	945	-	945
	<b>46,753</b>	<b>-</b>	<b>(38,816)</b>	<b>-</b>	<b>7,937</b>	<b>47,225</b>	<b>-</b>	<b>(34,190)</b>	<b>-</b>	<b>13,035</b>
<b>Other social housing activities</b>										
Shared ownership sales – First tranche	1,542	(498)	-	-	1,044	3,166	(1,021)	-	-	2,145
Gain on disposal of fixed assets and investment property	-	-	-	33,936	33,936	-	-	-	39,081	39,081
Overage income	14,287	-	-	-	14,287	-	-	-	-	-
	<b>15,829</b>	<b>(498)</b>	<b>-</b>	<b>33,936</b>	<b>49,267</b>	<b>3,166</b>	<b>(1,021)</b>	<b>-</b>	<b>39,081</b>	<b>41,226</b>
<b>Non-social housing activities</b>										
Community regeneration	1,698	-	(6,038)	-	(4,340)	2,221	-	(6,098)	-	(3,877)
Garages and commercial properties	2,889	-	(1,303)	-	1,586	2,590	-	(1,804)	-	786
Market rent	2,646	-	(493)	-	2,153	2,418	-	(257)	-	2,161
Change in value of investment property*	-	-	-	5,221	5,221	-	-	-	73*	73
Other	5,143	-	(1,893)	-	3,250	1,773	-	(1,634)	-	139
Share of operating (loss)/surplus of joint ventures	-	-	-	(1,061)	(1,061)	-	-	-	3,661	3,661
Write down of investment in joint ventures	-	-	-	(4,024)	(4,024)	-	-	-	(1,104)	(1,104)
	<b>12,376</b>	<b>-</b>	<b>(9,727)</b>	<b>136</b>	<b>2,785</b>	<b>9,002</b>	<b>-</b>	<b>(9,793)</b>	<b>2,630</b>	<b>1,839</b>
<b>Total on ordinary activities</b>	<b>74,958</b>	<b>(498)</b>	<b>(48,543)</b>	<b>34,072</b>	<b>59,989</b>	<b>59,393</b>	<b>(1,021)</b>	<b>(43,983)</b>	<b>41,711</b>	<b>56,100</b>
Leaseholder works and recharges	-	-	149	-	149	(258)	-	33	-	(225)
<b>Total</b>	<b>74,958</b>	<b>(498)</b>	<b>(48,394)</b>	<b>34,072</b>	<b>60,138</b>	<b>59,135</b>	<b>(1,021)</b>	<b>(43,950)</b>	<b>41,711</b>	<b>55,875</b>

\* Change in investment property was re-assessed during the year using the operating surplus definition stated in SORP 2018, it was concluded that this should be re-classified to form part of operating surplus. In prior year this did not form part of operating surplus. The prior year figure has been reclassified.

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

Association	2019					2018				
	Turnover	Cost of Sales	Operating Costs	Other operating items	Operating Surplus /(Deficit)	Turnover	Cost of Sales	Operating Costs	Other operating items	Operating Surplus /(Deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Social housing lettings</b>										
Rental accommodation	39,227	-	(31,460)	-	7,767	40,485	-	(28,002)	-	12,483
Leasehold accommodation	4,547	-	(4,641)	-	(94)	3,762	-	(3,892)	-	(130)
	<b>43,774</b>	<b>-</b>	<b>(36,101)</b>	<b>-</b>	<b>7,673</b>	<b>44,247</b>	<b>-</b>	<b>(31,894)</b>	<b>-</b>	<b>12,353</b>
Amortised government grants	2,979	-	-	-	2,979	2,978	-	-	-	2,978
Refurbishment administration	-	-	(3,653)	-	(3,653)	-	-	(3,241)	-	(3,241)
Refurbishment administration costs capitalised	-	-	938	-	938	-	-	945	-	945
Refurbishment administration recharged to Group Company	307	-	-	-	307	-	-	252	-	252
	<b>47,060</b>	<b>-</b>	<b>(38,816)</b>	<b>-</b>	<b>8,244</b>	<b>47,225</b>	<b>-</b>	<b>(33,938)</b>	<b>-</b>	<b>13,287</b>
<b>Other social housing activities</b>										
Shared ownership sales – First tranche	1,542	(498)	-	-	1,044	3,166	(1,021)	-	-	2,145
Gain on disposal of fixed assets and investment property	-	-	-	33,967	33,967	-	-	-	39,081	39,081
	<b>1,542</b>	<b>(498)</b>	<b>-</b>	<b>33,967</b>	<b>35,011</b>	<b>3,166</b>	<b>(1,021)</b>	<b>-</b>	<b>39,081</b>	<b>41,226</b>
<b>Non-social housing activities</b>										
Community regeneration	1,698	-	(6,038)	-	(4,340)	2,221	-	(6,098)	-	(3,877)
Garages and commercial properties	2,488	-	(1,039)	-	1,449	2,287	-	(1,752)	-	535
Market rent	2,646	-	(492)	-	2,154	2,418	-	(257)	-	2,161
Change in value of investment property*	-	-	-	5,532	5,532	-	-	-	73*	73
Other	4,769	-	(1,893)	-	2,876	1,773	-	(1,637)	-	136
	<b>11,601</b>	<b>-</b>	<b>(9,462)</b>	<b>5,532</b>	<b>7,671</b>	<b>8,699</b>	<b>-</b>	<b>(9,744)</b>	<b>73</b>	<b>(972)</b>
<b>Total on ordinary activities</b>	<b>60,203</b>	<b>(498)</b>	<b>(48,278)</b>	<b>39,499</b>	<b>50,926</b>	<b>59,090</b>	<b>(1,021)</b>	<b>(43,682)</b>	<b>39,154</b>	<b>53,541</b>
Leaseholder works and recharges	-	-	149	-	149	(258)	-	33	-	(225)
<b>Total</b>	<b>60,203</b>	<b>(498)</b>	<b>(48,129)</b>	<b>39,499</b>	<b>51,075</b>	<b>58,832</b>	<b>(1,021)</b>	<b>(43,649)</b>	<b>39,154</b>	<b>53,316</b>

\* Change in investment property was re-assessed during the year using the operating surplus definition stated in SORP 2018, it was concluded that this should be re-classified to form part of operating surplus. In prior year this did not form part of operating surplus. The prior year figure has been reclassified.

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

Group	General needs housing £'000	Other social housing £'000	2019 Total £'000	2018 Total £'000
<b>Turnover from social housing lettings</b>				
Rent receivable net of identifiable service charges and void losses	35,123	-	35,123	36,597
Service income	4,104	-	4,104	3,888
Amortisation of social housing and other capital grants	2,979	-	2,979	2,978
Leasehold rents and service charges	-	4,547	4,547	3,762
<b>Total income from social housing lettings</b>	<b>42,206</b>	<b>4,547</b>	<b>46,753</b>	<b>47,225</b>
<b>Expenditure on lettings</b>				
Services	(5,145)	(1,702)	(6,847)	(6,503)
Management	(9,349)	(1,803)	(11,152)	(9,653)
Responsive maintenance	(8,218)	(1,176)	(9,394)	(6,168)
Planned maintenance	(482)	-	(482)	(688)
Rent and service charges losses from bad debts	149	40	189	(366)
Depreciation of social housing properties	(8,421)	-	(8,421)	(8,516)
Refurbishment administration net of capitalised costs	(2,709)	-	(2,709)	(2,296)
<b>Total expenditure on social housing lettings</b>	<b>(34,175)</b>	<b>(4,641)</b>	<b>(38,816)</b>	<b>(34,190)</b>
<b>Operating surplus/ (deficit) on social housing letting activities</b>	<b>8,031</b>	<b>(94)</b>	<b>7,937</b>	<b>13,035</b>
Rent losses from voids.			<b>(349)</b>	<b>(642)</b>



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

### Association

General needs housing £'000	Other social housing £'000	2019 Total £'000	2018 Total £'000
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### Turnover from social housing lettings

Rent receivable net of identifiable service charges and void losses

Service income

Amortisation of social housing and other capital grants

Leasehold rents and service charges

35,430	-	35,430	36,597
4,104	-	4,104	3,888
2,979	-	2,979	2,978
-	4,547	4,547	3,762
<b>42,513</b>	<b>4,547</b>	<b>47,060</b>	<b>47,225</b>

### Total income from social housing lettings

### Expenditure on lettings

Services

Management

Responsive maintenance

Planned maintenance

Rent and service charges losses from bad debts

Depreciation of social housing properties

Refurbishment administration net of capitalised costs

(5,145)	(1,702)	(6,847)	(6,503)
(9,349)	(1,803)	(11,152)	(9,653)
(8,218)	(1,176)	(9,394)	(6,168)
(482)	-	(482)	(688)
149	40	189	(366)
(8,421)	-	(8,421)	(8,516)
(2,709)	-	(2,709)	(2,044)
<b>(34,175)</b>	<b>(4,641)</b>	<b>(38,816)</b>	<b>(33,938)</b>

### Total expenditure on social housing lettings

### Operating surplus/ (deficit) on social housing letting activities

<b>8,338</b>	<b>(94)</b>	<b>8,244</b>	<b>13,287</b>
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Rent losses from voids.

**(349)**      **(642)**

### 3. Housing stock

	Group	
	2019 No.	2018 No.
<b>Social housing accommodation</b>		
General needs housing	5,173	5,355
Affordable rent	158	155
Low-cost home ownership	135	117
Intermediate market rent	28	28
<b>Total social housing managed</b>	<b>5,494</b>	<b>5,655</b>
<b>Non-social housing managed</b>		
Leaseholders	3,562	3,396
Market rent	195	190
Non-social other	234	141
<b>Total non-social housing managed</b>	<b>3,991</b>	<b>3,727</b>
<b>Total units managed</b>	<b>9,485</b>	<b>9,382</b>
<b>Housing units in development pipeline</b>	<b>172</b>	<b>181</b>

The group added 58 new social units under management (2018: 50 units), 96 units were converted to non-social units which are let at Local Housing Allowance rates (2018: 36 units) in line with Mixed Income Tenure Scheme strategy, and 99 units were sold (2018: 108 units) as part of Recycling Assets Creating Opportunity strategy.

### 4. Surplus on ordinary activities before tax

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Is stated after charging:				
Depreciation:				
- Housing properties	9,088	9,208	9,088	9,208
Regular	8,419	8,559	8,419	8,559
Community centres	669	649	669	649
- other fixed assets	1,286	1,121	1,286	1,121
Amortisation of intangible assets	8	7	8	7
Auditor's remuneration (excluding VAT):	59	73	42	50
Audit of these financial statements	57	70	40	47
Audit Certificates	2	3	2	3
Current service charges for pension scheme	295	259	295	259
Change in value of investment property	5,221	73	5,532	73
Gain on disposal of fixed assets and investment property	33,936	39,081	33,967	39,081

## 5. Surplus on sale of fixed assets and other investments

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Disposal proceeds	37,025	45,614	36,665	45,614
Shared Ownership Subsequent Tranche proceeds	1,706	1,313	1,706	1,313
Cost of disposals	(4,795)	(7,846)	(4,404)	(7,846)
	<b>33,936</b>	<b>39,081</b>	<b>33,967</b>	<b>39,081</b>

Under certain development agreements, building works are carried out in exchange for disposal or sale of land. The barter transaction involves a land sale to the developer in exchange for construction works. 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. In the current year, the value of £2,722k (2018: £5,672k) was attributed to disposal proceeds.

## 6. Interest receivable and similar income

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Bank interest receivable	49	25	45	22
Other interest receivable	505	358	16	45
Interest received from group companies	-	-	594	417
	<b>554</b>	<b>383</b>	<b>655</b>	<b>484</b>

## 7. Interest payable and similar charges

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Interest expense and finance costs on liabilities at amortised cost	13,828	13,990	7,031	7,194
Interest payable to group companies	-	-	6,797	6,796
Interest on Disposal Proceeds Fund and Recycled Capital Grant Fund	22	15	22	15
Interest on pension scheme liabilities	269	229	269	229
Interest capitalised in fixed assets	(1,346)	(898)	(1,346)	(898)
	<b>12,773</b>	<b>13,336</b>	<b>12,773</b>	<b>13,336</b>

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 4.74% (2018: 4.41%) 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	
	2019	2018	2019	2018
	No.	No.	No.	No.
Administration	46	47	46	47
Development	11	10	11	10
Housing, maintenance and estate services	246	244	246	244
	<b>303</b>	<b>301</b>	<b>303</b>	<b>301</b>
Community regeneration	79	63	79	63
	<b>382</b>	<b>364</b>	<b>382</b>	<b>364</b>

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	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Administration</b>				
Wages and salaries	2,079	2,009	2,079	2,009
Social security	225	230	225	230
Pension costs	102	142	102	142
	<b>2,406</b>	<b>2,381</b>	<b>2,406</b>	<b>2,381</b>
<b>Development</b>				
Wages and salaries	743	684	743	684
Social security	90	82	90	82
Pension costs	45	56	45	56
	<b>878</b>	<b>822</b>	<b>878</b>	<b>822</b>
<b>Housing</b>				
Wages and salaries	6,866	6,825	6,866	6,825
Social security	655	623	655	623
Pension costs	317	331	317	331
	<b>7,838</b>	<b>7,779</b>	<b>7,838</b>	<b>7,779</b>
	<b>11,122</b>	<b>10,982</b>	<b>11,122</b>	<b>10,982</b>
<b>Community regeneration</b>				
Wages and salaries	2,758	2,274	2,758	2,274
Social security	262	226	262	226
Pension costs	136	126	136	126
	<b>3,156</b>	<b>2,626</b>	<b>3,156</b>	<b>2,626</b>
	<b>14,278</b>	<b>13,608</b>	<b>14,278</b>	<b>13,608</b>

The pension costs above do not include the re-measurement 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	
	2019 No.	2018 No.
£60,000 to £70,000	16	13
£70,001 to £80,000	7	7
£80,001 to £90,000	6	1
£90,001 to £100,000	2	2
£100,001 to £110,000	-	-
£110,001 to £120,000	2	-
£120,001 to £140,000	1	1
£140,001 to £160,000	3	3
£160,001 to £180,000	-	1
£180,001 to £200,000	1	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

	2019 £'000	2018 £'000
LGPS defined benefit scheme	5,223	5,995
SHPS defined benefit scheme	5,690	3,001
<b>Net pension liability</b>	<b>10,913</b>	<b>8,996</b>

## SOCIAL HOUSING PENSION SCHEME

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK. 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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The Scheme is classified as a 'last-man standing arrangement'. Therefore the Association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For financial years ending before 31 March 2019, it had not been possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association had accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it was possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2018 and 30 September 2018. The liability figures from each valuation are rolled forward to the relevant accounting dates using financial assumptions that comply with FRS 102 (as detailed below) and are used in conjunction with the Association's fair share of the Scheme's total assets to calculate the company's net deficit or surplus at the accounting period start and end dates.

Under the new recovery plan, from 1 April 2019 the deficit contributions that are required from the Association are £547,543 per year. These payments will increase annually by 2% from 1 April 2020 and on each 1 April thereafter until September 2026.

## INITIAL RECOGNITION OF MULTI-EMPLOYER DEFINED BENEFIT SCHEME RECOGNISED IN OTHER COMPREHENSIVE INCOME

	Period from 1 April 2018 to 31 March 2019 £'000
De-recognition of Deficit funding agreement liability	3,003
Initial recognition of Net pension deficit	(4,804)
<b>Total impact on Other Comprehensive Income</b>	<b>(1,801)</b>

## PRESENT VALUES OF DEFINED BENEFIT OBLIGATION, FAIR VALUE OF ASSETS AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2019 £'000	31 March 2018 £'000
Fair value of plan assets	16,376	16,007
Present value of defined benefit obligation	22,066	20,811
Deficit in plan	(5,690)	(4,804)
<b>Total defined benefit asset (liability) to be recognised</b>	<b>(5,690)</b>	<b>(4,804)</b>

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period ended 31 March 2019 £'000
Defined benefit obligation at start of period	20,811
Current service cost	128
Expenses	10
Interest expense	524
Contributions by plan participants	86
Actuarial losses due to scheme experience	146
Actuarial losses due to changes in demographic assumptions	60
Actuarial losses due to changes in financial assumptions	1,472
Benefits paid and expenses	(1,171)
<b>Total defined benefit obligation at end of period</b>	<b>22,066</b>

## RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSET

	Period ended 31 March 2019 £'000
Fair value of plan assets at start of period	16,007
Interest income	407
Experience on plan assets (excluding amounts included in interest income) - gain	420
Contributions by the employer	627
Contributions by plan participants	86
Benefits paid and expenses	(1,171)
<b>Total fair value of plan assets at end of period</b>	<b>16,376</b>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2019 was £827,000.

**DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SoCI)**

	Period from 31 March 2018 to 31 March 2019 £'000
Current service cost	128
Expenses	10
Net interest expense	117
<b>Total defined benefit costs recognised in statement of comprehensive income (SoCI)</b>	<b>255</b>

**DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME**

	Period ended 31 March 2019 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain	420
Experience gains and losses arising on the plan liabilities - (loss)	(146)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)	(60)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)	(1,472)
<b>Total actuarial gains and losses - recognised in other comprehensive income - gain (loss)</b>	<b>(1,258)</b>

**ASSETS**

	31 March 2019 £'000	31 March 2018 £'000
Global Equity	2,755	3,162
Absolute Return	1,417	1,955
Distressed Opportunities	298	155
Credit Relative Value	300	-
Alternative Risk Premia	944	607
Fund of Hedge Funds	74	527
Emerging Markets Debt	565	646
Risk Sharing	495	148
Insurance-Linked Securities	470	421
Property	369	737
Infrastructure	859	410
Private Debt	220	142
Corporate Bond Fund	764	657
Long Lease Property	241	-
Secured Income	586	593
Liability Driven Investment	5,988	5,832
Net Current Assets	31	15
<b>Total assets</b>	<b>16,376</b>	<b>16,007</b>

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

## KEY ASSUMPTIONS

Discount Rate
Inflation (RPI)
Inflation (CPI)
Salary Growth
Allowance for commutation of pension for cash at retirement

31 March 2019 % per annum	31 March 2018 % per annum
2.33%	2.58%
3.28%	3.18%
2.28%	2.18%
3.28%	3.18%
75% of maximum allowance	75% of maximum allowance

## THE MORTALITY ASSUMPTIONS ADOPTED AT 31 MARCH 2019 IMPLY THE FOLLOWING LIFE EXPECTANCIES:

Male retiring in 2019
Female retiring in 2019
Male retiring in 2039
Female retiring in 2039

Life expectancy at age 65 (Years)
21.8
23.5
23.2
24.7

## PRINCIPAL ACTUARIAL ASSUMPTIONS USED

### Discount Rate Assumptions

Under Section 28 of FRS102, the discount rate used to value the defined benefit obligation is set by reference to market yields at the reporting date on high-quality corporate bonds. The currency and term of the corporate bonds must be consistent with the currency and term of the benefit obligation. The discount rates have been chosen so that when they are used to discount the projected benefit cash flows underlying a pension scheme with the equivalent duration, they would give broadly the same result as using a full AA corporate bond yield curve to discount the same cash flows. The cash flows used for this calculation are sample cash flows. The full AA corporate bond yield curve is based on Bank of America Merrill Lynch's Sterling AA corporate bond yield curve which is published up to terms of 30 years. Beyond 30 years the curve is assumed to remain constant. This methodology is consistent with the methodology adopted for previous years.

### Price inflation assumptions

The assumption for price inflation impacts the liability calculation for pensions in payment whose increases are linked to inflation, along with the revaluation of deferred pensions. It is also used as the basis for setting the earnings growth assumption. Under Section 28 of FRS102, the price inflation assumption is set by considering market expectations, for example by taking the difference between yields available on long-

dated fixed-interest and index-linked gilts (known as "break-even inflation"). Adjustments to this rate are sometimes made to reflect an "inflation-risk" premium, which includes the limited supply and high demand for the gilts.

### RPI

The actuary had proposed single equivalent break-even RPI inflation rates that vary with the duration of the Association's liabilities. The inflation rates have been chosen so that when they are applied to the projected benefit cash flows underlying a pension scheme with the equivalent duration, they would give broadly the same result as applying the full Bank of England inflation curve to discount the same cash flows. The cash flows used for this calculation are sample cash flows. The Bank of England inflation curve is published up to terms of 40 years. Beyond 40 years the curve is assumed to remain constant.

### CPI

At present there is no indicator of market expectations of CPI inflation. However, forecasts suggest that CPI inflation is expected to be around 0.8% p.a. to 1.2% p.a. below RPI over the longer term. The assumption for CPI inflation is 1.0% p.a. below the RPI inflation assumption. This methodology is consistent with the methodology adopted for previous years.



### Pension increases assumptions

Increases to pensions in payment are typically either at a fixed rate, or in line with inflation subject to certain caps and collars. The most common type of increase in payment is in line with inflation, subject to a maximum increase in any one year of 5% p.a. or 2.5% p.a. and a minimum of 0% p.a. The assumption is set by considering the likelihood of inflation being above the cap or below the collar in future years, and applying an adjustment to the relevant inflation assumption to reflect this. A statistical model for the distribution of future inflation returns has been used to determine the appropriate adjustment. Based on the relevant RPI and CPI inflation assumptions, the Black-Scholes model was used to assume expected future volatility of price inflation of 1.75% p.a. to derive the various inflation-linked pensions in payment assumptions. CARE revaluation assumptions were derived using a similar approach to that adopted to derive the increases to pensions in payment assumptions. This methodology is consistent with the methodology adopted for previous years.

### Earnings increases assumptions

The earnings growth assumption is used to project accrued pensions for current active members. It is widely recognised that earnings increases in the economy are related to price inflation; hence it is common to look at the earnings growth assumption relative to the price inflation assumption (this is known as “real earnings growth”). Earnings growth could be considered by reference to RPI or CPI inflation. Earnings growth in excess of inflation should reflect best estimate long term increases for the active members of the Association and is expected to be positive over the long term as it must take into account not only inflationary increases, but also promotional increases. The default earnings growth assumption was set at 1.0% p.a. above CPI inflation. This methodology is consistent with the methodology adopted for previous years.

### Life expectancy assumptions

There are various base mortality tables based on different data sets and different time periods, the most recent ones being known as the SAPS (self-administered pension schemes) tables. These standard tables are then typically adjusted to allow for any expectation of higher/lower life expectancy of scheme members due to geographic, socio-economic or demographic factors. The Trustee commissions a regular analysis of the membership profile for SHPS using Club Vita. Club Vita has collected a large amount of mortality experience data on UK defined benefit schemes and has used this to identify a number of characteristics which distinguish whether people live shorter or longer than others using various identifiers such as gender, postcode, salary/pension and occupation.

These characteristics were overlaid onto the scheme membership to identify a mortality assumption for each individual member. The results are then used to derive a scheme specific adjustment factor for SHPS based on the standard S2 SAPS table which gives broadly the same result as applying different mortality assumptions for each individual member. Allowance is then made for improvements in life expectancy since the tables were made, and for further improvements in future. The Continuous Mortality Investigation (CMI) produces annual projections for this which are now in common use. Using the same mortality improvements adopted by the Trustee for the 2018 valuations but adjusted to remove the margin for prudence i.e. CMI\_2017 improvements with a 1.25% p.a. long term improvement rate for males and a 1% p.a. long-term improvement rate for females was taken. A new version of the annual projection model (CMI\_2018) has been released but further consideration is required before it is adopted noting that it includes additional parameters that were not included in previous versions. Mortality rates before members retire are not expected to have a material impact on the defined benefit obligation. It has therefore been assumed that all members will survive to their assumed retirement dates. This methodology is consistent with the methodology adopted for previous years.

### Commutation of pension assumptions

The majority of pension scheme members typically take the maximum available cash lump sum at retirement. It is possible that schemes can be structured so that cash can be taken from a defined contribution section first, which reduces the amount of pension which is commuted from the defined benefit section. A best estimate assumption would normally be set by examining the take up from recent retirements. The assumption that 75% of members take the maximum cash available to them is based on a study commissioned by the Trustee in October 2015 into the take up rate of cash commutation at retirement. This methodology is consistent with the methodology adopted for previous years.

### Sensitivity Analysis

The impact of increasing/(decreasing) the inflation, earnings, life expectancy and commutation of pension assumptions used by 0.1% p.a. would be a 2% increase/(decrease) of the net pension liability amounting to £114k.

## 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 LPP. 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 Statement of Comprehensive Income.

Re-measurement 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 2019, 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 2019 without completing a full valuation. However, we are satisfied that the approach of rolling forward the previous valuation data to 31 March 2019 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 2019	31 March 2018
Retiring today	Males	20.5	21.5
	Females	23.2	24.2
Retiring in 20 years	Males	22.3	23.9
	Females	25.1	26.5

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 2019 % p.a.	31 March 2018 % p.a.	31 March 2017 % p.a.
Salary increases	3.90%	3.80%	4.20%
Pension increases	2.40%	2.30%	2.70%
Discount rate	2.40%	2.55%	2.70%

These assumptions are set with reference to market conditions at 31 March 2019.

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). This is consistent with the approach used at the previous accounting date.

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. This is consistent with the approach used at the previous accounting date.

As future pension increases are expected to be based on the Consumer Prices Index (CPI) rather than RPI, we have made a further assumption about CPI which is that it will be 1.0% p.a. (2018: 1.0% p.a.) below RPI i.e. 2.4% p.a. (2018: 2.3% 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 and is consistent with the approach used at the previous accounting date.

Salaries are assumed to increase at 1.5% p.a. (2018: 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 2019.

## 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 2019

Net pension liability as at:	31 March 2019 £'000	31 March 2018 £'000	31 March 2017 £'000
Present value of the defined benefit obligation	19,882	20,339	20,745
Fair value of Fund assets (bid value)	(14,659)	(14,344)	(13,795)
<b>Net defined benefit liability (Deficit)</b>	<b>5,223</b>	<b>5,995</b>	<b>6,950</b>

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2019

The amounts recognised in the Statement of Comprehensive Income:	2019 £'000	2018 £'000
Current Service cost	167	259
Net interest on the defined benefit liability/(asset)	152	186
Administration expenses	19	18
<b>Total loss (profit)</b>	<b>338</b>	<b>463</b>



**ASSET AND BENEFIT OBLIGATION RECONCILIATION FOR THE YEAR ENDED 31 MARCH 2019****Reconciliation of opening and closing balances of the present value of the defined benefit obligation**

	<b>2019</b> £'000	<b>2018</b> £'000
<b>Opening defined benefit obligation</b>	<b>20,339</b>	<b>20,745</b>
Current service cost	167	259
Interest cost	506	556
Change in financial assumptions	801	(903)
Change in demographic assumptions	(900)	-
Estimated benefits paid net of transfers in	(1,069)	(373)
Contributions by Scheme participants	38	55
<b>Closing defined benefit obligation</b>	<b>19,882</b>	<b>20,339</b>

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

	<b>2019</b> £'000	<b>2018</b> £'000
<b>Opening fair value of Fund assets</b>	<b>14,344</b>	<b>13,795</b>
Interest on assets	354	370
Return on assets less interest	916	393
Administration expenses	(19)	(18)
Contributions by employer	95	122
Contributions by Fund participants	38	55
Estimated benefits paid plus unfunded net of transfers in	(1,069)	(373)
<b>Closing fair value of Fund assets</b>	<b>14,659</b>	<b>14,344</b>

**Asset Breakdown**

	<b>2019</b>		<b>2018</b>	
	£'000	%	£'000	%
Equities	7,976	54%	8,771	61%
Target Return Portfolio	3,909	27%	3,215	23%
Infrastructure	883	6%	627	4%
Property	1,378	9%	1,032	7%
Cash	513	4%	699	5%
<b>Total</b>	<b>14,659</b>	<b>100%</b>	<b>14,344</b>	<b>100%</b>

The total return on the fund assets for the year to 31 March 2019 is £1,270k (2018: £763k).

## Sensitivity analysis

	£'000	£'000	£'000
<b>Adjustments to discount rate</b>	+0.1%	0.0%	-0.1%
Present value of total obligation	19,524	19,882	20,247
Projected service cost	164	167	170
<b>Adjustment to long term salary increase</b>	+0.1%	0.0%	-0.1%
Present value of total obligation	19,903	19,882	19,861
Projected service cost	167	167	167
<b>Adjustment to pension increases and deferred revaluation</b>	+0.1%	0.0%	-0.1%
Present value of total obligation	20,226	19,882	19,544
Projected service cost	170	167	164
<b>Adjustment to life expectancy assumptions</b>	+1 year	None	-1 Year
Present value of total obligation	20,053	19,882	19,205
Projected service cost	173	167	161

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.

## RE-MEASUREMENT IN OTHER COMPREHENSIVE INCOME

### Re-measurement of net assets/(defined liability)

	2019 £'000	2018 £'000
Return on Fund assets in excess of interest	916	393
Change in financial assumptions	(801)	903
Change in demographic assumptions	900	-
<b>Re-measurement of the net assets/(defined liability)</b>	<b>1,015</b>	<b>1,296</b>

**PROJECTED PENSION EXPENSE FOR THE YEAR TO 31 MARCH 2020****Projections for the year to 31 March 2020**

	<b>2020</b>
	<b>£'000</b>
Service cost	167
Net interest on the defined liability and (asset)	124
Administration expenses	19
<b>Total</b>	<b>310</b>
<b>Employer contributions</b>	<b>89</b>

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2019. These projections are based on the assumptions as at 31 March 2019, as described in the main body of this report.

**Defined benefit Re-measurement in Other Comprehensive Income – Social Housing Pension Scheme and Local Government Pension Scheme**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Re-measurement of the net assets/(defined liability) – Social Housing Pension Scheme	(1,258)	-
Re-measurement of the net assets/(defined liability) – Local Government Pension Scheme	1,015	1,296
<b>Total Re-measurement of the net assets/(defined liability) recognised in Other Comprehensive Income</b>	<b>(243)</b>	<b>1,296</b>

## 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:

	2019 £'000	2018 £'000
Aggregate emoluments payable to the Corporate Management		
Salaries including bonuses	947	864
Employers national insurance contribution	124	116
Pension contributions	16	90
Benefit in kind	4	4
<b>Total emoluments</b>	<b>1,091</b>	<b>1,074</b>
Emoluments payable to the highest paid employee		
Salary including bonus	189	168
Employers national insurance contribution	25	25
Benefit in kind (car allowance)	4	4
<b>Total emoluments</b>	<b>218</b>	<b>197</b>

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

During the year ending March 2019, 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.

## 10. Taxation

### ANALYSIS OF CHARGE IN PERIOD

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
<b>Current tax</b>				
Current tax on income for the period	-	118	-	78
Adjustments in respect of prior year	(83)	(1,282)	(43)	-
Tax charge/(credit)	<b>(83)</b>	<b>(1,164)</b>	<b>(43)</b>	<b>78</b>
<b>Deferred tax</b>				
Adjustment in respect of prior period	(13)	-	-	-
Deferred tax recognised on losses in Balfron Tower Developments LLP	(95)	(71)	-	-
	<b>(108)</b>	<b>(71)</b>	<b>-</b>	<b>-</b>
<b>Tax on surplus on ordinary activities</b>	<b>(191)</b>	<b>(1,235)</b>	<b>(43)</b>	<b>78</b>

The tax charge for the Group and Association is at 19% (2018: 19%), the standard rate of corporation tax in the UK as explained below.

### TAX RECONCILIATION

	Group		Association	
	2019 £'000	2018 £'000	2019 £'000	2018 £'000
Surplus/(deficit) on ordinary activities before tax	47,919	42,922	50,183	50,718
(Surplus)/deficit on charitable activities	(38,298)	(33,394)	(50,136)	(50,235)
Surplus/(deficit) on non-charitable activities	<b>9,621</b>	<b>9,528</b>	<b>48</b>	<b>482</b>
Current tax at 19% (2018: 19%)	1,828	1,810	9	92
<b>Effects of:</b>				
Accounting loss/(profit) on disposal of fixed assets	6	-	-	-
Expenses not deductible for corporation tax	89	-	-	-
Adjustments in respect of prior years	(83)	(1,282)	(43)	-
Share of profit received from Aberfeldy New Village LLP	-	775	-	-
Share of accounting profit received from Aberfeldy New Village LLP	(49)	(1,948)	-	-
Gift aid payment relieved in prior years	-	1,282	-	-
Impairment of joint ventures	765	211	-	-
Prior year adjustment on deferred tax	(13)	-	-	-
Gift aid paid in year	(2,133)	-	-	-
Tax adjusted losses in Balfron Tower Developments LLP	(72)	(71)	-	-
Prior year adjustment on deferred tax	11	-	-	-
Group relief claimed	(540)	-	(9)	(14)
Tax impact of gift aid recognised in equity at subsidiary level	-	(2,012)	-	-
<b>Total tax charge recognised in the Statement of Comprehensive Income</b>	<b>(191)</b>	<b>(1,235)</b>	<b>(43)</b>	<b>78</b>



## 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 2019, the group had tax losses of £1.06mil allocated from underlying LLPs. A deferred tax asset of £108K 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 2017. The rate of UK corporation tax will be reduced further from 1 April 2020 to 17%

## 11. Fixed assets - housing properties

Group	Properties under construction			Properties held for lettings			Total
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	
<b>Cost</b>							
At 1 April 2018	51,196	8,628	1,023	387,050	12,362	20,920	481,179
Acquisitions and new build	18,361	1,275	3,387	-	-	-	23,023
VAT Recovery - PESM*	-	-	-	-	(422)	-	(422)
Capitalised repairs	-	-	-	869	-	-	869
Disposals – voluntary sales	-	-	-	(3,926)	(1,332)	-	(5,258)
Components written off	-	-	-	(551)	-	-	(551)
Transfer to completed housing properties	(8,713)	(4,346)	(458)	8,713	4,346	458	-
<b>At 31 March 2019</b>	<b>60,844</b>	<b>5,557</b>	<b>3,952</b>	<b>392,155</b>	<b>14,954</b>	<b>21,378</b>	<b>498,840</b>
<b>Depreciation</b>							
At 1 April 2018	-	-	-	72,401	768	3,638	76,807
Charge for the period	-	-	-	8,281	187	669	9,137
VAT Recovery - PESM*	-	-	-	-	(49)	-	(49)
Disposals – voluntary sales	-	-	-	(989)	(60)	-	(1,049)
Components written off	-	-	-	(481)	-	-	(481)
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,212</b>	<b>846</b>	<b>4,307</b>	<b>84,365</b>
<b>Net book value</b>							
<b>At 31 March 2019</b>	<b>60,844</b>	<b>5,557</b>	<b>3,952</b>	<b>312,943</b>	<b>14,108</b>	<b>17,071</b>	<b>414,475</b>
At 1 April 2018	51,196	8,628	1,023	314,649	11,594	17,282	404,372

\* A VAT refund was received in the current year through a Partial Exemption Special Method (PESM) claim with HMRC relating to expenditure incurred in prior periods.

## 11. Fixed assets - housing properties (continued)

Association	Properties under construction			Properties held for lettings			Total
	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	Social housing lettings £'000	Low-cost home ownership £'000	Non-social housing lettings £'000	
<b>Cost</b>							
At 1 April 2018	51,568	8,628	1,023	387,050	12,362	20,920	481,551
Acquisitions and new build	17,989	1,275	3,387	-	-	-	22,651
VAT Recovery - PESM*	-	-	-	-	(422)	-	(422)
Capitalised repairs	-	-	-	869	-	-	869
Disposals – voluntary sales	-	-	-	(3,926)	(1,332)	-	(5,258)
Components written off	-	-	-	(551)	-	-	(551)
Transfer to completed housing properties	(8,713)	(4,346)	(458)	8,713	4,346	458	-
<b>At 31 March 2019</b>	<b>60,844</b>	<b>5,557</b>	<b>3,952</b>	<b>392,155</b>	<b>14,954</b>	<b>21,378</b>	<b>498,840</b>
<b>Depreciation</b>							
At 1 April 2018	-	-	-	72,401	768	3,638	76,807
Charge for the period	-	-	-	8,281	187	669	9,137
VAT Recovery – PESM*	-	-	-	-	(49)	-	(49)
Disposals – voluntary sales	-	-	-	(989)	(60)	-	(1,049)
Components written off	-	-	-	(481)	-	-	(481)
<b>At 31 March 2019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,212</b>	<b>846</b>	<b>4,307</b>	<b>84,365</b>
<b>Net book value</b>							
<b>At 31 March 2019</b>	<b>60,844</b>	<b>5,557</b>	<b>3,952</b>	<b>312,943</b>	<b>14,108</b>	<b>17,071</b>	<b>414,475</b>
At 1 April 2018	51,568	8,628	1,023	314,649	11,594	17,282	404,744

\*A VAT refund was received in the current year through a Partial Exemption Special Method (PESM) claim with HMRC relating to expenditure incurred in prior periods.

Included in Group's acquisitions during the year is capitalised interest of £1,346k (2018: £898k) and directly attributable costs of £1,095k (2018: £927k). 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 £869k (2018: £810k) 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 2019 therefore no impairment cost on housing properties was recognised for the current financial year (2018: 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, the 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 (2018: 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
<b>Cost</b>						
At 1 April 2018 - previously reported	2,435	1,189	6,490	1,162	3,568	14,844
Finance lease re-statement	5,904	-	-	-	(2,793)	3,111
<b>At 1 April 2018-restated</b>	<b>8,339</b>	<b>1,189</b>	<b>6,490</b>	<b>1,162</b>	<b>775</b>	<b>17,955</b>
Reclassifications	151	-	(151)	-	-	-
Additions	-	30	1,736	106	5,162	7,034
Disposals	(47)	(199)	(511)	(58)	-	(815)
Transfer to completed assets	4,561	399	361	-	(5,321)	-
<b>At 31 March 2019</b>	<b>13,004</b>	<b>1,419</b>	<b>7,925</b>	<b>1,210</b>	<b>616</b>	<b>24,174</b>
<b>Depreciation</b>						
At 1 April 2018	1,595	1,002	4,747	969	-	8,313
Charge for the period	202	87	899	98	-	1,286
Disposals	(45)	(199)	(511)	(58)	-	(813)
<b>At 31 March 2019</b>	<b>1,752</b>	<b>890</b>	<b>5,135</b>	<b>1,009</b>	<b>-</b>	<b>8,786</b>
<b>Net book value</b>						
<b>At 31 March 2019</b>	<b>11,252</b>	<b>529</b>	<b>2,790</b>	<b>201</b>	<b>616</b>	<b>15,388</b>
At 1 April 2018	6,744	187	1,743	193	775	9,642

In the prior year, the head office was recognised as an operating lease. During the current year the head office lease was re-classified from an operating lease to a finance lease. The initial recognition of the lease asset value was equal to the present value of the minimum lease payments amounting to £3,109K using the Group's incremental borrowing rate of 4.74%. All directly attributed costs such as the lease premium of £2,793K have been included in the cost of the asset. The re-statement of the finance lease has had nil impact on the prior year's total Comprehensive Income.

## 13. Intangible assets

	Group and Association £'000
<b>Cost</b>	
At 1 April 2018	493
Franchise licence fee	-
<b>At 31 March 2019</b>	<b>493</b>
<b>Amortisation</b>	
At 1 April 2018	16
Charge for the period	8
<b>At 31 March 2019</b>	<b>24</b>
<b>Net book value</b>	
<b>At 31 March 2019</b>	<b>469</b>
At 1 April 2018	477

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

## 14. Investment in commercial properties

	Group 2018 Restated		
	Completed £'000	Under Construction £'000	Total £'000
Balance at 1 April 2017 – previously reported	62,573	-	62,573
Prior period adjustment – fair value revaluation	3,914	-	3,914
<b>Balance at 1 April 2017 – as restated</b>	<b>66,487</b>	<b>-</b>	<b>66,487</b>
Additions	248	1	249
Change in fair value	73	-	73
<b>Balance at 31 March 2018</b>	<b>66,808</b>	<b>1</b>	<b>66,809</b>

## 14. Investment in commercial properties (continued)

	Group 2019		
	Completed	Under Construction	Total
	£'000	£'000	£'000
Balance at 1 April 2018 – previously reported	62,894	1	62,895
Prior period adjustment – fair value revaluation	3,914	-	3,914
<b>Balance at 1 April 2018 – as restated</b>	<b>66,808</b>	<b>1</b>	<b>66,809</b>
Additions	-	-	-
Disposals	(392)	-	(392)
Change in fair value	5,221	-	5,221
<b>Balance at 31 March 2019</b>	<b>71,637</b>	<b>1</b>	<b>71,638</b>

	Association 2018 Restated		
	Completed	Under Construction	Total
	£'000	£'000	£'000
Balance at 1 April 2017	57,637	-	57,637
Prior period adjustment – fair value revaluation	3,914	-	3,914
<b>Balance at 1 April 2017 – as restated</b>	<b>61,551</b>	<b>-</b>	<b>61,551</b>
Additions	249	-	249
Change in fair value	73	-	73
<b>Balance at 31 March 2018</b>	<b>61,873</b>	<b>-</b>	<b>61,873</b>

	Association 2019		
	Completed	Under Construction	Total
	£'000	£'000	£'000
Balance at 1 April 2018 – previously reported	57,959	-	57,959
Prior period adjustment – fair value revaluation	3,914	-	3,914
<b>Balance at 1 April 2018 – as restated</b>	<b>61,873</b>	<b>-</b>	<b>61,873</b>
Additions	-	-	-
Change in fair value	5,532	-	5,532
<b>Balance at 31 March 2019</b>	<b>67,405</b>	<b>-</b>	<b>67,405</b>



In this year's financial statements a prior period adjustment has been made to the fair value of the investment in commercial properties. In 2016 on transition from UK GAAP to FRS 102, a professional valuation was undertaken to fair value investment properties. Professional valuations are undertaken every three years in line with the Group's accounting policy. During the 2019 financial year investment property valuations process, it was noted that 55 properties were omitted from the 2016 valuation. These properties were owned by Poplar HARCA in the 2016 financial year and therefore should have been included in the 2016 professional valuation. The prior period adjustment has been made through the earliest prior period presented per FRS 102 10.23 (c). The impact of the adjustment on prior year has been shown in the above note and in the Statement of Changes in Equity.

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 2019. 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 £49,565k (2018: £44,855k) representing £5,200k (2018: £368k) in excess to the net present value of the lease liability. The investment method (also known as capitalised rental method) was used to determine the fair value.

## 15. Investment in subsidiary companies

	Association	
	2019 £'000	2018 £'000
Poplar HARCA Projects Limited	9,728	9,516
Poplar HARCA Capital PLC	50	50
Poplar HARCA (Developments) Limited	8,834	8,835
	<b>18,612</b>	<b>18,401</b>

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. An investment of £211,224 was made in Poplar HARCA Projects Limited during the year for the Balfron Tower Project, this investment was funded in the form of capital contribution from the parent company Poplar HARCA Ltd

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. Last year an investment of £2,749k was made in Poplar HARCA (Developments) Limited for Aberfeldy Village Phase 3, this investment was funded in the form of capital contribution from the parent company Poplar HARCA Limited. No further investment has been made in the current year.

The subsidiaries of Poplar HARCA are all registered at the address George Green Building, 155 East India Dock Road, London, England, E14 6DA.

## 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 Be:Here Holdings 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 Be:Here Holdings Limited, 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:

<b>2019</b>			
	<b>Aberfeldy</b>	<b>Balfron</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Share of (loss) from joint ventures	(679)	(382)	(1,061)
Share of:			
Gross assets	24,960	12,233	37,872
Gross liabilities	(25,133)	(13,042)	(38,854)
Net assets	(173)	(809)	(982)
As at 1 April 2018	9,341	7,986	17,327
Share of (loss) from joint ventures	(679)	(382)	(1,061)
Impairment of investment	-	(4,024)	(4,024)
Contributions made during the year	-	211	211
Investment in joint ventures	<b>8,662</b>	<b>3,791</b>	<b>12,453</b>
<b>2018</b>			
	<b>Aberfeldy</b>	<b>Balfron</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Share of profit/(loss) from joint ventures	4,078	(417)	3,661
Share of:			
Gross assets	13,559	5,311	18,870
Gross liabilities	(2,802)	(5,738)	(8,540)
Net assets	10,757	(427)	10,330
As at 1 April 2017	12,764	8,160	20,924
Share of profit/(loss) from joint ventures	4,078	(417)	3,661
Increase/(decrease) of investment	(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	<b>9,341</b>	<b>7,986</b>	<b>17,327</b>

Within the current year, a loss of £422k has been added to the share of profit from joint ventures. Consequently, a decrease to the net assets of the joint venture have been reflected in the current year due to the change between Aberfeldy LLP's 2018 audited financial statements and the 2018 draft financial statements that were available at the time of reporting the Group's annual report. As this amount was not material to the Group's accounts, no prior year adjustment has been made and the amount was corrected in the current year.

During the year, Poplar HARCA (Developments) Limited made an investment of £nil (2018: £2,749k) into Aberfeldy New Village LLP Phase 3 and Poplar HARCA Projects Limited invested £211k (2018: £1,347k) 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 £4,024k (2018: £1,104k) as a result of a decrease in profit forecast from outright sale of the units at Balfron Tower which has reduced its recoverable amount of the investment.

## 17. Stocks

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Shared ownership completed	848	197	848	197
Shared ownership under construction	1,852	2,803	1,852	2,803
Maintenance and cleaning materials	40	30	40	30
	<b>2,740</b>	<b>3,030</b>	<b>2,740</b>	<b>3,030</b>

## 18. Debtors

	Group		Association	
	2019	2018 Restated	2019	2018 Restated
	£'000	£'000	£'000	£'000
<b>Amounts receivable within one year:</b>				
Rent and service charge arrears*	4,505	4,912	4,323	4,857
Less: provision for bad and doubtful debts	(2,854)	(3,025)	(2,854)	(3,025)
	1,651	1,887	1,469	1,832
Other debtors and prepayments*	7,790	9,480	7,757	9,454
Amounts owing from subsidiaries	-	-	24,579	5,762
Amounts owed by joint venture	7,515	-	-	-
	<b>16,956</b>	<b>11,367</b>	<b>33,805</b>	<b>17,048</b>
<b>Amounts receivable after one year:</b>				
Amounts owing from subsidiaries	-	-	5,431	7,902
Amounts owed by joint venture	5,453	7,890	-	-
	5,453	7,890	5,431	7,902
Other debtors	449	455	455	455
Deferred tax asset	179	71	-	-
Leaseholder refurbishment debtors	4,027	5,862	4,027	5,862
Less: provision for bad and doubtful debts	(538)	(687)	(538)	(687)
	<b>9,570</b>	<b>13,591</b>	<b>9,375</b>	<b>13,532</b>
	<b>26,526</b>	<b>24,958</b>	<b>43,180</b>	<b>30,580</b>

\* The prior year figures have been re-analysed due to a reclassification of debtors to correctly reflect the nature of the debt

At balance sheet date there were no housing benefit payments outstanding in relation to the financial year ending March 2019 (2018: £nil).

Included in the amounts owing from subsidiaries was a loan of £16,444k (2018: £13,212k) provided to Poplar HARCA (Developments) Limited, a wholly owned subsidiary, on an arms-length basis.

A further £2,451k (2018: £4,918k) 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 group also loaned £2,139k (2018: £nil) to Poplar HARCA (Projects) Limited on an arms-length basis, for onward lending to Balfron Tower Developments LLP, in which it has a 50% interest.

The leaseholder refurbishment debtors are considered to be long term as they are not repayable within the next 12 months, unless leaseholders terminate their lease earlier.

A release of St Paul's Way Barter transaction of £2,829k (2018 £6,847k) on the completion of works resulted in a change in debtors for the year.

## 19. Cash and cash equivalents

	Group		Association	
	2019	2018 Restated	2019	2018 Restated
	£'000	£'000	£'000	£'000
Cash and cash equivalents*	23,699	8,045	8,344	7,170
	<b>23,699</b>	<b>8,045</b>	<b>8,344</b>	<b>7,170</b>

\*During the year, there has been a restatement of cash and cash equivalents which resulted in a reclassification of the amount held in escrow to short term investments. The restatement has had nil impact on the prior year total Comprehensive Income. The short term investment comprises of amounts held in escrow as a security relating to our Local Government Pension Scheme pension scheme.

## 20. Short term investment

	Group		Association	
	2019	2018 Restated	2019	2018 Restated
	£'000	£'000	£'000	£'000
Amounts held in escrow*	6,586	6,586	6,586	6,586
	<b>6,586</b>	<b>6,586</b>	<b>6,586</b>	<b>6,586</b>

\*During the year, there has been a restatement of cash and cash equivalents which resulted in a reclassification of the amount held in escrow to short term investments. The restatement has had nil impact on the prior year total Comprehensive Income. The short term investment comprises of amounts held in escrow as a security relating to our Local Government Pension Scheme pension scheme.

## 21. Statement of Cash Flows

	<b>Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Cash flow from operating activities</b>		
Surplus for the year	48,110	44,157
Tax on ordinary activities	(191)	(1,235)
<b>Adjustment for non-cash items:</b>		
Depreciation and amortisation of assets	10,385	10,336
Grant amortisation	(4,294)	(4,770)
Bad debts and release of provisions	(935)	633
Pension expenditure	593	467
Deficit contributions paid for pension scheme liabilities	(722)	(627)
Cost less depreciation on components written off	70	511
Write down of investment in joint venture	4,024	1,104
Change in the value of investment property	(5,221)	(73)
Share of profit from joint ventures	1,061	(3,661)
Gain on disposal of fixed assets and investment property	(33,936)	(39,081)
Net financing costs	12,219	12,952
<b>Adjustments for working capital movement:</b>		
Decrease/(increase) in stocks	289	(1,603)
Decrease in trade and other debtors*	5,440	10,386
Increase/(decrease) in trade and other creditors	(2,116)	(7,219)
Tax Paid	(35)	(3)
Cash generated by operations	<b>34,741</b>	<b>22,274</b>

\* There has been a minor re-categorisation of the prior year grants received from decrease in trade and other debtors to grants received in investing activities on the consolidated cash flow statement.



## 22. Analysis of change in net debt

	At 1 April 2018 £'000	Cash flows £'000	Finance Lease £'000	Other non- cash changes £'000	At 31 March 2019 £'000
<b>Cash and cash equivalents</b>					
Cash	8,045	(846)	-	-	7,199
Treasury Deposits	-	16,500	-	-	16,500
<b>Total cash and cash equivalents</b>	<b>8,045</b>	<b>15,654</b>	<b>-</b>	<b>-</b>	<b>23,699</b>
<b>Borrowings</b>					
Debt due with 1 year	-	-	-	-	-
Debt due more than 1 year	(228,500)	10,000	-	-	(218,500)
Finance lease	(55,293)	2,790	(2,490)	-	(54,993)
<b>Total borrowings</b>	<b>(283,793)</b>	<b>12,790</b>	<b>(2,490)</b>	<b>-</b>	<b>(273,493)</b>
<b>Net Debt</b>	<b>(275,748)</b>	<b>28,444</b>	<b>(2,490)</b>	<b>-</b>	<b>(249,794)</b>

## 23. Creditors: amounts falling due within one year

	Group		Association	
	2019 £'000	2018 Restated £'000	2019 £'000	2018 Restated £'000
Trade creditors	2,114	1,403	2,069	1,401
Corporation and other taxes	426	1,247	370	1,207
Grants in advance	-	29	-	29
Other creditors and accruals	10,797	12,779	10,638	12,724
Current lease liability*	299	294	299	294
Pension deficit liability- SHPS (note 8)	-	525	-	525
Amount owing to subsidiaries	-	-	134	113
Grant on housing properties (note 28)	3,329	3,024	3,329	3,024
Disposal Proceeds Fund (note 27)	846	2,866	846	2,866
Recycled Capital Grant Fund (note 26)	32	396	32	396
	<b>17,843</b>	<b>22,563</b>	<b>17,717</b>	<b>22,579</b>

\*During the year, there has been a restatement of the head office from operating lease to a finance lease which is explained in note 12.

## 24. Creditors: amounts falling due after more than one year

	Group		Association	
	2019	2018 Restated	2019	2018 Restated
	£'000	£'000	£'000	£'000
Long term loans and financing costs	77,375	87,410	77,375	87,410
Bond finance and financing costs	139,452	139,434	-	-
Loan from group company	-	-	139,370	139,370
Long term lease liability	54,993	55,295	54,993	55,290
Grant on housing properties (note 28)	113,829	113,779	113,829	113,779
Disposal Proceeds Fund (note 27)	32	27	32	27
Recycled Capital Grant Fund (note 26)	49	58	49	58
Pension deficit liability- SHPS (note 8)	-	2,478	-	2,478
	<b>385,730</b>	<b>398,481</b>	<b>385,648</b>	<b>398,412</b>

The Group has a total agreed facility to a value of £323.8m (2018: £367.5m) of which £273.8m (2018: £284.1m) had been drawn as at 31 March 2019 (2018: £281m). The total drawn facility includes 72% fixed loan at the average borrowing cost of 5.41%, 8% floating charge loan ranges between 125 bps to 150bps over the bank reference rate, and 20% RPI linked finance lease.

In July 2018 the Group's Lloyds RCF facility expired. In the prior year, the Group had agreed a new 7 years RCF facility with Allied Irish Bank (AIB) which replaced the Lloyds RCF facility when it expired in July 2018.

Bank loans and the bond are secured by specific charges on certain Poplar HARCA's housing properties that have a carrying amount as at 31 March 2019 of £104m, 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.

The group has entered into two finance leases. Refer to note 12 and note 14 for details. During the year, there has been a restatement of the head office from operating lease to a finance lease which is explained in note 12.

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
In one year or less	299	294	299	294
Between one and two years	318	299	318	299
Between two and five years	22,529	32,843	22,529	32,843
In more than five years	250,646	250,649	110,646	110,649
	<b>273,792</b>	<b>284,085</b>	<b>133,792</b>	<b>144,085</b>

## 25. Provisions for liabilities

	Group and Association			
	Pension liability - SHPS £'000	Pension liability - LGPS £'000	Thames water rates £'000	2019 Total £'000
At beginning of period	-	5,995	778	6,773
Initial recognition of SHPS defined benefit scheme	4,804	-	-	4,804
Increase in provision	886	-	-	886
Release of provision	-	(772)	(778)	(1,550)
At end of period	<b>5,690</b>	<b>5,223</b>	<b>-</b>	<b>10,913</b>

The details of the Pension liabilities, LGPS and SHPS are shown in Note 8. The Thames Water provision related to costs arising from a historic contractual arrangement with Thames Water. During the year the provision was re-assessed and released.

## 26. Recycled Capital Grant Fund

	Group and Association	
	2019 £'000	2018 £'000
At beginning of period	454	452
Amounts paid in from Right to Buy sales	44	-
Interest accrued	3	2
Amount utilised for new build programme	(420)	-
At end of period	<b>81</b>	<b>454</b>
Amounts to be utilised within a year	32	396
Amounts that may be utilised after more than one year	49	58
	<b>81</b>	<b>454</b>

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

## 27. Disposal proceeds fund

	Group and Association	
	2019 £'000	2018 £'000
At beginning of period	2,893	3,991
Interest accrued	19	14
Amount utilised for new build program	(2,034)	(1,112)
At end of period	<b>878</b>	<b>2,893</b>
Amounts to be utilised within a year	846	2,866
Amounts that may be utilised after more than one year	32	27
	<b>878</b>	<b>2,893</b>

The Disposal Proceeds Fund (DPF) comprises the net proceeds of right to acquire property sales less amount utilised to provide replacement housing, as explained in Note 1. Following deregulatory measures introduced by the Regulator of Social Housing on 6 April 2017, no new proceeds from relevant property disposals will be paid into the DPF. There are no amounts where repayment may be required (2018: £nil). The Group continues to allocate the remaining funds on development schemes with the permission of the GLA.

## 28. Deferred Capital Grant

	Group and Association	
	2019 £'000	2018 £'000
At beginning of period	116,803	121,333
Grant received in the year	4,649	2,593
Reclassification	-	(2,353)
Released to income in the year	(4,294)	(4,770)
At end of period	<b>117,158</b>	<b>116,803</b>
Amounts to be utilised within a year	3,329	3,024
Amounts that may be utilised after more than one year	113,829	113,779
	<b>117,158</b>	<b>116,803</b>

## 29. Gift aid

The aggregate amount of gift aid comprises:

	2019 £'000	2018 £'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	11,226	-
	<b>11,226</b>	<b>10,254</b>

The aggregate amount of gift aid receivable is recognised as assets as at the year-end is £11,226k (2018: £nil).

## 30. Financial assets and liabilities

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

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
<b>Financial assets measured at amortised cost</b>				
Cash and cash equivalents (note 19)	23,699	8,045	8,344	7,170
Short term investment (note 20)	6,586	6,586	6,586	6,586
Debtors (note 18)	26,347	24,887	43,180	30,580
	<b>56,632</b>	<b>39,518</b>	<b>58,110</b>	<b>44,336</b>
<b>Financial liabilities measured at amortised cost</b>				
Trade creditors (note 23)	1,815	1,109	1,770	1,107
Interest payable	559	517	559	517
Loans and borrowings (note 24)	217,126	227,136	77,674	87,706
	<b>219,500</b>	<b>228,762</b>	<b>80,003</b>	<b>89,330</b>

## 31. Capital commitments

	Group		Association	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Capital expenditure contracted less certified that has not been provided for in the Financial Statements	53,660	39,113	53,660	39,113
Capital expenditure that has been authorised by the Board but has not yet been contracted for	87,423	100,306	87,423	100,306
	<b>141,083</b>	<b>139,419</b>	<b>141,083</b>	<b>139,419</b>
<b>Financed by:</b>				
Social Housing Grants	16,016	16,166	16,016	16,166
Receipts from sale of assets	27,645	26,737	27,645	26,737
Unutilised loan facilities & available funds	97,422	96,516	97,422	96,516
	<b>141,083</b>	<b>139,419</b>	<b>141,083</b>	<b>139,419</b>

The Group's development pipeline as at 31 March 2019 had an estimated cost of £141m (2018: £139m) and currently spans over 9 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.



## 32. Related party transactions

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.

During the 2019 year a further £211k (2018: £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 £4,024k (2018: £1,104k) for the year. Poplar HARCA Projects will receive a profit share on the sale of the flats once sales commence. Eligible profits in subsidiaries are expected to be gift aided to Poplar HARCA.

As at 31 March 2019 Poplar HARCA Projects owed Poplar HARCA Ltd a balance of £11,429k (2018: £441k). This balance is included within note 18 of these accounts. During the year, overage receipts of £14,288k from Leopold Phase 2 scheme was received by Poplar HARCA, the rights of this overage income was assigned to Poplar HARCA Projects. Subsequently, a gift aid payment of £11,226k (2018: £4k) was proposed for the year ended 31 March 2019 to Poplar HARCA Limited during the year (note 27).

### 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 2019 Poplar HARCA Capital PLC has a long-term debtor balance of £139,370k (2018: £139,370k) with parent Poplar HARCA Ltd (note 22).

As at 31 March 2019 Poplar HARCA Capital PLC has a short-term debtor balance of £134k (2018: £113k) with parent Poplar HARCA Ltd (note 21).

### 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 2019 this intercompany creditor balance to Poplar HARCA is £5,635k (2018: £5,321k) and will be repaid on sale of the remaining commercial units.

As at 31 March 2019 the short-term balance of £7,515k and long-term balance of £3,295k (2018: £7,902k) 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.

As at 31 March 2019 a £nil (2018: £2,749k) capital contribution was made to Poplar HARCA (Developments) Limited. In the prior year the capital contribution balance was reduced by £6,085k by way of a bonus share issue and a subsequent capital reduction.

During the year Poplar HARCA (Developments) Limited received £nil (2018: £10,250k) as income from investment in joint venture.

## 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:

	2019 £'000	2018 £'000
Interest charged by Poplar HARCA to DevCo	594	417
Management fees charged by Poplar HARCA to DevCo	149	156
Management fees charged by Poplar HARCA to Projects	450	262
Consultancy service charged by Poplar HARCA to Projects	2,056	981
Operating lease charges by Poplar HARCA to Projects	1,945	929
Interest charged by Capital to Poplar HARCA	6,780	6,780
	<b>11,974</b>	<b>9,525</b>

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, James Reverend Olanipekun and Colin Woollard.

Poplar HARCA holds a long term debtor amount of £455k as at 31 March 2019 (2018: £455k). Poplar HARCA charged Geocapita a total of £18k (2018: £18k) 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. LARG was a related party for part of the year, as a former Poplar HARCA employee, Asim Iftikhar, was the Company Secretary of LARG and the Service Manager of Neighbourhood Centres for Poplar HARCA until 31 December 2018. Total amount paid to LARG for services in the year was £532k (2018:£421k) with a £nil (2018:£25k) balance outstanding as at 31 March 2019.

## THE BROMLEY BY BOW CENTRE

The Bromley by Bow Centre is a registered charity which runs a community and health care centre. This is a related party as the Chair of Poplar HARCA's Board, Dr. Paul Bricknell is also a registered Director of the Bromley by Bow Centre. Total amount paid to The Bromley by Bow Centre in the year was £253k as at 31 March 2019 (2018:£373k).

## 33. Subsequent Events

The directors are not aware of any further material matters or circumstances arising between 31 March 2019 and the sign off date of this report which will impact the financial statements (2018: nil).

