

The logo for Notting Hill Genesis is located in the top left corner. It consists of a green oval containing the text "Notting Hill Genesis" in white. This oval is partially enclosed by a blue and yellow swoosh that overlaps it.

Notting Hill
Genesis

Unaudited consolidated summary

Financial report

2017/18

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This report is an unaudited consolidated summary report of the amalgamated entity Notting Hill Genesis as at 31 March 2018. They have been prepared using the audited financial statements of the legacy entities Notting Hill Housing Trust and Genesis Housing Association, adjusted to align accounting policies and eliminate inter company transactions. BDO LLP have reviewed the report using Agreed Procedure Methodology.

Board members and senior staff

Registered office and head office

Bruce Kenrick House
2 Killick Street
London N1 9FL

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Fax: 020 8357 5299
www.nhgggroup.org.uk

Registrations

Registered Society number: 7746

Registered Provider number: 4880

A charity exempt from registration

Regulated by the Regulator of Social Housing

Board (appointed 3 April 2018)



Dipesh J Shah OBE
Chairman



James Wardlaw
Senior independent director



Stephen Bitti



Jenny Buck



Elaine Bucknor (Appointed 31 July 2018)



Linde Carr

Executive board (appointed 3 April 2018)



Kate Davies
Chief executive



Elizabeth Froude
Deputy chief executive



Andy Belton
Chief operating officer



Carl Bryne
Group director of housing



John Hughes
Group development director



Jane Hollinshead



Bruce Mew



Alex Phillips



Richard Powell



Eugenie Turton (Resigned 31 July 2018)



Kate Davies



Elizabeth Froude



Paul Phillips
Group finance director



Jeremy Stibbe
Group director of regeneration and strategic asset management

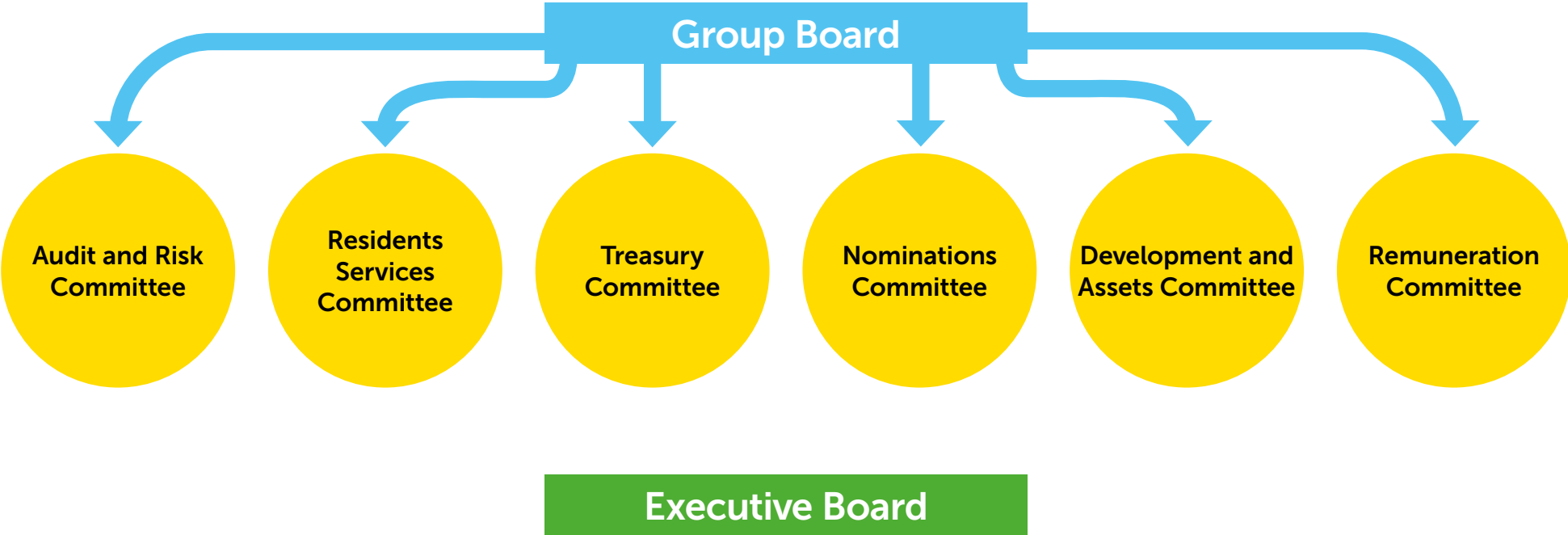


Vipul Thacker
Group director of central services

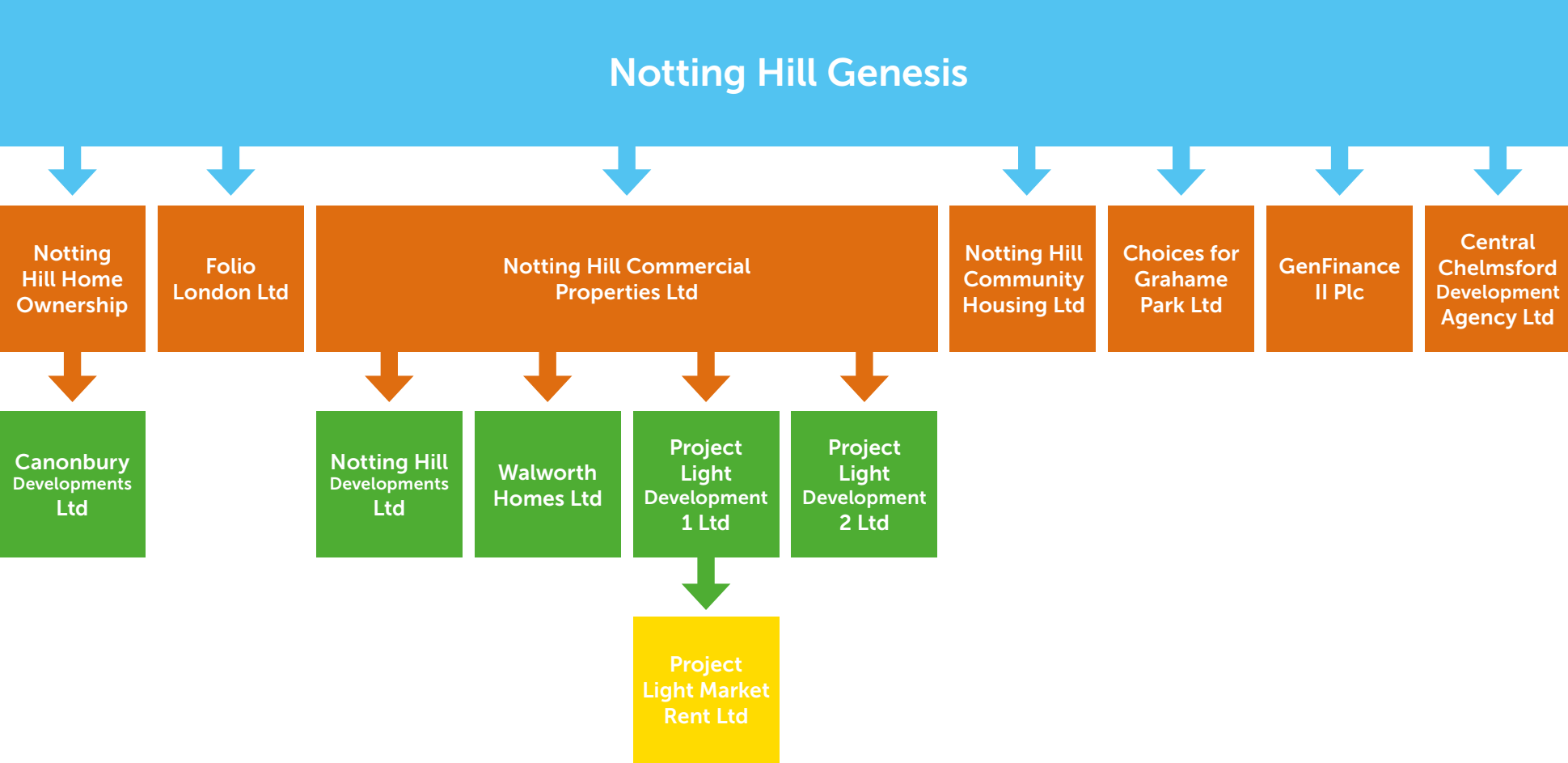


Mark Vaughan
Group director of commercial services

Governance structure



Key legal entities in the Notting Hill Genesis Group



Chairman's report

Notting Hill Housing Trust and Genesis Housing Association joined together on 3 April 2018 to form Notting Hill Genesis. As chair of the new organisation, I am delighted to introduce the unaudited consolidated results for the year ended 31 March 2018.

The report is intended to provide investors and key stakeholders with an overview of the combined group's financial position as at 31 March 2018, ahead of audited consolidated results for the year ended 31 March 2019.

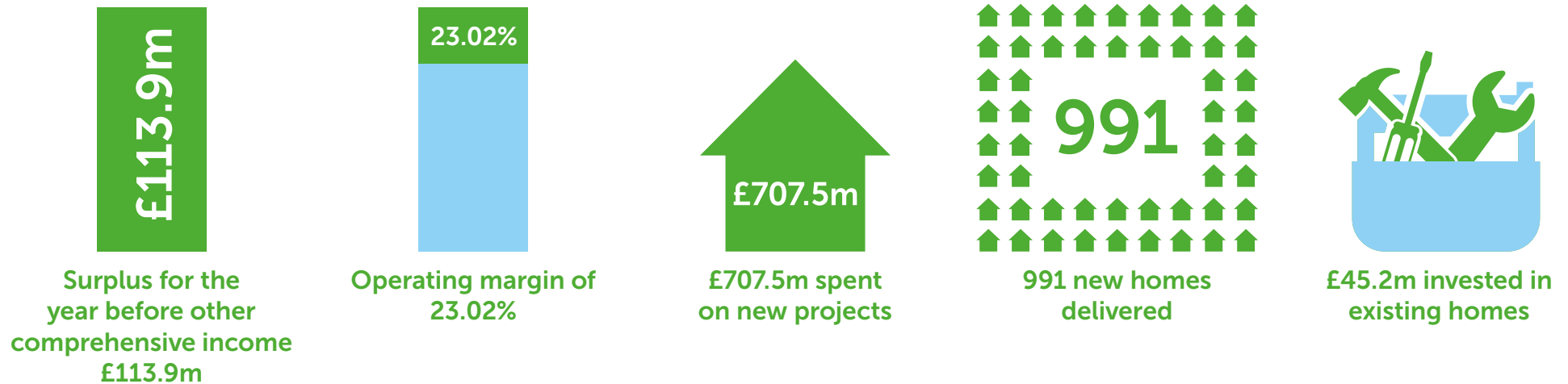
These consolidated results provide a solid foundation from which to launch Notting

Hill Genesis, and will support us as we bring our two organisations together and start to realise our joint ambition to be one of the UK's leading housing associations.

We spoke to a wide range of stakeholders as we prepared to merge and have identified some key areas on which to focus in the



Key results





City Park West, Chelmsford

immediate future so that we can deliver on the case for merger that was approved by the shareholders of our two legacy organisations:

- Delivering our resident promise, which sets out our commitment about the benefits that our new organisation will bring for residents.
- Delivering our staff promise, which sets out our commitment to colleagues as we go through integration and beyond to ensure that Notting Hill Genesis is a place where we all want to work.
- Maintaining our financial strength by reducing our operating cost base by £20m by March 2021 so that we can

invest in an additional 400 new homes above what we could have delivered as separate organisations.

- Transforming our digital offer by simplifying, standardising and automating some of our key business processes, making them available to staff and customers online for those who want to access our services in that way.

The external environment remains uncertain, particularly in London. Immediately following the merger, Standard and Poor's maintained the former Notting Hill Housing rating of A+ (negative outlook) for the newly merged Notting Hill Genesis. Subsequently, Standard and Poor's confirmed an updated

rating for Notting Hill Genesis as A (negative outlook). This reflects changes in S&P's view of the housing sector and its outlook, which has led to downgrades for several registered providers.

We are, however, well equipped to rise to today's housing challenge. By serving our existing tenants well, building more safe new homes, enabling front-line colleagues to work efficiently in the heart of our communities and renewing our focus on our historic areas, we are confident that we can make a positive difference.

Dipesh J Shah OBE
Chairman

Grahame Park, Barnet



Abbreviated strategic report

Who are we?

Notting Hill Genesis (NHG) works in the community, providing homes for lower-income households. This is our primary purpose, and everything else we do supports that aim.

We are one of the largest housing associations in London and the south-east, providing homes for around 170,000 people in some 57,000 properties across the capital and a further 9,000 in the Home Counties and East Anglia.

More than half our homes are general needs properties, charged at social or affordable rent levels. In addition, we offer extra care and supported accommodation for older people and other vulnerable groups, as well as temporary housing, shared ownership, private market rent, student accommodation and commercial properties.

We are a new organisation, but our roots reach back to the 1960s when our legacy organisations were established by local people who shared a similar vision – to house west London’s working poor, providing them with a home from which to build themselves and their families a secure future.

Our growth over the decades has given tens of thousands of people a place to call home, and Notting Hill Genesis is committed to giving future generations the same opportunities. Combining a commercial outlook with a clear social purpose means that we can reinvest surpluses to build around 2,700 new homes every year in places where people want to live and do our bit to tackle the housing crisis in London and the south east.

We have more than 2,000 colleagues, most of whom work at the heart of our communities, building relationships with residents that go beyond bricks and mortar. We strive to be the best we can, and are committed to working with our residents to ensure that everyone has a safe, secure and good quality home, and access to high standard services delivered in the way that suits them best – whether that’s online or face-to-face.



Reasons for merger

Providing more genuinely affordable housing is both more challenging than ever and more urgent and necessary. At the same time, our task as a housing association has grown bigger, and now includes the need to create mixed communities, ensure wellness among our residents, nurture communities that work, and respect nature and heritage.

Notting Hill Genesis will be better placed to address those challenges as a combined organisation for several reasons:

A better service for residents

As we bring our two organisations together, there will be opportunities to raise standards, do more and increase efficiency. This will include an enhanced digital offer through investment in modernising and automating services to offer residents more choice and make it easier for them to interact with us,

Our purpose

The primary task of Notting Hill Genesis will be to provide homes for lower income households in London and the south east.

Together, we:

thereby increasing satisfaction. Being able to offer more homes will also increase choice for our tenants and we will help them to move easily as their circumstances change. Alongside a wider choice of housing, we'll also offer more training and employment opportunities for our tenants, as well as for their sons and daughters.

More influence

Our combined size will give us real influence when it comes to engaging with London boroughs and the Greater London Authority, and making the most of the opportunities offered by town centre and estate regeneration projects.

Greater financial resilience

Joining forces increases our financial resilience and our ability to carry on providing homes right across our footprint in the capital and the south east of England,

despite the challenging economic, political and social climate. Efficiency and value for money will be at the heart of everything we do. We have a target to reduce our operating cost base by £20m by 2021, which will mean that we'll be able to deliver around 2,700 new homes a year – 400 more across London and the south east than we would have been able to achieve alone.

More opportunities for colleagues

Our combined organisation will create opportunities for colleagues to develop their careers and work together to co-create and shape our new entity. At the same time, being a stronger and more influential organisation will mean that we're seen as an employer of choice for those who want to work in housing in London and the south east, enabling us to retain and recruit talented colleagues and enhance our service to residents.

Have the financial strength to invest in our social purpose

Build quality, affordable homes in thriving communities

Provide modern, valued services

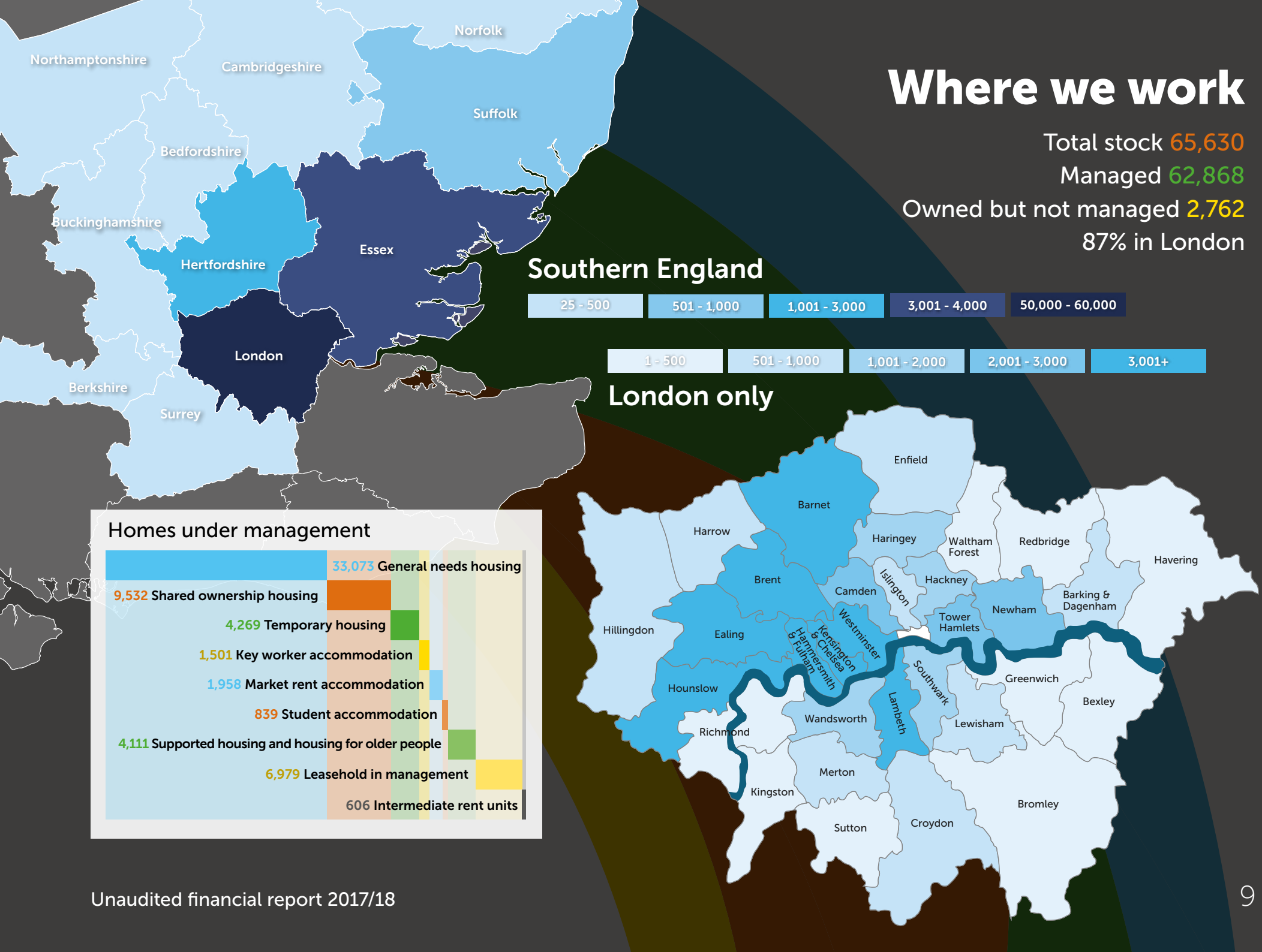
Where we work

Total stock **65,630**

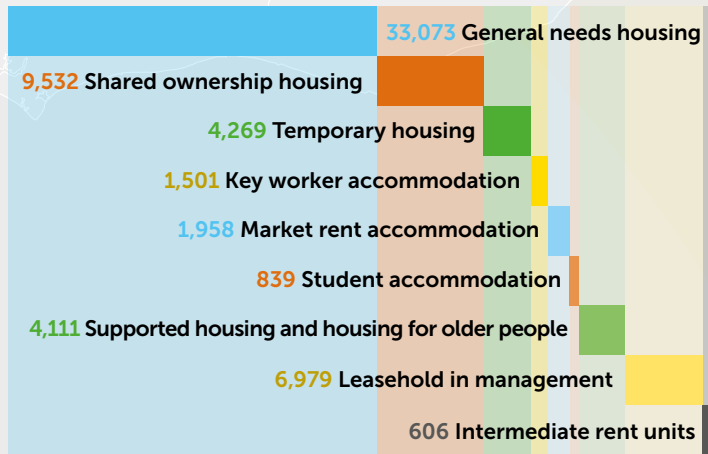
Managed **62,868**

Owned but not managed **2,762**

87% in London



Homes under management



Emerging strategic priorities

We are working towards publishing a high-level corporate strategy in early 2019, which will clarify our immediate priorities, but which will also need to evolve as we bring our two heritage organisations together.

We have already identified several key areas on which we need to focus immediately:

- Measuring our financial strength by reducing our operating cost base by £20m by March 2021 so that we can invest in an additional 400 new homes above what we could have delivered as separate organisations.
- Delivering our resident promise, which sets out our commitment about the benefits that our new organisation will bring for our residents.

- Delivering our staff promise, which sets out our commitment to colleagues as we go through integration and beyond to ensure that Notting Hill Genesis is a place where we all want to work.
- Transforming our digital offer by simplifying, standardising and automating some of our key business processes, making them available to staff and customers online for those who want to access our services in that way.

Alongside these broad themes, we'll also concentrate on:

- Creating places where residents want to live
- Providing services and support that our residents want
- Focusing on our core and heartland areas
- Making the best use of our homes
- New homes for lower-income households

Ratings and 'golden rules'

We are rated by Standard and Poor's as A (negative outlook) and Fitch as A (stable outlook).

The regulator has issued a G1/V2 compliant rating.

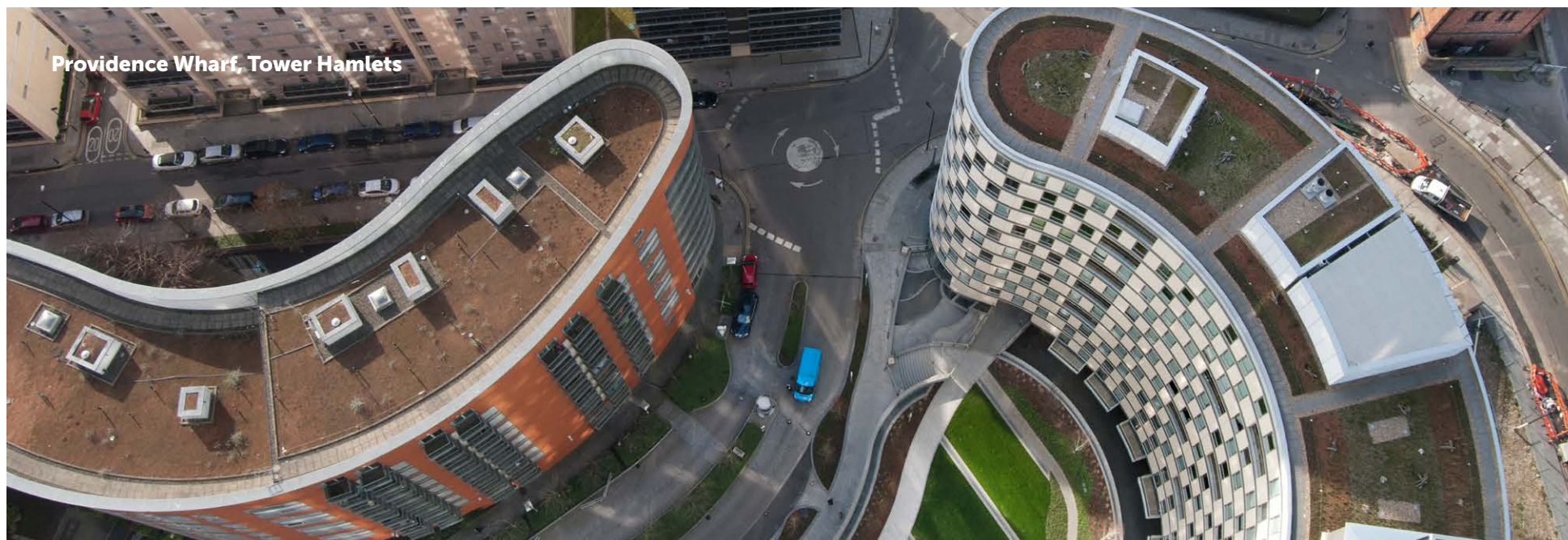
On 3 April 2018, the board approved our investment policy which incorporates the 'golden rules' for approval of investments. The rules provide limits in relation to the amount of capital we can invest in commercial activities as well as minimum returns expected. The limits are monitored regularly by our treasury committee and the board.

Future prospects

Following a review and stress-testing of the business plan and making additional enquiries, the board has a reasonable expectation that the overall group has adequate resources to continue in operational existence for the foreseeable future, being 12 months after the date the legacy entity accounts were signed (30 July 2018). For this reason, we continue to adopt the going concern basis in the financial statements.

Property valuation

	Rental social housing £m	Shared ownership housing £m	Market rent £m	Total 2018 £m
Cost (excluding depreciation)	5,164.9	1,162.3	372.1	6,699.3
Net book value	4,824.3	1,150.3	372.1	6,346.7
Value				
on a vacant possession basis	16,185.7	2,943.1	532.9	19,661.7
on market value subject to tenancy basis	8,486.2	990.0	372.1	9,848.3
on an existing use for social housing basis	3,899.0	990.0	372.1	5,261.1



Development programme

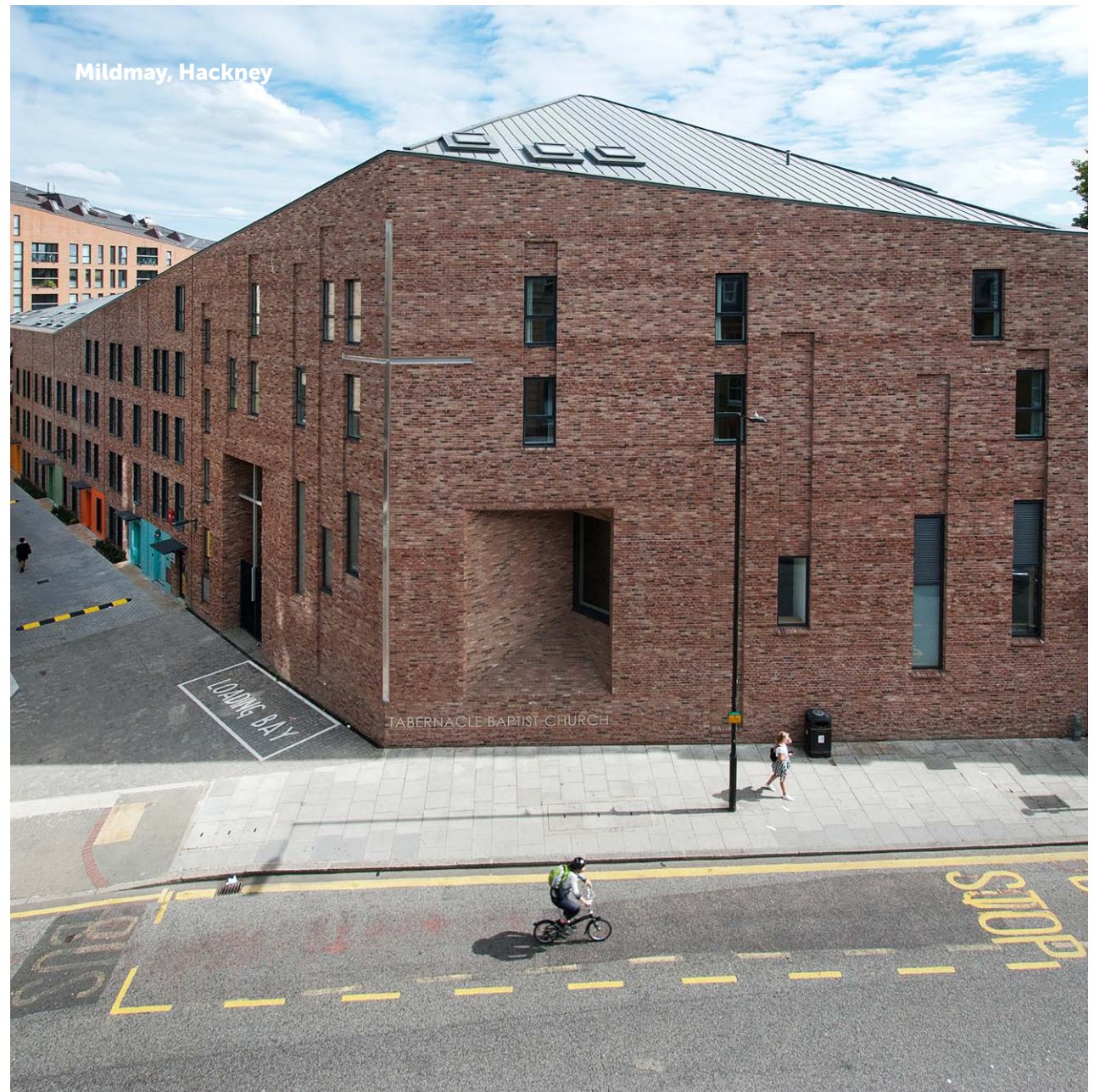
We intend to deliver an additional 27,000 units over the next 10 years with a balance of 60% in favour of social tenures.

We have a pipeline of 12,163 homes to be delivered over the next five years of which 12,013 are identified plots.

Type	Units
Affordable rents	3,006
Shared ownership	4,677
Outright sales	2,843
Market rent	1,403
SimpliCity	234
Total	12,163

Integration

Over the next two years, we will be working to integrate all areas of our business to ensure we achieve the efficiencies and service improvement targets we have set. To achieve this, we have set up a programme management office (PMO) for integration to ensure that activities to bring our two legacy organisations together are consistent and co-ordinated, and enable us to address our immediate priorities and emerging strategic objectives. The PMO team have oversight of the entire programme, monitoring support resources during the change programme as well as the risks, and providing consistency and challenge.



Risks and mitigation

The board has identified the following risks to the delivery of the group's plans.

Risk	Comments	Mitigation
Downturn in the housing market	A large part of the group's development programme relates to low-cost home ownership and outright sale. The group's ability to deliver this will be adversely affected if there is a lack of demand for the resulting homes at the right price.	The group keeps the level of work in progress and completed unsold homes under review. Appraisal assumptions allow for falls in value and delays in sales.
Health and safety	The health and safety of our residents remains a key concern for us, specifically around fire safety and carbon monoxide poisoning.	Following the Grenfell Tower tragedy, the group reviewed its fire prevention measures with a view to complying with any recommendations made by both the fire authorities and the Government. We continue to monitor this area closely. All new schemes with a gas supply are fitted with carbon monoxide detectors and all schemes of five storeys and over will be fitted with appropriate sprinkler systems.
Interest rates	At the year end, the group had £847m of variable rate borrowings, so each 1% increase in prevailing interest rates costs about £7.3m per annum. Of our total debt, 71% is fixed, 26% is variable and 3% is inflation linked.	We have in place a treasury policy which sets out the limits of fixed, variable and inflation-linked debt as well as how to manage the exposure to other treasury risks. This is approved annually by the board and is prepared jointly with our treasury advisors.
External political change	The UK's decision to leave the European Union has created uncertainty around investments, pensions, property sales and values, and staff retention.	The group continues to monitor the evolving political landscape closely. In addition, we continue to stress-test business plans with changing scenarios and review uncommitted development sites.

Value-for-money strategy

Notting Hill Genesis is a social business. We will focus our effort in our first few years on strengthening our finances in order to better position ourselves to meet our objectives. We are in business to ensure that our current residents are well served and to build new homes. Our primary task is to provide homes for lower-income households in London and the south east. In bringing our two legacy organisations together, our overall aim was to reduce operating costs and maximise surpluses to invest in new and existing homes at the same time as improving resident satisfaction.

Our approach is to ensure that our value-for-money strategy is integrated into our corporate strategy and strategic framework, and embedded in regular business planning, performance monitoring and decision-making. Understanding and achieving value for money is fundamental to the success of the business and the intention to deliver value should be evident in everything we do.

The key metrics as agreed by the regulator are as follows:

	2017/18 Actual - NHG	2018/19 Forecast - NHG
Reinvestment %	4.99%	11.43%
New supply delivered %		
A. New supply delivered (social housing homes)	1.11%	2.49%
B. New supply delivered (non-social housing homes)	9.77%	27.97%
Gearing %	47.02%	52.55%
Earnings before interest, tax, depreciation, amortisation, major repairs included (EBITDA MRI) interest cover %	128.17%	150%
Headline social housing cost per unit	£6,469	£6,295
Operating margin %		
A. Operating margin (social housing lettings only)	24.9%	30.21%
B. Operating margin (overall)	23.02%	27.07%
Return on capital employed (ROCE) %	2.86%	2.40%

The merger resulted in several one-off adjustments in relation to loan breakage costs. In future, our business plans will set targets for improvements in these areas.



Consolidated statement of comprehensive income for the year ended 31 March 2018

	Notes	2018 £m
Turnover	2	703.4
Cost of sales	2	(123.2)
Operating costs	2	(418.3)
Operating surplus	2	161.9
Surplus on disposal of assets		65.0
Surplus before interest		226.9
Interest receivable and similar income		1.5
Interest payable and similar charges		(127.9)
Gains in respect of financial derivatives		16.0
Surplus on ordinary activities before taxation		116.5
Taxation		(2.6)
Surplus for the financial year after taxation (carried forward)		113.9

	Notes	2018 £m
Surplus for the financial year after taxation (brought forward)		113.9
Other comprehensive income		
Actuarial surplus		14.9
Fair value measurement of derivatives		7.8
Other comprehensive income total		22.7
Total comprehensive income for the year		136.6

Consolidated statement of changes in reserves

	General reserves £m	Revaluation reserve £m	Cash flow hedge reserve £m	Restricted reserve £m	Total £m
Balance at 1 April 2017	1,933.4	1,133.1	(35.7)	3.3	3,034.1
Prior year adjustment in respect of alignment of accounting policies	2.3	-	-	-	2.3
Restated balance at 1 April 2017	1,935.7	1,133.1	(35.7)	3.3	3,036.4
Surplus for the year	114.0	-	-	(0.1)	113.9
Transfers to general reserves upon asset sale	7.9	(7.9)	-	-	-
Fair value measurement of derivatives	-	-	7.8	-	7.8
Actuarial pension movement	14.9	-	-	-	14.9
Deferred tax	-	3.0	0.1	-	3.1
Balance at 31 March 2018	2,072.5	1,128.2	(27.8)	3.2	3,176.1

Consolidated statement of cash flows for the year ended 31 March 2018

	Notes	2018 £m
Net cash inflow from operating activities	10	140.2
Returns on investments and servicing of finance		
Interest received		1.5
Interest paid		(127.4)
Breakage of derivative fair value instrument		(1.8)
Breakage of loan costs		(17.0)
Net cash outflow from returns on investments and servicing of finance		(144.7)
Taxation		(0.7)
Capital expenditure		
Purchase and construction of housing properties		(490.2)
Investment in joint ventures		(11.2)
Sale of fixed assets		140.4
Social housing grant received		27.8
Purchase of other fixed assets		(15.7)
Net cash outflow from capital expenditure		(348.9)
Net cash outflow before use of liquid funds and financing		
(Increase) in cash deposit		(9.0)

	Notes	2018 £m
Financing		
Loans received		549.7
Loans repaid		(151.7)
Net cash inflow from financing		398.0
Net increase in cash and cash equivalents		34.9
Cash and cash equivalents at 1 April		123.3
Cash and cash equivalents at 31 March		158.2

Notes on the financial statements

1 - Accounting policies – changes due to restatement

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Freehold land is not subject to depreciation on account of its indefinite useful economic life. Depreciation is provided on all housing property at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Component	UEL
Freehold Land	None
Leasehold Land	Lease life (maximum 100yrs)
Structure	100
Roof	60
Heating	30
Boilers	15
Windows	30
Bathroom	30
Kitchen	20
Electrical	30
Lift	30

The expected useful life of each asset class is reviewed annually. Leasehold properties are depreciated over the course of the lease term. The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Other fixed assets and depreciation

Tangible fixed assets other than housing properties and investment properties are stated at cost less accumulated depreciation. Depreciation is applied to write off the cost, less the estimated residual value of tangible fixed assets, on a straight-line basis over the expected useful life of the asset. No depreciation is provided on freehold land. The expected useful lives for each component are as follows:

Component	Years
Freehold office premises	60
Office improvements	7
Motor vehicles	4
Office furniture and computer equipment	4
Key workers' furniture	4
Tenants' furniture	3

The capitalisation threshold for individual items is £2,500.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Financial instruments

The group has financial assets and financial liabilities of a kind that qualify as basic financial instruments, except for cash flow hedges. Basic financial instruments are initially recognised at transaction value and subsequently measured at this amortised cost. In respect of the group's financial instruments, the group has adopted FRS102 Financial Instruments Measurement and Disclosures (chapters 11 and 12).



Financial instruments are initially recorded at transaction price less any transaction costs. Subsequent measurement depends on the designation of the instrument as follows:

- Bonds, loans, short-term borrowings and overdrafts are classified as other liabilities and are held at amortised cost using the effective rate of interest.
- Group on-lending is classified as other debtors and held at amortised cost.

The group holds floating rate loans which expose the group to interest rate risk. To mitigate against this risk the group uses interest rate swaps. These instruments are measured at fair value at each reporting date, and are carried

as assets when the fair value is positive and as liabilities when the fair value is negative.

The group has designated each of the swaps against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments other than adjustments for our own or counter-party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in the statement of comprehensive income.

Provisions

Provisions are made to meet liabilities which are expected to arise in future years but are of uncertain timing or amounts. Arrears provisions are made and systematically reviewed on an ongoing basis taking into consideration current market conditions, historical write-offs and other particular known factors which can affect payment of the amounts. The effect of the time value of money is not material and therefore the provisions are not discounted

2 - Turnover, cost of sales, operating costs and operating surplus

Group continuing activities Year ended 31 March 2018	Turnover £m	Cost of sale £m	Operating costs £m	Operating surplus £m
Social housing lettings (note 3)	463.5	-	(348.1)	115.4
Other social housing activities				
Development services	4.9	(4.8)	(3.9)	(3.8)
Sales and marketing services	1.1	-	(4.8)	(3.7)
Neighbourhood activities	0.3	-	(0.6)	(0.3)
First tranche shared ownership sales	38.3	(25.1)	-	13.2
Supporting people and care	14.1	-	(15.0)	(0.9)
Other income	12.8	-	(0.1)	12.7
	71.5	(29.9)	(24.4)	17.2
Activities other than social housing activities				
Properties for sale	121.4	(93.3)	-	28.1
Charitable fund raising activities	0.4	-	(0.1)	0.3
Commercial rent properties	7.0	-	(2.1)	4.9
Student accommodation	6.1	-	(3.9)	2.2
Impairment	-	-	(24.6)	(24.6)
Market rent properties	25.6	-	(14.3)	11.3
Fair value gains on investment properties	7.9	-	(0.8)	7.1
	168.4	(93.3)	(45.8)	29.3
Total	703.4	(123.2)	(418.3)	161.9

3 - Income and expenditure from social housing lettings

Group Year ended 31 March 2018	Rented social housing £m	Shared ownership £m	Temporary housing £m	Key worker housing £m	Supported housing £m	Total £m
Income						
Rent receivable	247.5	37.0	74.9	10.7	29.0	399.1
Service charges receivable	19.1	16.2	0.1	0.6	17.3	53.3
Net rents receivable	266.6	53.2	75.0	11.3	46.3	452.4
Amortised government grants	5.0	2.0	0.6	0.3	0.9	8.8
Other grants	1.0	0.2	0.3	-	0.8	2.3
Total income from social housing lettings	272.6	55.4	75.9	11.6	48.0	463.5
Expenditure						
Management	(54.5)	(19.6)	(11.0)	(4.8)	(17.1)	(107.0)
Service charges	(19.5)	(15.3)	(0.1)	-	(13.5)	(48.4)
Routine maintenance	(35.3)	(1.2)	(3.6)	(1.1)	(5.2)	(46.4)
Planned maintenance	(15.9)	(0.3)	-	(0.4)	(2.9)	(19.5)
Major repairs expenditure	(10.3)	(1.4)	-	-	(0.7)	(12.4)
Bad debts	(1.4)	(0.1)	(0.2)	(0.2)	(0.4)	(2.3)
Lease charges	(0.1)	-	(58.8)	-	(1.2)	(60.1)
Depreciation of housing properties	(41.4)	(3.5)	(0.1)	(1.8)	(5.2)	(52.0)
Operating costs on social housing lettings	(178.4)	(41.4)	(73.8)	(8.3)	(46.2)	(348.1)
Operating surplus on social housing lettings	94.2	14.0	2.1	3.3	1.8	115.4
Void losses	1.5	-	1.6	0.3	1.8	5.2

4 - Housing properties

Group	Completed properties held for letting £m	Letting properties in the course of development £m	Completed shared ownership properties £m	Shared ownership properties in the course of development £m	Total £m
At 1 April 2017	5,050.9	167.4	1,148.9	157.3	6,524.5
Additions	0.3	125.1	0.4	170.1	295.9
Impairment	(0.5)	-	(0.1)	(3.5)	(4.1)
Works to existing properties	32.8	-	-	-	32.8
Properties completed	92.2	(92.2)	61.5	(61.5)	-
Disposals	(15.8)	-	(44.2)	-	(60.0)
Transfers	5.0	(3.4)	(4.2)	0.1	(2.5)
At 31 March 2018	5,164.9	196.9	1,162.3	262.5	6,786.6
Depreciation					
At 1 April 2017	296.7	-	8.8	-	305.5
Prior year adjustment	(2.8)	-	-	-	(2.8)
Restated at 1 April 2017	293.9	-	8.8	-	302.7
Charge for the year	48.6	-	3.7	-	52.3
Disposals	(1.9)	-	(0.5)	-	(2.4)
At 31 March 2018	340.6	-	12.0	-	352.6
Net book value					
At 31 March 2018	4,824.3	196.9	1,150.3	262.5	6,434.0
At 31 March 2017	4,757.0	167.4	1,140.1	157.3	6,221.8

Expenditure on works to existing properties	2018 £m
Amounts capitalised	32.8
Amounts charged to statement of comprehensive income	12.4
	45.2

5 - Investment properties

	Completed market rent properties £m	Market rent properties in the course of development £m	Completed commercial rent properties £m	Commercial properties in the course of development £m	Total £m
Valuation 1 April 2017	300.0	175.6	73.9	2.7	552.2
Additions	0.2	213.8	1.7	9.9	225.6
Completed properties	67.3	(67.3)	5.9	(5.9)	-
Transfer	(0.7)	13.2	(0.2)	0.1	12.4
Disposals	(0.8)	-	(0.2)	-	(1.0)
Revaluation of property	6.7	-	1.2	-	7.9
At 31 March 2018	372.7	335.3	82.3	6.8	797.1
Impairment					
At 1 April 2017	(0.6)	-	(0.8)	-	(1.4)
Provision for impairment	-	(20.5)	-	-	(20.5)
At 31 March 2018	(0.6)	(20.5)	(0.8)	-	(21.9)
Net book value					
At 31 March 2018	372.1	314.8	81.5	6.8	775.2
At 31 March 2017	299.4	175.6	73.1	2.7	550.8

6 - Stock

	2018 £m
Properties under construction	
First tranche	125.7
Outright sales	190.3
Completed properties	
First tranche	19.9
Outright sales	31.7
Landbank	
Landbank	119.5
	487.1

7 - Loans

	2018 £m
Secured loans and overdrafts	1,757.8
Unsecured loans and overdrafts	36.0
Public bonds	1,453.4
Non-recourse secured bank loans	20.5
Housing loans	3,267.7

	2018 £m
Repayable on maturity	
- in less than five years	-
- within one year or on demand	78.8
- between one and two years	-
- within two and five years	82.8
- in five years or more	1,595.1
Repayable by annual instalments	
- within one year or on demand	37.1
- between one and two years	45.0
- within two to five years	189.3
- in five years or more	1,239.6
	3,267.7

8 - Employees

	2018 no.
Staff engaged in managing or maintaining housing stock	834
Staff providing other housing services	49
Staff engaged in developing or selling housing stock	152
Staff providing central administration services	380
Staff providing care and support	728
	2,143

	2018 £m
Staff costs for the above persons	
Wages and salaries	73.3
Social security costs	7.0
Other pension costs	3.6
	83.9

9 - Capital commitments

	2018 £m
Capital expenditure that has been contracted for but has not been provided for in the financial statements	1,021.2
Capital expenditure that has been authorised by the Board but has not yet been contracted for	116.1

10 - Reconciliation of net cash flow to net cash inflow from operating activities

	2018 £m
Operating surplus	161.9
Fair value gains on investment	(8.7)
Depreciation	61.1
Impairment charge	24.6
Amortisation of loan set up costs	0.9
(Increase) in properties and other assets in the course of sale	(93.8)
(Increase) in debtors	(5.7)
Increase in creditors	0.4
Others – write-off of prior year costs	(0.5)
Net cash inflow from operating activities at 31 March 2018	140.2

11 - Prior year adjustments

	£m
Balance at 1 April 2017	1,933.4
Prior year adjustments	
Financial derivative fair value measurement	(0.5)
Depreciation adjustment separating boilers from heating component	2.8
Restated balance at 1 April 2017	1,935.7

12 - Adjustment to surplus in the year

	2018 £m
Combined surplus in respect of amalgamated entities	116.7
Eliminate surplus on sale of Acre Lane	(3.8)
Financial derivative fair value measurement	(0.2)
Depreciation adjustment separating boilers from heating component	1.2
Restated surplus for the year	113.9





