SHORELINE HOUSING PARTNERSHIP LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

Community Benefit Society Number: 7695

Registered Provider Number: L4442

Exempt Charity Number: EW 89852

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LEGAL AND ADMINISTRATIVE DETAILS

Board Members:

The Board Members and Executive Directors of Shoreline Housing Partnership Ltd (SHP) set out below held office during the whole of the period from 1 April 2017 to 31 March 2018 of this report unless otherwise stated. Subsequent to the year end, on 3 April 2018, Shoreline Housing Partnership Ltd merged by amalgamation with Boston Mayflower Ltd to become Lincolnshire Housing Partnership Ltd (LHP). Details of SHP are provided below and LHP on the next page.

Chair	Stephen Savage	Independent	
Members	Stephen Cousins	Independent	Resigned 31 March 2018
	David Hilditch	Co-opted	Resigned 31 March 2018
	Jiggy Lloyd	Co-opted	
	Yvonne Lowe	Independent	
	Ray Sutton	Council	Resigned 23 January 2018
	Kathryn Wheatley	Council	Resigned 31 March 2018

Executive Directors:

Chief Executive	Murray MacDonald	Appointed 23 October 2017
Director of Property Services	Mark Jones	
Interim Director of Finance	Deborah Holcroft	Resigned 31 March 2018

Company Secretary Mike Walters

Audit and Risk Committee Members:	David Hilditch	Chair	Resigned 31 March 2018
	Yvonne Lowe		
	Ray Sutton		Resigned 23 January 2018
Finance and Performance Committee Members:	Stephen Cousins	Chair	Resigned 31 March 2018
	Stephen Savage		
	Kathryn Wheatley		Resigned 31 March 2018
	Jiggy Lloyd		

LEGAL AND ADMINISTRATIVE DETAILS (cont'd)

On 3 April 2018 Shoreline Housing Partnership Ltd merged by amalgamation with Boston Mayflower Ltd to become Lincolnshire Housing Partnership Ltd.

Board Members:

The Board Members and Executive Directors of Lincolnshire Housing Partnership Ltd set out below have held office from 3 April 2018 to the date of this report unless otherwise stated.

Chair	Stephen Savage
Vice Chair	Lynda Bowen
Members	Rob Griffiths
	Rob Jones
	Carl Dewey
	Jiggy Lloyd
	Yvonne Lowe
	Paul Casey

Executive Directors:

Chief Executive	Murray MacDonald
Director of Property Services	Mark Jones
Director of Customer Services	Bridget Lloyd
Interim Director of Finance	Simon Bass
Company Secretary	Mike Walters

Audit and Risk Committee Members:

Rob Griffiths	Chair
Stephen Cousins	
Yvonne Lowe	

Assets Committee members:

Rob Jones	Chair
Carl Dewey	
Paul Casey	
Jiggy Lloyd	

Remuneration Committee members:

Lynda Bowen	Chair
Stephen Savage	
Rob Jones	
Rob Griffiths	

LEGAL AND ADMINISTRATIVE DETAILS (cont'd)

Registered Office:	Shoreline House, Westgate Park Charlton Street Grimsby North East Lincolnshire DN31 1SQ
Community Benefit Society No.	SHP – 7695 from 16th January 2018 LHP – 7748 from 3rd April 2018
Company Registered in England and Wales No.	4997871 until 15th January 2018
Registered Provider No.	SHP - L4442 until 2nd April 2018 LHP – L4877 from 3rd April 2018
Exempt Charity No.	EW 89852 from 16th January 2018
Charity No.	1107876 until 15th January 2018
Auditors:	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Bankers:	National Westminster Bank plc 66 Victoria Street Grimsby North East Lincolnshire DN31 1BP
Principal Funders:	Lloyds TSB Bank plc Corporate Markets, Social Housing 3rd Floor, 25 Gresham Street London EC2V 7HN
Principal Solicitors:	Forbes Solicitors Ribchester House Lancaster Road Preston PR1 2QL Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B3 2ES

BOARD REPORT

The Board presents its report and the audited financial statements of the Community Benefit Society for the year to 31 March 2018

Legal status

Shoreline Housing Partnership was a company limited by guarantee but as part of the preparation for the amalgamation with Boston Mayflower Limited it converted to a Community Benefit Society on 16th January 2018. Amalgamation with Boston Mayflower Limited, which had also converted to a Community Benefit Society, took place shortly after the year end on 3rd April 2018. Amalgamation is a legal process whereby there is a statutory vesting of all the assets and liabilities of each of the amalgamating entities into the amalgamated society without the need for further legal formalities.

Principal Activities

Shoreline Housing Partnership is a Registered Provider of Social Housing registered with the Homes and Communities Agency (HCA). Shoreline's principal activities are the management and maintenance of social housing properties in the North East Lincolnshire area.

Business Review

A review of the association's results for the year is included in the Strategic Report on pages 9 to 24.

Governance

The regulatory framework makes it clear that responsibility for meeting the regulatory standards lies with the Board and that Board is under an obligation to adopt and comply with a recognised Governance Code. The association complies with the principal recommendations of the National Housing Federation Code of Governance (revised 2015), the National Housing Federation Code of Conduct (revised 2012) and the National Housing Federation Merger Code (2015) save for the following statement of non-compliance.

The association only partially complies with recommendation B8 in the above Code of Governance which requires organisations with shareholders who elect the Board to review the policies for admission to shareholding membership on a regular basis. A policy for membership admissions was approved by Board but not implemented due to entering a Standstill Agreement in connection with merger discussions with Boston Mayflower which required maintenance of a status quo position. Post-merger, LHP adopted a shareholders policy on 24th April 2018 and is now compliant.

Additionally Board deferred interrelated matters under section D of the Code dealing with Board skills, renewal and review in particular relating to external appraisal, development plan, skills matrix and training, and therefore does not comply. Board delayed this programme on the understanding that the merger would be completed shortly and that any actions would be an abortive use of resources and member's time and which would be better picked up in the new merged entity. However the merger was delayed unexpectedly on several occasions with the result that compliance could not be achieved. LHP has a programme of appraisals planned and due for completion by 13th June 218 when a strategy event is to be held with Board. After this a training and development programme will be developed. LHP is receiving external consultancy support from Altair who have already helped on an initial skills matrix. LHP will be compliant with Section D moving forwards.

At the end March 2018, the Board comprised four full members and two co-opted members. With the creation of LHP on 3rd April 2018, the Board now consists of eight full members.

Governance & Financial Viability

Shoreline and its Board and senior management team complied with the governance and viability standard as set out in the April 2015 Homes & Communities Agency publication – Governance and Financial Viability Standard and this will continue under LHP.

BOARD REPORT (continued)

Recruitment and Appointment of Board Members

The association is committed to a diverse Board Membership which is representative of the communities in which it operates and has the appropriate and relevant set of skills and competencies to drive the strategic direction and performance of the organisation.

The maximum term of office for any Board member is nine years with the exception of the office of Chair being a maximum of five years.

Committees

In addition to the main Board there were two formal committees these being the Audit & Risk and Finance & Performance committees. . LHP now operates with three committees, Audit and Risk; Assets, and Remuneration.

The Terms of Reference and Delegated Authorities of the above sub committees are clearly defined in the Standing Orders and Financial Regulations of the association.

Board Members and Executive Directors

The present Board members and executive directors are set out on page 1. Board members are drawn from a wide background bringing together professional, commercial and local experience and are subject to individual annual appraisal conducted alternately by the Chair and by an independent external body, both of whom provide their respective findings to Board.

The remuneration of the Chair of the Board for the year amounted to £11,774 (2017: £11,000). By Board approval this remuneration was increased to £15,000 from £11,000 on 23rd January 2018. Other Board members were entitled to remuneration at the rate of £1,040 (2017: £1,040) per annum with an additional duties payment of £500 (2017: £500) to committee chairs. By Board approval this remuneration was increased to £5,000 on 23rd January 2018.

Total payments to all Board members within the year amounted to £20,356 (2017: £20,240) which represents less than 0.07% (2017: 0.07%) of the group's turnover. Payment details can be found in Note 10 on Page 46.

Executive directors hold no interests in the capital of the Association and act as executives under authority delegated by the Board.

Employees

Lincolnshire Housing Partnership recognises that the strength of the organisation is underpinned by the quality of its Board, directors and all its employees. In particular, its ability to meet the corporate objectives set down by Board and its commitments to tenants in an efficient and effective manner substantially depends upon employees' contributions.

The association shares information on its objectives, progress and activities through cascade meetings involving executive directors, operational management team and staff, and by means of the intranet. It also participates in a Joint Consultative Committee with elected staff representatives and meets regularly to discuss issues relevant to staff.

Equality

Lincolnshire Housing Partnership is committed to the equality and diversity agenda regardless of age, race, religion, belief, disability, gender or sexual orientation. As such it invites interests from all members of the community and believes that this commitment is fundamental across its business and integral in what it seeks to achieve.

Charitable and Political Donations

The Group has made no donations during the year.

Auditor

Beever and Struthers are contracted as our external auditors until December 31st 2018.

BOARD REPORT (continued)

Statement of Board's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of its Income and Expenditure for that period. In preparing these accounts 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the accounts on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

Statement on Internal Controls

The Board acknowledges that it 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 against material misstatement or loss or eliminate all risk of failure to achieve business objectives. The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association'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. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed and is consistent with generally accepted principles of risk management and internal controls assurance as previously published by the Homes and Communities Agency and its predecessors.

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:

- Overall 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. It is ultimately responsible for ensuring that all policies and procedures covering issues such as delegated authority, segregation of duties, accounting, treasury management, value for money, health and safety, data and asset protection, staff recruitment, retention, training and development and fraud prevention and detection are in place.

  There are formal authorisation and appraisal procedures for all new initiatives and commitments.

  Board has approved the terms of reference and delegated authorities for the Finance and Performance and the Audit and Risk committees and has established clear delegation schedules setting out the roles and responsibility for the Chief Executive, Director of Finance, Director of Property Services and other officers.

- 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 on-going process of management review in each area of the

BOARD REPORT (cont'd)

organisation's activities. The executive directors receive and consider reports on significant risks facing the organisation and, where considered appropriate, these are presented to the Audit and Risk Committee or directly to Board should risks, or changes to risks profiles, significantly affect key risk exposure.

- Fraud risk management

  There are policies and procedures to minimise the potential occurrence of fraud and to investigate fraud when it occurs and any such instances are logged onto the fraud register and reported to the Audit and Risk Committee in line with policies and procedures. There was no incidence of fraud during the year.

- Information and financial reporting systems

  The association operates robust strategic planning and business planning processes with detailed financial reporting procedures including financial budgets for the year ahead, detailed management accounts produced monthly and forecasts for the remainder of the financial year and for subsequent years. These are reviewed in detail by the executive directors and are considered 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.

- Monitoring and corrective action

  A process of regular management reporting on control issues provides assurance to senior management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and delivery of our services.

- Raising concerns, probity, anti-fraud and corruption and bribery

  Board have approved policies covering the conduct of all members and employees with particular provisions for raising concerns, probity, anti-fraud and corruption and bribery act.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the senior management team and report directly to the Audit and Risk Committee. The Audit and Risk Committee considers internal control and risk at each of its meetings during the year.

The Board accepts ultimate responsibility for the system of internal controls and has delegated authority for the review of the effectiveness of the system of internal controls to the Audit and Risk Committee.

The Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and takes account of any changes needed to maintain the effectiveness of risk management and control process. It does this by considering risk reports, internal audit reports, management assurances and the external auditor management letter.

The Audit and Risk Committee has received the annual report of the internal and external auditors and has made an annual report to the Board. The Board has received this report.

The Board confirms that there is an on-going process for identifying 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 accounts, and is regularly reviewed by the Board.

By order of the Board

Chair: Stephen Savage

Date: 31 July 2018

STRATEGIC REPORT & OPERATING REVIEW

Group Strategic Report

1. Activities

Shoreline Housing Partnership ("the Group") has now merged by amalgamation with Boston Mayflower to form Lincolnshire Housing Partnership Limited. The following statements refer to Shoreline Housing Partnership as a continuing operation which is achieved through the legal framework of the amalgamation, although the actual name and separate legal status of Shoreline Housing Partnership ended on 3rd April 2018. Noting this, these group accounts comprise Shoreline Housing Partnership Limited ("the Parent"), which is a Registered Provider of Social Housing (now undertaken through Lincolnshire Housing Partnership Limited); the wholly owned, but now dormant, subsidiary Shoreline Property Services Limited which managed repairs and maintenance works on behalf of the Association and other clients until July 2009; and the wholly owned subsidiary Humber Homes Limited which is a special purpose property development business.

The Association is a charity managing 7,984 (2017: 7,966) affordable dwellings at the year-end. It seeks to be an excellent social landlord providing good value services. It operates within three primary business streams:

- 'general needs' housing for rent, primarily by individuals or families with a recognised social housing need,
- 'older persons housing' comprising of dedicated housing for individuals above the age of 50 or for people who need additional housing related support.
- 'low-cost home ownership' in the form of shared ownership where residents purchase a share in the equity of their homes and pay rent to the Association on the residual equity.

All of the above business streams are operated under the Association's charitable objectives for individuals or families that are unable to rent or buy at open market values.

The Group is based in Grimsby, North East Lincolnshire and its housing properties are situated within that area and within the neighbouring areas of Cleethorpes, Immingham and outlying villages.

2. Strategic Objectives

The Association is a local provider of affordable housing with a commitment to improving the lives of its residents and the quality of its neighbourhoods. Its vision is to create homes and to support communities to be proud of and it recognises that it has an important influence on the communities in which it works. It seeks to make a positive and lasting difference to people's lives in the neighbourhoods and for the individuals with whom it works.

The Group's Board is committed to making prudent strategic decisions which can secure the long term future of the business and can create a positive legacy for North East Lincolnshire. It aims to do so by working in partnership with its residents and other strategic partners.

The one core objective, that overrides all others, is to be an "Excellent Housing Provider";

- *Offering a wide range of homes by providing Social, Affordable, Intermediate & Market Rent homes together with Shared Ownership & Market Sale properties in a diverse range of areas;*
- *With a fully-funded comprehensive investment programme which keeps the stock updated where it makes sense, deals effectively with areas of unpopular stock, and adds new stock where it can;*
- *Providing a quality repairs service which offers value for money;*
- *Which is good at letting and selling homes to the most suitable people without delay;*
- *Which deals effectively with anti-social behaviour affecting its tenants;*
- *With well managed rents and service charges offering tenants value for money;*
- *With well-managed estates;*
- *Which supports tenants;*
- *Which is well governed and effectively involves its tenants;*
- *Which enjoys good customer satisfaction*
- *Which offers choice wherever it can;*
- *And, which improves the economic & social prospects of our tenants where it can..*

STRATEGIC REPORT & OPERATING REVIEW (Continued)

As a result of the merger these objectives were left unchanged as the merger was intended originally to take place in October 2017 with them being reviewed shortly thereafter. Due to the delay in the merger this did not take place during the year

Underpinning the core objective the Group has four main delivery priorities as follows:

Delivering Affordable Warmth:

To deliver affordable warmth to vulnerable and low-income tenants as part of a coherent but affordable "green" approach through;

- Maximising partner investment through "ECO", "Green Deal" or successor programmes,
- A more sophisticated approach to planned investment programmes,
- Exploiting opportunities for the mass purchase of energy, and
- Education, both staff and tenants, on how to run homes for less money and with new technologies.

Dealing with areas of unpopular housing through regeneration and renewal:

Using a NPV backed investment model in conjunction with an assessment of demand and social needs in terms of accessibility, location and design, respond to unpopular areas of housing stock through a range of bespoke local solutions including;

- Better marketing,
- Focused localised lettings policies,
- Makeovers, refurbishment and remodelling,
- Disposal,
- Demolition, and
- Redevelopment

Acquiring new homes

Creating a sustainable model for the delivery of new homes with and without partnership support through;

- Optimising developer contributions on S106 projects
- Working in partnership with local developers and the local authority to develop innovative ways of fulfilling S106 obligations, and
- Working in partnership with the HCA and other agencies to develop grant funded investment in social and affordable housing in the area.

Achieving our social objectives

Delivering wider social objectives such as:

- Providing Supported Employment,
- Apprenticeships & Internships,
- Support to local Social Enterprise.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

3. Financial Performance

Parent

Extract fromStatement of Comprehensive Income and associated notes for the year ended 31 March 2018 (and prior)					
	2017-18	***2016-17***	***2015-16***	***2014-15 (Restated)***	***2013-14***
	£'000	***£'000***	***£'000***	***£'000***	***£'000***
Income from social housing rents receivable	27,515	28,266	28,696	29,055	29,067
Income from service charges	893	912	1,061	1,158	1,098
First tranche shared ownership sales	182	127	163	1,001	720
Amortised government grants	699	702	700	670	4,381
Other income	575	1,218	819	814	916
Total turnover	*29,864*	*31,225*	*31,439*	*32,698*	*36,182*
Cost of sales	(125)	(61)	(148)	(823)	(622)
Operating costs (excluding depreciation & impairment)	(16,847)	(16,336)	(22,712)	(23,975)	(20,451)
Depreciation	(3,953)	(3,910)	(3,928)	(3,653)	(4,269)
Impairment	(291)	(285)	(2,349)	(823)	(3,721)
Surplus on sale of fixed assets	527	488	254	145	200
Operating surplus	*9,175*	*11,121*	*2,556*	*3,569*	*7,319*
Interest receivable	102	92	111	424	291
Interest payable	(3,397)	(3,473)	(3,668)	(3,192)	(3,225)
Surplus on ordinary activities before taxation	***5,880***	***7,740***	***(1,001)***	***801***	***4,385***

Last year (2016/17) saw the first year of the government forced rent reduction period and the start of welfare reform changes under Universal Credit. These challenges were expected to result in reduced income and action was therefore undertaken through a cost reduction programme to reduce the cost base of the association to a sustainable level. 2017/18 saw the continuation of operations in the manner established in the previous year with the result that, with a few exceptions, the underlying results were similar to that year.

Rent receivable saw a reduction of £751k of which about 1/3 was due to the 1% reduction in rents and the balance mainly due to an increase in voids, both available and unavailable, alongside the full year effect of an overall reduction in stock in the previous year. However, the underlying reasons for these movements are more positive than they appear at first glance since they reflect the final working through of our asset management strategy, whereby stock which has a poor overall sustainability rating is taken out of rent ready for disposal and demolition. Towards the year end a further review indicated that some of this stock could actually be made sustainable at an affordable cost, so it was moved back into stock available for letting. Although this should benefit the medium / long term position, in the short term we are carrying the voids whilst the lettings process is in progress.

Other sources of income were broadly similar to the previous year other than that the VAT repayment we saw in 2016/17 (£724k) was not repeated and shared ownerships sales were £55k higher at £182k.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Operating costs (exclusive of depreciation & impairment) were up by 3.2% to £16.843m (2017: £16.328m). This increase in costs was mainly due to an increase in maintenance costs, mostly on void repairs as part of a drive to reduce re-let times but also increased material costs. Other costs were broadly the same as the previous year, although a £110k reduction in management costs was largely offset by an £87k increase in bad debts. This was however less than had been expected as a result of the continuing expansion of Universal Credit. Management costs would have been lower still had it not been for merger related costs.

The decanting of the High Rise blocks was completed in 2016/17 but demolition did not commence until April 2018 so no costs have been included for this, or other properties at Washdyke Lane, Immingham in 2017/18.

Surplus on sale of properties held as fixed assets was similar at £0.527m (2017: £0.488m) reflecting similar levels of right to buy and right to acquire sales. The year saw 18 (2017: 22) right to buy and 6 (2017: 4) right to acquire disposals. General movement in the housing stock across the year was limited with year-end stock of 7,984 (2017: 7,966) affordable dwellings.

Surplus on ordinary activities (before interest) decreased to £9,175m (2017: £11,121m) and represents 30.72% (2017 35.62%) of turnover. The above calculation includes further costs for the impairment of properties under consideration in our asset rationalisation programme for which we are currently in consultation. The amount was similar to the previous year

Borrowings

As at 31 March 2018, the Group had drawn down £69.6m (2017: £69.6m) of its £82.0m main debt facility. £10.0m of the remaining £12.4m is available for drawdown until March 2019 with a further £2.4m available for drawdown until March 2020.

Net Interest payable decreased to £3.223m (2017: £3.250m). The decrease in net interest payable is primarily due to changes in the underlying interest rates arising from various fixed term loans as they matured and transited into previously agreed forward fix arrangements in the year. In the period to 31 March 2018, the average cost of borrowing for the year was 4.55% (2016: 4.68%).

As part of the revised loan agreement entered into in August 2010, the financial covenant binding the Group in respect of "interest cover" has changed from variable (subject to annual business plan approval) to fixed (for the duration of the loan). This is now based upon a minimum interest cover ratio of 1.20. In this context interest cover is defined as operating surplus plus housing depreciation divided by net interest payable which provides an interest covenant figure of 3.86 (2017: 4.31).

Additionally, a new "debt per unit" covenant was introduced based upon £12,000 per unit. As at 31 March 2018 the debt per unit was £9,029 (2017: £9,167).

Based upon the loan position at 31 March 2018, £5.0m of loans were floating (2017: £5.0m) with £64.6m fixed for varying durations (2017: £64.6m). Treasury management changes were introduced in previous years to take advantage of the low market interest rates to forward fix a number of loans in the future, thereby mitigating interest rate risk associated with these loans in the medium to long term part of the business plan.

In addition to the operating covenants the loan agreement also calls for an asset cover ratio to be calculated by reference to the value of the housing assets charged to the bank. A minimum asset cover ratio of 105% against the Group's total indebtedness is required. Following the triennial desktop evaluation undertaken on behalf of the bank as at 31 March 2017, the value of the Group's charged assets based on existing use value – social housing was assessed at £143m; well above the threshold level contained within the financial covenant. The next formal stock valuation will take place in March 2020.

As noted under Post Balance Sheet events (Note 27), the loans were restructured in May 2018.

Gearing Reserves and Liquidity

The group's gearing reserve (expressed as total loans divided by reserves plus loans plus social housing grants) was 50.4% (2017: 52.7%). The group's liquidity (current assets divided by current liabilities) position at the end of the year was 5.3 (2017: 3.9).

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Total reserves for each home owned and managed as at 31 March 2018 increased to £6,239 (2017: £5,394).

Fraud

There were no incidences of fraud during the year.

4. Value for Money Self-Assessment

VFM statement in the statutory accounts

Before we look at the new sector-wide VFM metrics and Shoreline's performance against them, the following comments provide useful contextual background. This is because these accounts cover both the financial information for Shoreline for 2017/8 but also the governance arrangements now operating under LHP. As LHP has only been operating for a short period of time, we have yet to establish a full VFM strategy but we do have financial objectives arising from the merger business case and these are covered below.

Strategic objectives

The accounts are for one of the predecessor organisations of LHP, Shoreline Housing Partnership, and so reflect the strategic objectives that were relevant prior to the amalgamation. New objectives for LHP will be agreed in 2018/19 and published in due course.

Value for money objectives

The Board of LHP will address its own VFM approach in 2018/19 but this will include:

- Achieving a total of £1.8m savings over the next three years, before integration costs, as set out in the merger business case agreed by both predecessor Boards
- monitoring our performance against the selected peer group
- seeking to move to top quartile performance against that peer group
- how we intend to incorporate VfM into the processes for setting out our new corporate objectives

At the same time LHP has a strong customer engagement focus and monitors a range of metrics monitoring satisfaction. It is therefore able to assess cost, efficiency and satisfaction of its operations and so ensure value for money is achieved. To aid this, we intend to publish a small number of customer facing metrics next year alongside the statutory financial metrics.

Currently these accounts refer to the objectives set by Shoreline but in respect of development, as LHP, we have set ourselves the target of completing both Shoreline's prior development commitments as well as an additional 60 homes per year under LHP, this latter being a combined target for both rental and shared ownership.

In respect of efficiency of asset utilisation, all assets are subject to regular assessment using tools such as discounted cashflows / NPV's to consider whether it is better to maintain / reinvest in or dispose of properties, whilst major procurement decisions also consider different options before the final decision is made, including whether it is better to in- or outsource functions. Through this we can ensure that optimal benefit is derived from resources and assets and that we are optimising economy, efficiency and effectiveness in the delivery of our strategic objectives.

Apart from a small telecare service and an immaterial number of market rented properties (part of the activities brought into LHP by Boston Mayflower), LHP does not undertake any material activity apart from social housing. We believe the return from telecare is commensurate with the risks encountered but keep the activity under review.

Our operating targets are in the process of definition but where areas are fully under our control, such as operating costs, we seek to achieve top quartile performance measured against our peer group. Where some areas are only partly under our control, such as margins (since we do not control rent levels) we seek to maximise performance in so far as it is within our gift to do so and subject to maintenance of our assets in good condition.

Such measures will be assessed and reported annually, with the results for Shoreline in 2017/18, its final year of independent operation measured against our peer group shown below.

VFM metrics

Set out below are benchmarked and trend information for each metric. The Benchmarking information comes from the Global Accounts data held in Housemark and inevitably reflects the latest published statutory accounts, ie 2016/17. The trend information for Shoreline uses definitions consistent with those specified by the Regulator of Social Housing.

The information reflects the global metrics from the guidance except as described below. Where there are differences between Housemark and RSH definitions these are explained in the relevant metrics.

For our benchmarking information we have used the organisations listed below which include us and 13 others. They have been selected as being either or both reasonably comparable in size and / or geographical location.

Yorkshire Coast Homes
South Yorkshire Housing Association
Boston Mayflower
Connect Housing Association
WATMOS Community Homes
Acis Group
Shoreline Housing Partnership
Bromsgrove District Housing Trust
Grand Union Housing Group
Wellingborough Homes
Arches Housing
Freebridge Community Housing
Ongo Homes
Saffron Housing Trust

In general, performance reflects both the context in which Shoreline was established and in which it operates as well as action taken to improve that performance. Conclusions have been drawn as far as possible based on looking both at 'point' data on a comparable basis for 2016/17, the last date such information is currently available for the peer group as well as four-year trend information for Shoreline alone.

Against the peer group, a key measure is our cost per unit, since this is largely unaffected by differences between local rents and those ruling elsewhere in the country, whereas other metrics are very dependent on local economic and structural factors. Cost per unit was just above the median in 2016/17 but saw a reduction in 2017/18 of about 6%. As already noted, following amalgamation we have a target which sees a reduction in costs of £1.8m over three years so we would expect to see further improvements in the coming years.

Other metrics reflect the results of the strategic objectives of the formative organisations in its funding structure, stock reinvestment / new stock and the lower than average rents in the operating area, leading to slightly lower margins than in would be the case otherwise. However, strong cost control has enabled improving trends in margins, EBITDA-MRI and ROCE over the most recent years and this trend is expected to continue.

In respect of measurable plans to address any areas of underperformance, further high-level comments are made against each of the metrics set out below. However, as an amalgamated organisation, LHP has only been operating for a short period and further work is underway on what the specific targets we are setting ourselves are as well as the strategy we will put in place to ensure that they will be delivered. This will be published in the full VFM statement on lincolnshirehp.com by 30th September 2018. At this stage we can draw some comfort from our median cost per unit position and the three-year target of £1.8m savings, so we are moving in the right direction.

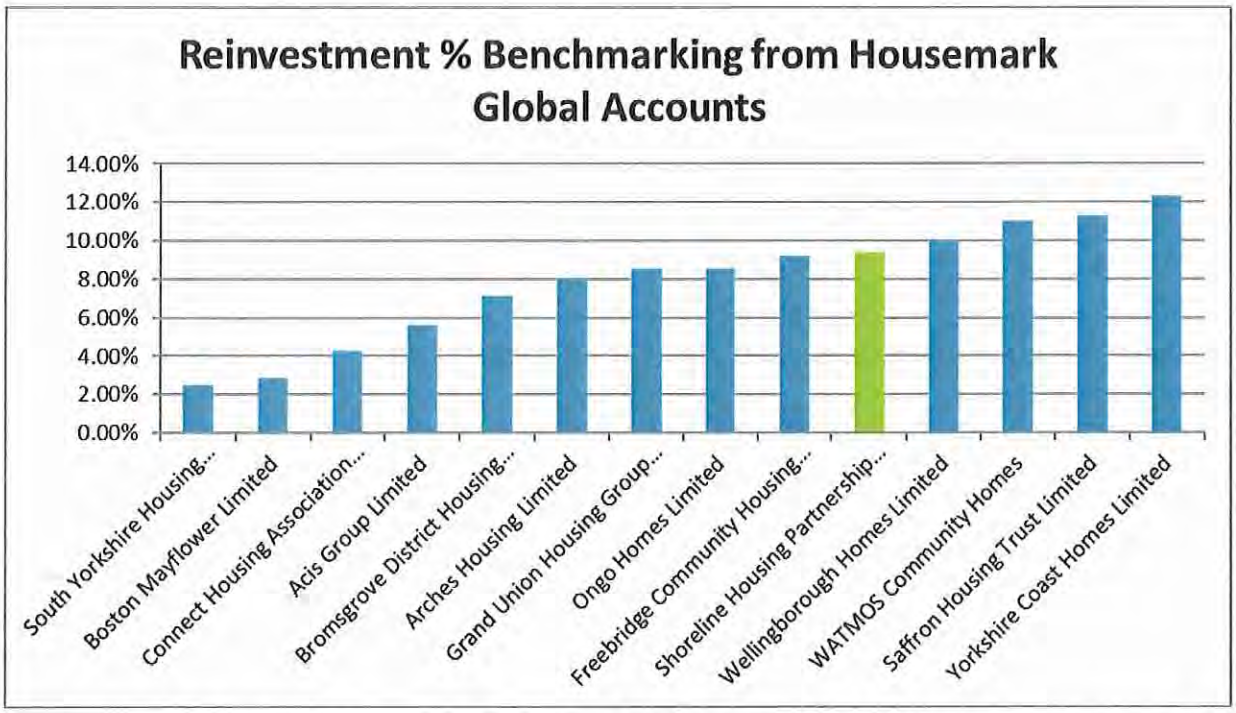
Metric 1 – Reinvestment %

This metric looks at the investment in properties (existing stock as well as new supply) as a percentage of the cost of total properties held.

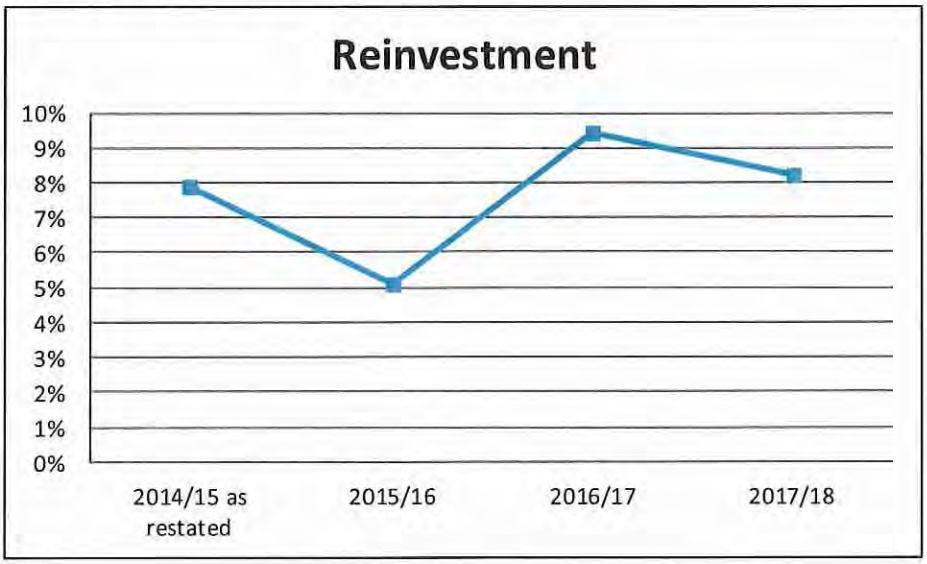
STRATEGIC REPORT & OPERATING REVIEW (Continued)

For this metric we divide the total capital investment in developing / acquiring new properties as well as major works on existing properties. For the benchmarking graph it looks like Housemark use the Net Book Value of total stock whereas the RSH definition now states cost or restated deemed cost, so for the internal trend information we have used the gross cost, ignoring depreciation, also we have not revalued our asset base.

Across our peer group, Shoreline occupies a position just above the middle. With this metric there are a variety of factors which would drive the outcome but no independent position that would say whether any particular number of good or bad – it depends on the age of the organisation, the age of its stock, nature of stock type and so on. Being within a band across a mid-range position is probably a reasonable position to be in.



Looking at reinvestment, the individual results based on the RSH definitions for 2017/18 show a drop from 9.42% to 8.20% in 2017/18, reflecting a reduction in the volume.

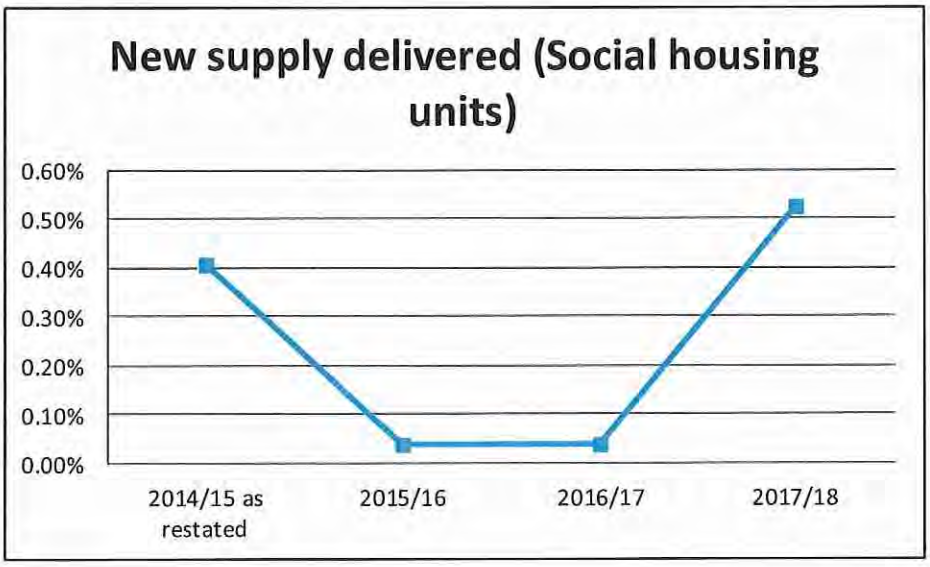


STRATEGIC REPORT & OPERATING REVIEW (Continued)

Metric 2 – New supply delivered %

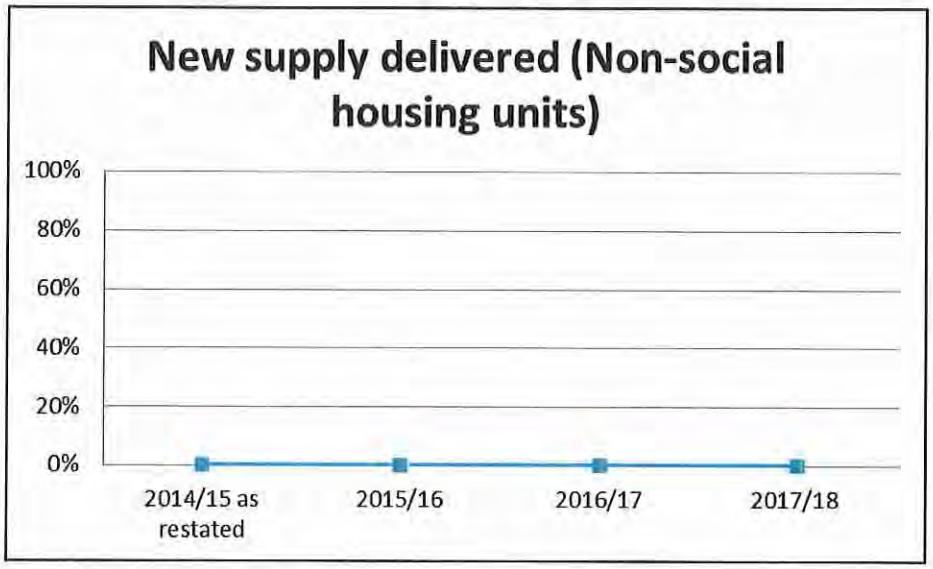
The New supply metric sets out the number of new social housing and non-social housing units that have been acquired or developed in the year as a proportion of total social housing units and non-social housing units managed at period end. The information for these metrics were taken from the SDR. The benchmarking graphs that were taken from the Housemark Global accounts show that only two of our pier group actually delivered any non-social housing in the previous year and indeed Shoreline Housing Partnership has not delivered any non-social units over the last 4 years.

The graphs show that new supply of social housing units has been minimal, since the organisation has concentrated on reinvestment in its stock as well as an asset management strategy which seeks to bring supply and demand in Shoreline's operational area into balance. This latter strategy has led to the decanting of its high-rise properties and their planned demolition, now underway.



STRATEGIC REPORT & OPERATING REVIEW (Continued)

The individual results based on the RSH definitions for 2017/18 shows a very modest level of new social housing supply, with 41 units being delivered in the year, up 35 on 2016/17.

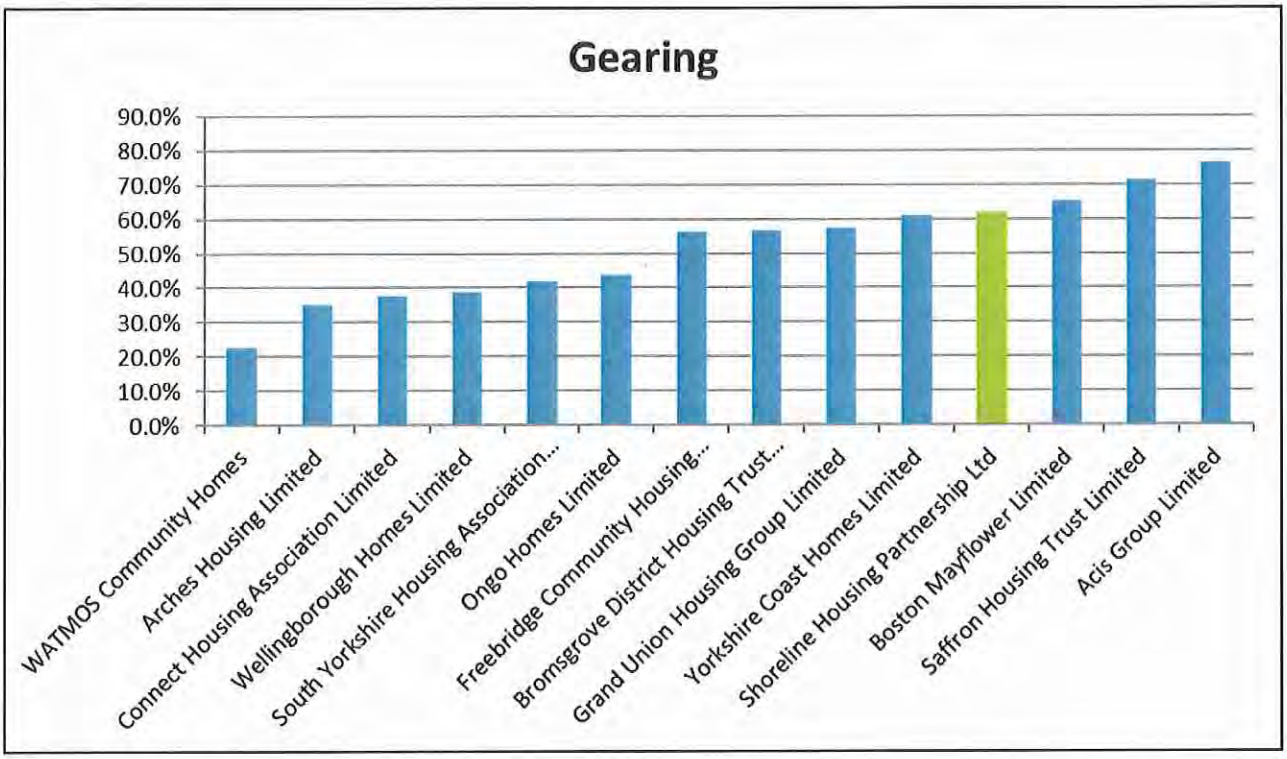


No non-social supply has been delivered in any of the years 2014/15 – 2017/18.

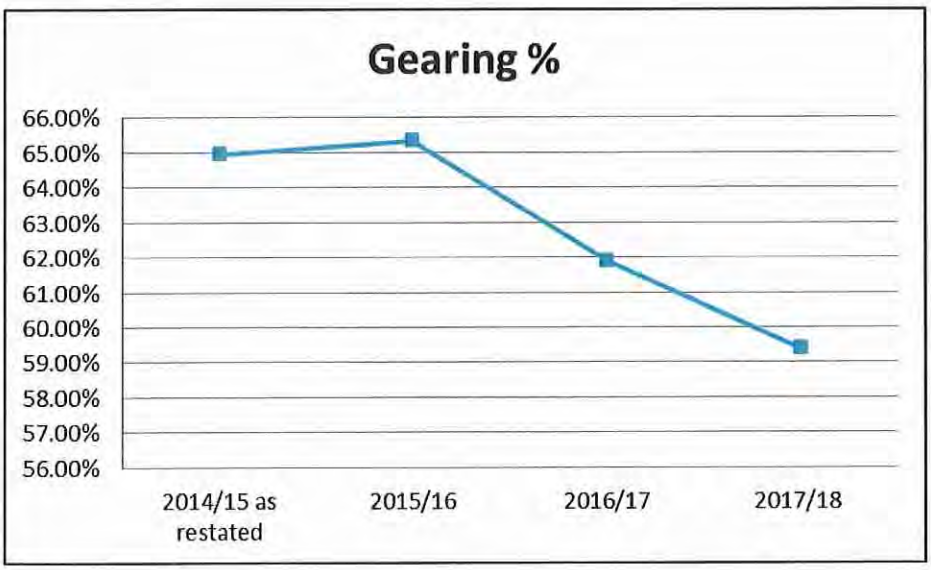
Metric 3 – Gearing %

This metric assesses how much of the adjusted assets are made up of debt and the degree of dependence on debt finance. It is often a key indicator of a registered provider's appetite for growth.

STRATEGIC REPORT & OPERATING REVIEW (Continued)



This Metric shows the Gearing as a percentage of our properties Net Book Value (NBV). Shoreline Housing Partnership comes out as the 4th highest geared from the 14 organisations selected to form our benchmarking group with 61.91%. The group with the highest percentage of Gearing is Acis with 76.4% and Watmos with the lowest at just 22.18%.

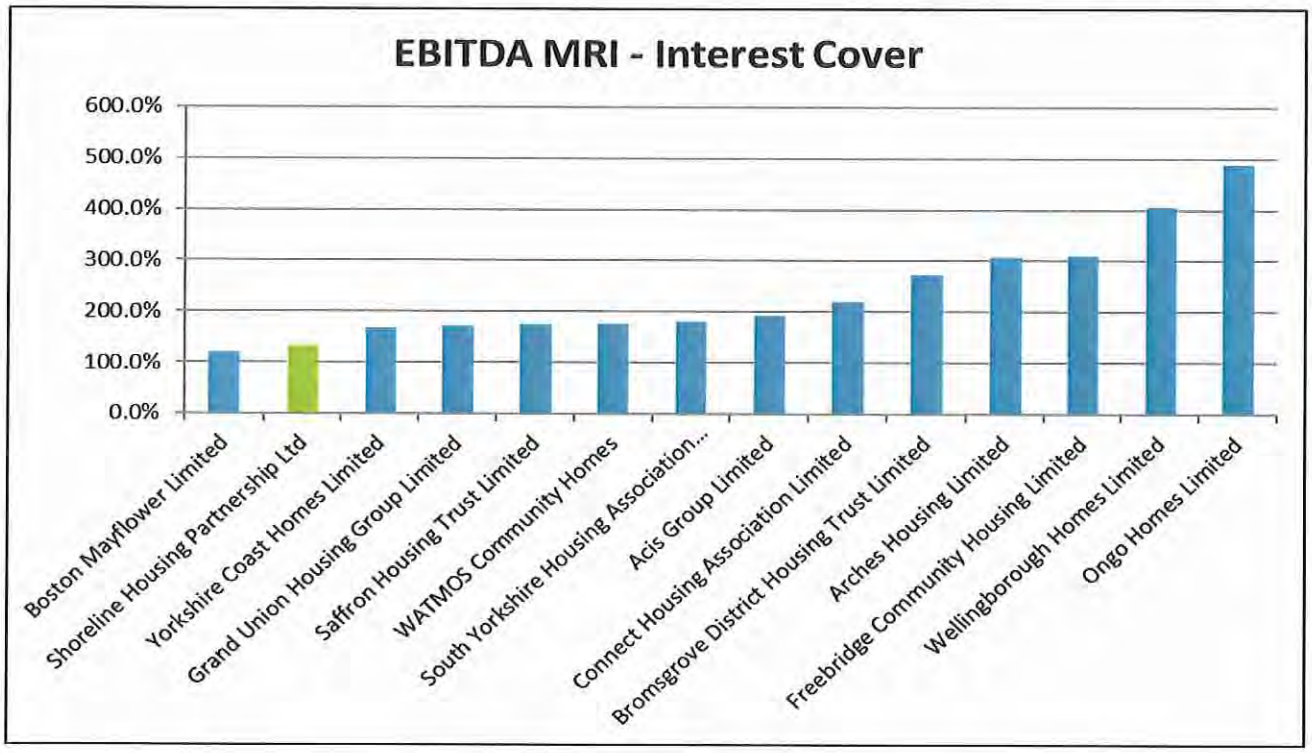


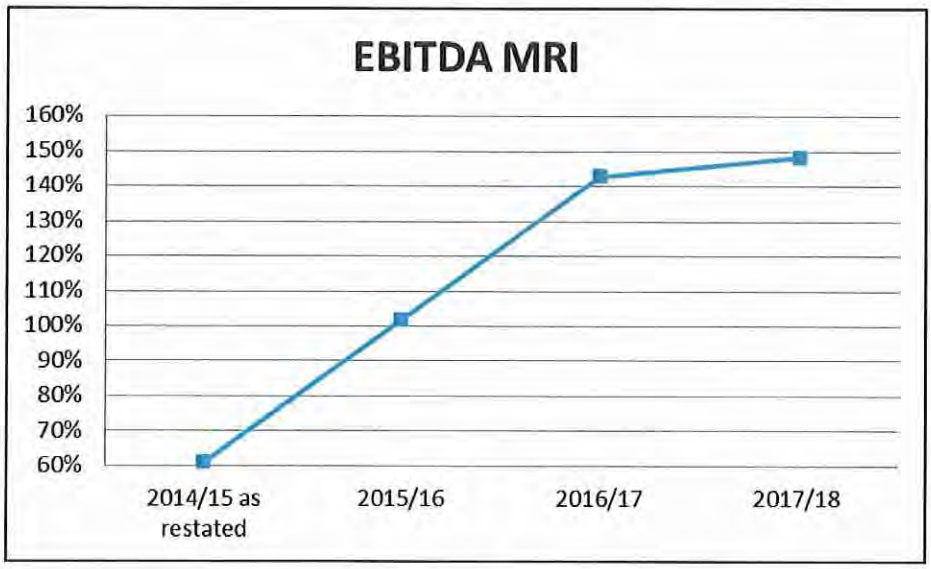
The Housemark Global accounts appear to have used NBV as the denominator in their calculations where the RSH definition is using Housing properties at cost or valuation. Also the debt in Housemark is gross debt but with the RSH it is Net Debt (deducting credit balances held). Applying the new definitions shows a stronger position as shown above with gearing at 59.4%, down from a high of 65.3% in 2015/16..

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Metric 4 – Earnings Before Interest, Tax, Depreciation, Amortisation, Major Repairs Included (EBITDA MRI) Interest Cover %

The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity. It seeks to measure the level of surplus that a registered provider generates after it has fully maintained its properties against interest payments (the measure avoids any distortions stemming from the depreciation and other non-cash charges).



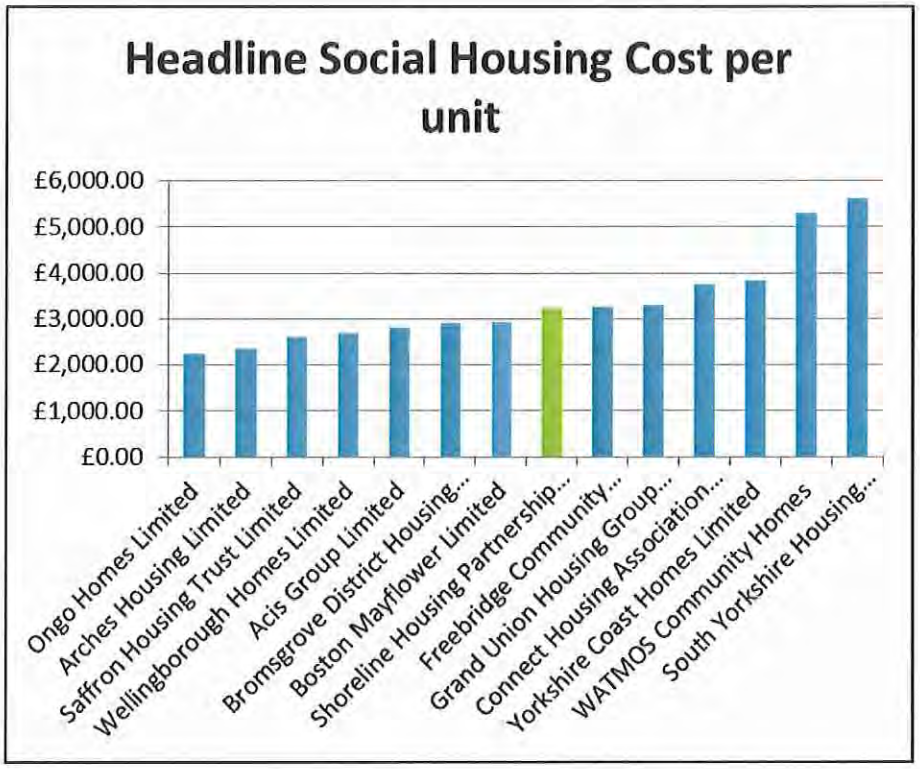


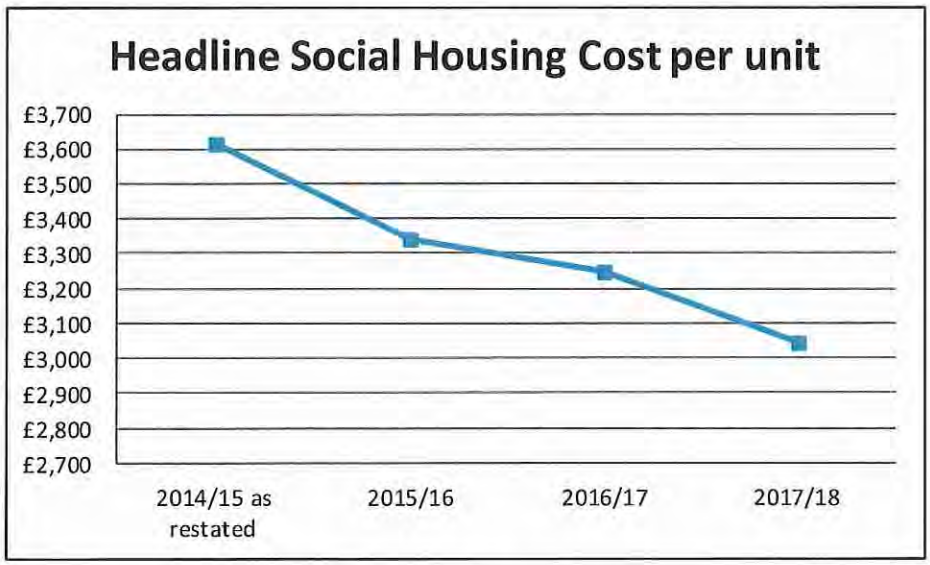
This Metric shows the EBITDA MRI Interest cover. Shoreline Housing Partnership comes out as the second lowest in the specific year, impacted by reinvestment in its properties. However, when we look at the trend line shown by the RSH definition, we see that it has increased significantly from a low of 60.9% in 2014/15 to 148.19% in 2017/18. This reflects the work undertaken to reduce the associations cost base since then.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Metric 5 – Headline social housing cost per unit

The unit cost metric assesses the headline social housing cost per unit as defined by the regulator. The measure is unchanged from the metric used in the regulator's 2016 publication 'Delivering Better Value for Money'.





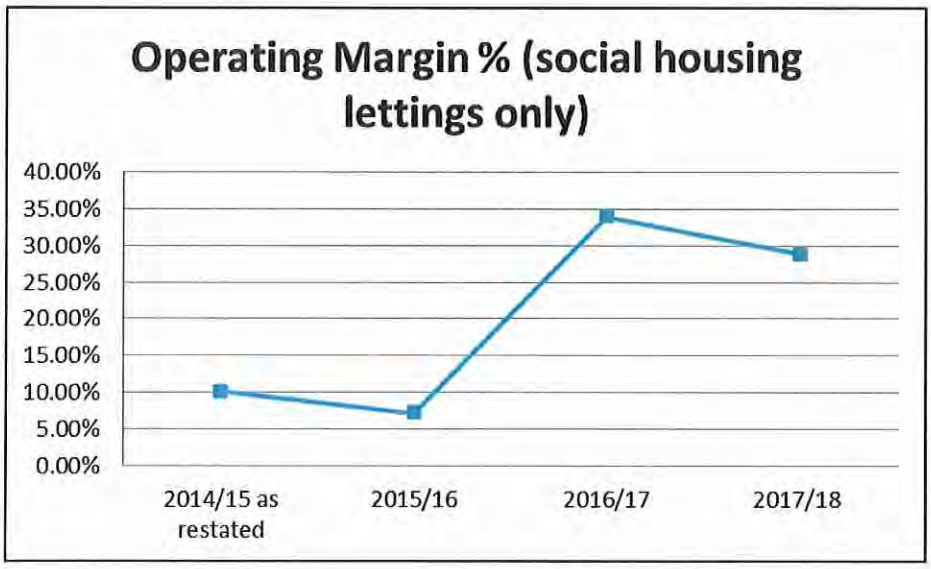
This Metric shows our Headline Social Housing Cost per unit. Shoreline Housing Partnership produces a median performance overall but has reduced in the past year. Again, when we look at the trend line shown by the RSH definition, we see that the cost per unit has decreased significantly from a high of £3,618 in 2014/15 to £3,044 this year, 15.9% down on 2014/15 and £203 down on 2016/17 (down 6.25%). This again reflects the work done on reducing the cost base since then.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Metric 6 – Operating Margin %

The Operating Margin demonstrates the profitability of operating assets before exceptional expenses are taken into account. Increasing margins are one way to improve the financial efficiency of a business. In assessing this ratio, it is important that consideration is given to registered providers' purpose and objectives (including their social objectives). Further consideration should also be given to specialist providers who tend to have lower margins than average.

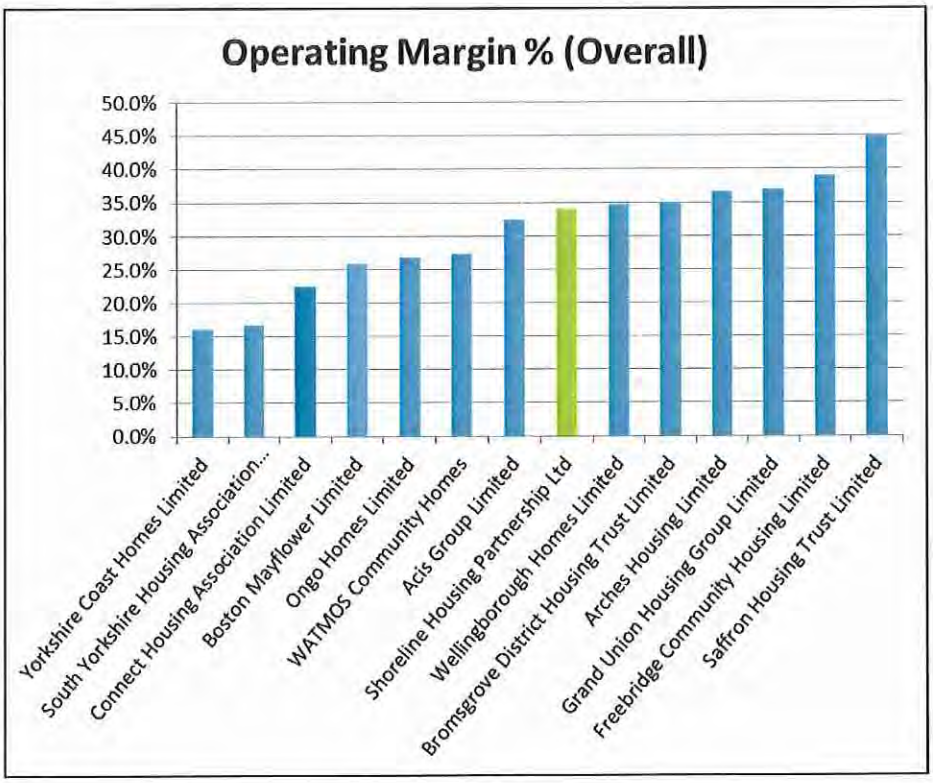
A) Operating Margin (social housing lettings only)



At 33.91%, Shorelines operating margin on social housing lettings only is right in the middle of the peer group. Looking at the four year trend, although it has dipped by 5.1% since last year, it still remains just under 30%, a great improvement on the position two years ago. Last year's figure included a one off VAT repayment of £724k.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

B) Operating Margin (overall)
C)



Shoreline Housing Partnership again comes out the middle of the 14 organisations selected to form our benchmarking The association with the highest Operating Margin for Social Housing Lettings is Saffron (44.91%) and the Lowest being Yorkshire Coast (16.14%) with Shoreline Housing Partnership achieving 24.56%.

Looking at the detail of 2017/18 this shows the same trend as the operating margin for social housing lettings only.

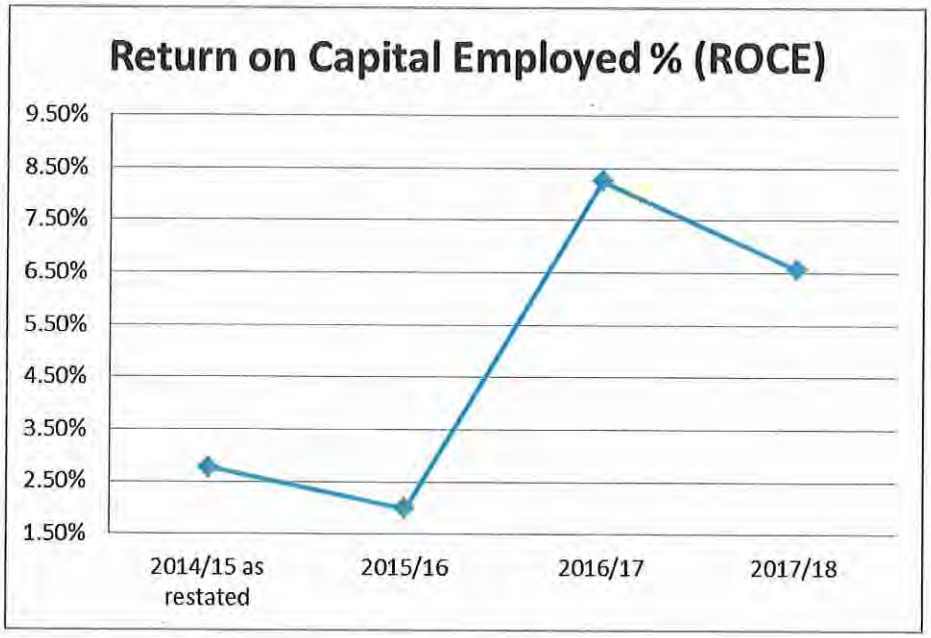
An industry aspiration is generally considered to be around 30% with higher results for those with an active shared ownership development programme.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Metric 7 – Return on capital employed (ROCE)

This metric compares operating surplus to total assets less current liabilities and is a common measure in the commercial sector to assess the efficient investment of capital resources. The ROCE metric would support registered providers with a wide range of capital investment programmes.

This metric is not measured by Housemark so a peer group comparative has not been provided.



For Shoreline Housing Partnership the trend in this shows a drop of 1.69% to 6.56% but in itself, this is not a bad result as it is significantly above the organisations cost of capital.

It would be expected to reflect increasing costs with a reduction in rental income as a result of the 1% reduction from the government rent policy but despite this the improved performance at Shoreline Housing Partnership is encouraging.

5. Principal Risks and Uncertainties

In keeping with good risk practice, the Group's Audit and Risk Committee are regularly appraised of the current status in respect of significant or emerging risks that may impact on the business. The following risks are extracts from the routine reports of Shoreline Housing Partnership Limited and set out some of the key issues which the Group faces:

Skills Shortages through inability to recruit or retain staff	This remains an ongoing risk but our response includes a pay, pension, rewards package that reflects regional salaries now and in the future; good links with local colleges / agencies. We also seek to maintain a positive culture in the organisation and an organisational development strategy that focuses on growing our own staff and developing internally.
Changes in the rent setting formula lead to a reduction in income outside of business plan tolerances resulting in a decline in surplus and erosion of reserves for future investment	Although this would have a material effect on the association, the government has now recommitted to CPI plus 1% rent setting formula once the current rent policy comes to an end in March 2020. Past experience however suggests low confidence in the consistency of government policy, so we will assess alternative scenarios in our stress testing.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Changes in welfare reform lead to a reduction in lettings affordability resulting in an increase in arrears, associated collection activities and bad debt write off	Universal Credit (UC) was launched locally for new single claimants in June 2015. With the move to full service from December 2017 there has been a significant increase in claimants. Increased provisioning for voids turnover, void loss, arrears and debt write off are all factored into the current business plan and it has been factored into our stress testing. However, so far, we have not yet seen this have a material adverse change in the long-term ability to receive rental income although there has been a one-off increase in arrears as tenants change to the new rules. Nonetheless it has the opportunity to upset the business plan so we are keeping a tight review on experience so far.
Continued high levels of tenancy turnover and void re-let times result in void losses outside of business plan tolerances	Whilst the levels of tenancy turnover and core re-let day have both improved the Board remain mindful of this risk. The Group's mitigation in respect of this risk relies upon the continuous monitoring processes in place and the specific void performance management meetings set up to drive void performance and understand the reasons for tenancy termination. The in-house Direct Labour Organisation (DLO) enables greater control of void performance than was the case when dealing with external contractors. The organisation continues to examine the high cost voids that provide a minimal return for the business as part of the ongoing housing asset review process.
In certain areas of operation, Shoreline's rent levels are high in comparison with local market rent levels. This could lead to increased pressures on stock turnover and unlettable voids with an adverse effect on business plan targets.	The enforced period of rent reduction that the government introduced took effect from April 2016 and this has in part mitigated some of this risk. The longer term impacts of the "Extended Right to Buy" are at present unknown with history demonstrating that many Right to Buy properties simply end up being re-cycled to private sector investors who seek to rent them privately. The taxation changes introduced for private sector landlords have as yet had limited impact on private sector rents. Fortunately previous proposals to cap housing benefit at the LHA level have now been withdrawn. This would have placed further pressure on rent levels. This particular risk should also be influenced by the association's Housing Asset Review Programme, as the reduction in assets thorough sale or demolition has had a favourable impact on the supply of social rented properties in the area and thus on demand and, consequently, rental levels.
Changes in interest rates lead to an increase in borrowing costs outside of business plan tolerances resulting in reduction in surplus and erosion of reserves for future investment	The existing fixing arrangements have effectively mitigated the risk of exposure to increased costs outside of the Group's control by locking in a higher proportion of longer term interest rates on both the initial and new funding over the medium to long term. Un-drawn balances remain at risk of exposure to market interest levels and consideration will be given to that risk at the appropriate time. Given the cash reserves presently held and the profile of debt repayments increased interest rates are likely to have a positive effect of the Group's financial performance resulting in more interest receivable against a relatively fixed interest payable cost.

STRATEGIC REPORT & OPERATING REVIEW (Continued)

Major Contingent repairs	A risk exists that as part of the on-going stock condition survey works a significant number of properties are identified that are requiring of major remediation work particularly in relation to damp. In order to mitigate this risk the organisation has fully trained surveyors identifying properties affected. A register exists detailing all known defects and correspondence to residents. Remediation work required would make use of a fully designed slab replacement specification including approved DPM systems and a network of approved installers. The organisation will look to up skill the in-house workforce to increase rates of completion and to make use of alternative less intrusive and less costly DPM systems to provide rapid response in certain cases to avoid disrepair. There is also a 15 year funded programme of remediation incorporated into the approved business plan.
Failure to successfully manage the delivery of the High Rise (HRCR) regeneration project, with consequent potential major financial and reputational issues.	All of the High Rise blocks are now empty and are currently in the process of being demolished by contractors experienced in the demolition of such buildings. The organisation's insurers are aware and are satisfied that the arrangements are adequate. Serious incidents are logged and security arrangements amended accordingly.

6. Merger

As referred to earlier in the Board Report the company merged with Boston Mayflower Limited on 3rd April 2108.

By order of the Board

Chair: Stephen Savage

Date: 31 July 2018

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHORELINE HOUSING PARTNERSHIP LIMITED

Opinion

We have audited the financial statements of Shoreline Housing Partnership Limited ("the Association") for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Consolidated Statement of Changes in Reserves, the Statement of Cash Flows 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 United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 87(2) of the Cooperative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body for our audit work, for this report, or for the opinions we have formed.

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2018 and of its surplus/deficit 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 Cooperative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

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

Conclusions relating to going concern

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

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the 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 other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF SHORELINE HOUSING PARTNERSHIP LIMITED (Cont.)

Opinions on other matters prescribed by the Cooperative and Community Benefit Societies Act 2014

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

- the information given in the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements

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 Cooperative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; 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 Board's Responsibilities set out on page 6, the Board are 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 determine 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 are responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's web-site at http://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for. This description forms part of our auditor's report.

Beever and Struthers, Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE
Date: 31 July 2018

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2018

	Notes	Year ended 31 March 2018		Year ended 31 March 2017	
		Group £'000	Association £'000	Group £'000	Association £'000
Turnover	2	29,864	29,864	31,225	31,225
Operating expenditure	2	(21,091)	(21,091)	(20,531)	(20,531)
Cost of sales	2	(125)	(125)	(61)	(61)
Gain/loss on disposal of property, plant and equipment	6	527	527	488	488
Operating Surplus		**9,175**	**9,175**	**11,121**	**11,121**
Interest receivable		102	102	92	92
Interest and financing costs	7	(3,397)	(3,397)	(3,473)	(3,473)
Surplus before tax		**5,880**	**5,880**	**7,740**	**7,740**
Taxation	9	-	-	-	-
Gift aid from subsidiary		-	-	-	-
Surplus for the year after tax		**5,880**	**5,880**	**7,740**	**7,740**
Actuarial gain in respect of pension schemes	12	832	832	736	736
Total comprehensive income for the year		**6,712**	**6,712**	**8,476**	**8,476**

The notes on pages 31 to 62 form an integral part of these financial statements. The financial statements on pages 27 to 63 were approved and authorised for issue by the Board of Directors on 31 July 2018 and were signed on its behalf by:

Board Member: Stephen Savage

Board Member: Rob Griffiths

Secretary: Michael Walters

SHORELINE HOUSING PARTNERSHIP LIMITED
FINANCIAL STATEMENTS FOR YEAR ENDED 31 MARCH 2018

STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Notes	Year ended 31 March 2018		Year ended 31 March 2017	
		Group £'000	Association £'000	Group £'000	Association £'000
Fixed assets					
Housing assets at cost less depreciation	13	116,922	116,922	112,172	112,172
Non housing assets at cost less depreciation	13	511	511	733	733
		117,433	**117,433**	**112,905**	**112,905**
Current assets					
Stock	15	51	51	92	92
Housing properties for sale	16	85	85	-	-
Trade and other debtors	17	1,660	1,660	1,996	1,996
Cash and cash equivalents	18	25,696	25,612	27,404	27,320
Less: Creditors: amounts falling due within one year	19(a)	(5,172)	(5,088)	(7,605)	(7,521)
Net current assets		**22,320**	**22,320**	**21,887**	**21,887**
Total assets less current liabilities		**139,753**	**139,753**	**134,792**	**134,792**
Creditors: amounts falling due after more than one year	19(b)	(89,043)	(89,043)	(89,808)	(89,808)
Provisions for liabilities					
Pension Provision	12	(1,549)	(1,549)	(2,535)	(2,535)
Total net assets		**49,161**	**49,161**	**42,449**	**42,449**
Reserves					
Income and expenditure reserve	SOCIR	49,161	49,161	42,449	42,449
Total reserves		**49,161**	**49,161**	**42,449**	**42,449**

The notes on pages 31 to 62 form an integral part of these financial statements. The financial statements on pages 27 to 63 were approved and authorised for issue by the Board of Directors on 31 July 2018 and were signed on its behalf by:

Board Member: Stephen Savage

Board Member: Rob Griffiths

Secretary: Michael Walters

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
As at 31 March 2018

Group & Association	Income and Expenditure Reserve £'000	Total Reserve £'000
Balance as at 1 April 2016	**33,973**	**33,973**
Surplus from Statement of Comprehensive Income	8,476	8,476
Transfer from revaluation reserve to income and expenditure reserves	-	-
Balance at 31 March 2017	**42,449**	**42,449**
Surplus from Statement of Comprehensive Income	6,712	6,712
Balance at 31 March 2018	**49,161**	**49,161**

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended 31 March 2018	Notes	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Net cash generated from operating activities		**9,887**	**17,051**
Cash flow from investing activities			
Office & IT equipment		(53)	(95)
Purchase of tangible fixed assets		(9,590)	(10,567)
Proceeds from sale of tangible fixed assets		1,150	1,060
Grants received		193	88
Interest received		102	92
		(8,198)	**(9,422)**
Cash flow from financing activities			
Interest paid		(3,397)	(3,473)
		(3,397)	**(3,473)**
Net change in cash and cash equivalents		**(1,708)**	**4,156**
Cash and cash equivalents at beginning of the year		**27,404**	**23,248**
Cash and cash equivalents at end of the year		**25,696**	**27,404**

	Year ended 31 March 2018 £'000	Year ended 31 March 2017 £'000
Cash flow from operating activities		
Surplus / (deficit) for the year	5,880	7,740
Adjustment for non-cash items:		
Depreciation of tangible fixed assets	4,228	4,234
Impairment of tangible fixed assets	291	285
Amortisation of intangible assets	(699)	(702)
Decrease / (increase) in stock	(44)	21
Decrease in trade and other debtors	336	61
Decrease / (increase) in trade and other creditors	(3,629)	2,035
Increase / (decrease) in provisions	-	-
Pension costs less contributions payable	159	(4)
Carrying amount of tangible fixed asset disposals	597	488
Adjustments for investing or financing activities:	**1,239**	**6,418**
Gain on disposal of tangible fixed assets	(527)	(488)
Government grants utilised in the year	-	-
Interest payable	3,397	3,473
Interest received	(102)	(92)
Net cash generated from operating activities	**9,887**	**17,051**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

Shoreline Housing Partnership Limited was incorporated in England as a Community Benefit Society under the Co-operative and Community Benefit Societies Act 2014 and registered with the Regulator of Social Housing as a Private Registered Provider of Social Housing. It was also registered as an Exempt Charity with HMRC, registration number EW 89852. Its address was and under LHP remains as:

Shoreline House
Westgate Park
Charlton Street
Grimsby
DN31 1SQ

1. PRINCIPAL ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014.

The financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The accounts are prepared on the historical cost base of accounting as modified by the revaluation of [housing properties/investments/financial instruments] and are presented in sterling £'000 for the year ended 31 March 2018.

The Group's financial statements have been prepared in compliance with FRS102. The Group meets the definition of a public benefit entity (PBE).

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

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

Basis of consolidation

The group financial statements consolidate the financial statements of the association and its subsidiary undertakings drawn up to 31st March each year under the historical cost convention. Any inter-group trading is eliminated on consolidation.

Turnover

Turnover represents rental income receivable, revenue grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other properties developed for outright sale and other income.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. On 3rd April 2018 Shoreline Housing Partnership Ltd merged with Boston Mayflower Ltd. A new business plan has been formulated which does not identify any material uncertainty in relation to going concern.

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

a) **Development expenditure.** The Group capitalises development expenditure in accordance with the accounting policy described on page 32. Initial capitalisation of costs is based on management's judgement that development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

b) **Categorisation of housing properties**

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

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

Other key sources of estimation and assumptions:

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Fixed Assets and Depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and capital grants. Freehold land is not depreciated.

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

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred. Freehold housing properties are depreciated by component on a straight-line basis over the estimated useful economic lives of the component categories. The useful economic lives for identified components are as follows:

	Years
• Plant & equipment	15
• External structures & boundaries	20
• Kitchens	20
• Fascias, guttering & soil pipes	30
• Bathrooms	30
• Doors & windows	30
• Garages (separate from buildings)	30
• Service installations	30
• Lifts	40
• Roofs	60
• Building structure	120

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

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
• IT equipment	3
• Office equipment	4
• Other Fixtures & Fittings	10

Stocks

The stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Housing properties

The cost of works qualifying under the VAT development agreement are included at cost including only the amount of VAT recovered that has been paid to the Local Authority under the VAT sharing arrangement.

Housing properties in the course of construction which are expected to be retained for social housing are stated at cost and not depreciated. Housing properties are transferred to completed properties when they are ready for letting.

Shared ownership properties

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

Social Housing and Other Grants

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

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown in current liability.

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

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership, they are treated as if they had been purchased outright. They are depreciated over the shorter of the lease term and their economic useful lives. The corresponding leasing commitments are shown as obligations to the lessor in creditors. The finance element of the rental is charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating Lease Agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services. The disclosures in the accounts follow the requirements of FRS 17.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment

Housing assets are assessed on an annual basis to determine whether there is any evidence that an individual housing asset or group of housing assets is impaired. Where there is objective evidence of impairment in an income generating unit an impairment loss is charged immediately to the Statement of Comprehensive Income.

Impairment is recognised where the carrying value of an income generating unit exceeds the higher of it's:

a) net realisable value; or
b) value in use

An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified.

If in subsequent periods, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. The reversal cannot result in a carrying amount which exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of the reversal is recognised immediately in the income and expenditure account.

Provisions

The Association only provides for obligations arising or expecting to arise from contractual liabilities.

Works to existing housing properties

The association capitalises expenditure on housing properties which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

Value Added Tax

The association is registered for VAT and reclaims VAT on most inputs using the standard partial exemption method. At transfer the Association entered into an agreement with the Local Authority, which gave a contracted commitment to spend £112.3m to re-improve the stock. Part of the intention of entering into the contract is to enable the Association to recover the VAT on the cost of improvements. The committed spend for year ending 31st March 2018 is identified in note 23 - Capital Commitments.

Service charges

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

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

Taxation

The association is an exempt charity and is not liable to suffer tax on its activities as a registered social landlord, its subsidiary's tax status as an unregistered business is such that is will suffer tax on its trading profits to the extent not relieved by gift aid. Any such charge is reflected in the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Property managed by agents

The Group operates a small number of commercial shops. Where the association carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Statement of Comprehensive Income.

Where the agency carries the majority of the financial risk, the Statement of Comprehensive Income includes only that income and expenditure which relates solely to the association.

In both cases, the assets and associated liabilities are included in the balance sheet.

Financial Instruments

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

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Financial instruments held by the Group are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss id recognised in profit or loss immediately.
The following financial instruments are assessed individually or grouped on the basis of similar credit risk characteristics.

(a) All equity instruments regardless of significance; and
(b) Other financial assets that are individually significant.

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

Impairment of Financial Assets (continued)

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

Categorisation of debt

The association's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The association has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate).

The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non-basic".

On the grounds that the association believes the recognition of each debt liability at cost provides a more transparent and understandable position of the organisation 's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the association has retained its "basic" treatment of its debt following the FRC announcement

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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

Group

	Note	2018 Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings	3	29,635	-	(21,087)	8,548
Other Social Housing Activities					
First tranche low cost home ownership sales		182	(125)	-	57
Activities other than social housing					
Other		47	-	(4)	43
		29,864	**(125)**	**(21,091)**	**8,648**

	Note	2017 Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings	3	31,051	-	(20,523)	10,528
Other Social Housing Activities					
First tranche low cost home ownership sales		127	(61)	-	66
Activities other than social housing					
Other		47	-	(8)	39
		31,225	**(61)**	**(20,531)**	**10,633**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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

Association

	Note	2018 Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings	3	29,635	-	(21,087)	8,548
Other Social Housing Activities					
First tranche low cost home ownership sales		182	(125)	-	57
Activities other than social housing					
Other		47	-	(4)	43
		29,864	**(125)**	**(21,091)**	**8,648**

	Note	2,017 Turnover £'000	Cost of Sales £'000	Operating Costs £'000	Operating Surplus £'000
Social housing lettings	3	31,051	-	(20,523)	10,528
Other Social Housing Activities					
First tranche low cost home ownership sales		127	(61)	-	66
Activities other than social housing					
Other		47	-	(8)	39
		31,225	**(61)**	**(20,531)**	**10,633**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

3a. Turnover and operating expenditure

Group	2018				2017
	General Housing £'000	Housing for Older People £'000	Low Cost Home Ownership £'000	Total £'000	Total £'000
Income					
Rent receivable net of identifiable service charge	19,734	7,578	203	**27,515**	28,266
Service charge income	284	593	16	**893**	912
Amortised government grants	575	107	17	**699**	702
VAT Voluntary Disclosure Repayment	-	-	-	**-**	724
Other income from Social Housing Lettings	450	78	-	**528**	447
Turnover from Social Housing Lettings	**21,043**	**8,356**	**236**	**29,635**	**31,051**
Expenditure					
Management	9,138	5	-	**9,143**	9,253
Services charge costs	600	694	-	**1,294**	1,295
Routine maintenance	3,036	1,125	-	**4,161**	3,717
Planned maintenance	547	231	-	**778**	1,136
Major repairs expenditure	640	268	-	**908**	483
Bad debts	173	32	-	**205**	118
Depreciation of Housing Properties	3,282	630	41	**3,953**	3,910
Impairment of Housing Properties	291	-	-	**291**	285
Other costs	254	100	-	**354**	326
Operating expenditure on Social Housing Lettings	**17,961**	**3,085**	**41**	**21,087**	**20,523**
Operating Surplus / (Deficit) on Social Housing Lettings	**3,082**	**5,271**	**195**	**8,548**	**10,528**
Void Losses	**(505)**	**(137)**	**-**	**(642)**	**(496)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

3b. Turnover and operating expenditure

Association	2018				2017
	General Housing	Housing for Older People	Low Cost Home Ownership	Total	Total
	£'000	£'000	£'000	£'000	£'000
Income					
Rent receivable net of identifiable service charge	19,734	7,578	203	**27,515**	28,266
Service charge income	284	593	16	**893**	912
Amortised government grants	575	107	17	**699**	702
VAT Voluntary Disclosure Repayment	-	-	-	**-**	724
Other income from Social Housing Lettings	450	78	-	**528**	447
Turnover from Social Housing Lettings	**21,043**	**8,356**	**236**	**29,635**	**31,051**
Expenditure					
Management	9,138	5	-	**9,143**	9,253
Services charge costs	600	694	-	**1,294**	1,295
Routine maintenance	3,036	1,125	-	**4,161**	3,717
Planned maintenance	547	231	-	**778**	1,136
Major repairs expenditure	640	268	-	**908**	483
Bad debts	173	32	-	**205**	118
Depreciation of housing properties	3,282	630	41	**3,953**	3,910
Impairment of Housing Properties	257	34	-	**291**	285
Other costs	254	100	-	**354**	326
Operating expenditure on Social Housing Lettings	**17,927**	**3,119**	**41**	**21,087**	**20,523**
Operating Surplus / (Deficit) on Social Housing Lettings	**3,116**	**5,237**	**195**	**8,548**	**10,528**
Void Losses	**(505)**	**(137)**	**-**	**(642)**	**(496)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

4. Accommodation owned, managed and in development

Association	2018 No. of properties Owned	2018 No. of properties Managed	2017 No. of properties Owned	2017 No. of properties Managed
Social Housing				
Under development at end of year:				
General needs housing social rent	-	-	-	-
General needs housing affordable rent	-	-	-	-
Supported housing	-	-	-	-
Housing for older people	-	-	-	-
Low-cost home ownership	-	-	-	-
Under management at end of year:				
General needs housing	6,777	-	6,735	-
Supported housing (including certain housing for older people)	1,081	-	1,107	-
Affordable rented housing	22	-	27	-
Low-cost home ownership	104	-	97	-
Leased housing	216	-	216	-
Associated garages	923	-	1,019	-
	9,123	**-**	**9,201**	**-**
Non-Social Housing				
Under management at end of year:				
Other Properties	13	-	13	-
	13	**-**	**13**	**-**

5. Accommodation managed by others

SHP owns property managed by other bodies

	2018 No. of properties	2017 No. of properties
Supported housing and housing for older people	7	7
	7	**7**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

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

Group	Housing Property Disposals	Shared Ownership Staircasing Sales	Others	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,056	94	-	1,150	1,060
Less: Costs of sales	(549)	(74)	-	(623)	(572)
Surplus	**507**	**20**	**-**	**527**	**488**
Capital grant recycled (Note 21)	64	-	-	64	-
Disposal proceeds fund (Note 22)	-	-	-	-	220

Association	Housing Property Disposals	Shared Ownership Staircasing Sales	Others	Total 2018	Total 2017
	£'000	£'000	£'000	£'000	£'000
Proceeds of sales	1,056	94	-	1,150	1,060
Less: Costs of sales	(549)	(74)	-	(623)	(572)
Surplus	**507**	**20**	**-**	**527**	**488**
Capital grant recycled (Note 21)	64	-	-	64	-
Disposal proceeds fund (Note 22)	-	-	-	-	220

7. Interest and financing costs

	Group		Company	
	2018	2017	2018	2017
	£'000	£'000	£'000	£'000
Finance leases	-	-	-	-
Deferred benefit pension charge	72	131	72	131
On loans repayable within five years	-	-	-	-
On loans wholly or partly repayable in more than five years	3,165	3,258	3,165	3,258
Costs associated with financing	160	84	160	84
	3,397	3,473	3,397	3,473
Less: interest capitalised on housing properties under construction	-	-	-	-
	3,397	3,473	3,397	3,473

No interest costs have been capitalised.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

8. Surplus / (deficit) on ordinary activities

	2018 £'000	2017 £'000
The operating surplus is stated after charging / (crediting):-		
Auditors remuneration (excluding VAT):		
Audit of the group financial statements*	**19**	18
Audit of subsidiaries	**-**	-
Fees payable to the association's auditor and its associates for other services to the group:		
Taxation compliance services	**2**	1
Service charge certification	**-**	-
Operating lease rentals:		
- Photocopiers	**25**	29
- Vehicles	**290**	286
- Land and building	**441**	521
- Office equipment	**18**	18
Impairment losses of housing properties	**291**	285
Depreciation of housing properties	**3,953**	3,910
Depreciation of other fixed assets	**277**	325
Surplus on sale of other fixed assets	**-**	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

9. Tax on surplus / (deficit) on ordinary activities

(a) Analysis of the charge in the period

The tax charge on the surplus/(deficit) on ordinary activities for the year was as follows:

	Group 2018	Group 2017	Association 2018	Association 2017
	£'000	£'000	£'000	£'000
Current tax:				
UK Corporation Tax charge for the year	-	-	-	-
Under/(over) provision in previous years	-	-	-	-
Total current tax	-	-	-	-
Deferred tax:				
Origination and reversal of timing differences	-	-	-	-
Tax on deficit on ordinary activities	-	-	-	-
(b) Factors affecting tax charge for the period				
Surplus/(deficit) on ordinary activities before tax	5,880	7,740	5,880	7,740
Surplus/(deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2017:20%)	1,117	1,471	1,117	1,471
Effects of:				
(Profits)/losses arising in non taxable entities	(1,117)	(1,471)	(1,117)	(1,471)
Items not allowable for tax purposes	-	-	-	-
Capital allowances in advance of depreciation	-	-	-	-
Other short term timing differences	-	-	-	-
Increase in losses/gift aid (utilised)/not utilised	-	-	-	-
Small companies rate/lower rates of tax	-	-	-	-
Adjustment in respect of prior year	-	-	-	-
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

10. Directors' remuneration & Board Member's Pay

	2018 £'000	2017 £'000
The aggregate emoluments paid to or receivable by non-executive directors and former non-executive directors	**20**	20
The aggregate emoluments paid to or receivable by executive Directors and former executive directors	**222**	420
The aggregate compensation paid to or receivable by Directors (key management personnel)	**-**	-
The emoluments paid to the highest paid Director excluding pension contributions	**107**	122
The aggregate amount of Directors or past Directors pensions, excluding amounts payable under a properly funded pension scheme	**-**	-
The aggregate amount of any consideration payable to or receivable by third parties for making available the services of a Director	**-**	-
The aggregate amount of any consideration payable to Directors for loss of office	**41**	-

The Chief Executive retired in March 2017. In November 2017 the Boston Mayflower Chief Executive was appointed Chief Executive and his emoluments for 2018 were £39,675 (2017: £NIL).

The Chief Executive is an ordinary member of the pension scheme. The pension scheme is a final salary scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by SHP of £NIL (2017: £28,118) was paid in addition to the personal contributions of the Chief Executive

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

Board Member	2018 £	2017 £
Stephen Cousins (resigned 31/03/2018)	**1,540**	1,540
David Hilditch (resigned 31/03/2018)	**1,540**	1,540
Henry Hudson (resigned 23/02/2017)	**-**	953
Michelle Lalor (resigned 20/04/2016)	**-**	660
Ian Lindley (resigned 23/02/2017)	**-**	953
Jiggy Lloyd	**1,807**	1,040
Yvonne Lowe (appointed 01/06/2016)	**1,807**	867
Jeanette Norris (resigned 17/08/2016)	**-**	460
John Rodgers (resigned 23/03/2017)	**-**	1,021
Stephen Savage	**11,774**	11,000
Ray Sutton (appointed 23/02/2017, resigned 23 January 2018)	**848**	103
Kathryn Wheatley (appointed 23/02/2017, resigned 31/03/2018)	**1,040**	103
	20,356	**20,240**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

11. Employee information

	Group		Association	
	2018	2017	**2018**	2017
	No.	No.	**No.**	No.
The average number of persons employed during the year expressed in full time equivalents (37 hours per week) was:				
Office staff	**127**	148	**127**	148
Wardens, caretakers and cleaners	**1**	8	**1**	8
Operatives	**69**	73	**69**	73
Total	**198**	**229**	**198**	**229**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	**5,560**	6,184	**5,560**	6,184
Social Security costs	**524**	591	**524**	591
Other pension costs	**496**	531	**496**	531
Redundancy costs	**221**	200	**221**	200
	6,801	**7,506**	**6,801**	**7,506**
Aggregate number of full time equivalent staff whose remunerations exceeded £60,000 in the period:				
£60,000 - £70,000	-	1	-	1
£70,000 - £80,000	-	-	-	-
£80,000 - £90,000	-	1	-	1
£90,000 - £100,000	-	-	-	-
£100,000 - £110,000	2	1	2	1
£110,000 - £120,000	-	-	-	-
£120,000 - £130,000	-	1	-	1

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

12. Pension obligations

Shoreline Housing Partnership participates in two schemes, the Social Housing Pension Scheme (SHPS) and the East Riding Local Government Pension Scheme (LGPS). LGPS is a multi-employer defined benefit scheme and SHPS is a multi-employer defined benefit and defined contribution scheme. The defined benefit element of each scheme is contracted out of the state scheme. The defined contribution scheme within SHPS is not contracted out.

Social Housing Pension Scheme and Pensions Trust Growth Plan

SHPS deficit payment agreement

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

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the 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.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. The actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. The expected full actuarial valuation as at 30th September 2017 is still awaited as at the date of these accounts.

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

Reconciliation of Opening & Closing Provisions

	At 31 March 2018 £'000	At 31 March 2017 £'000
Provision at start of period	850	940
Unwinding of the discount factor (interest expense)	9	19
Deficit contribution paid	(135)	(130)
Remeasurements - impact of any changes in assumptions	(8)	21
Remeasurements - amendments to contribution schedule	-	-
Provision at end of period	**716**	**850**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018
12. Pension obligations (Continued)

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate funds administered by East Riding of Yorkshire Council. The total contributions made for the year ended 31 March 2018 were £393k, of which employer's contributions totalled £317k and employees' contributions totalled £76k. The agreed contribution rates for future years are 27.7% for employers and range from 5.5% to 11.4% for employees, depending on salary.

Principal Actuarial Assumptions
The following information is based upon a full actuarial valuation of the fund at 31 March 2018.

	At 31 March 2018	At 31 March 2017
	% pa	% pa
Rate of increase in salaries	2.6%	2.6%
Rate of increase for pensions in payment / inflation	2.4%	2.4%
Discount rate for scheme liabilities	2.7%	2.6%
Inflation assumption (CPI)	2.4%	2.4%
Commutation of pensions to lump sums - pre April 2008 service		
- pre April 2008 service	60.0%	60.0%
- post April 2008 service	80.0%	80.0%

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

	At 31 March 2018	At 31 March 2017
Retiring today	Years	Years
Males	21.70	21.70
Females	24.20	24.20
Retiring in 20 years		
Males	23.70	23.70
Females	26.40	26.40

Analysis of amount charged to operating costs in the Statement of Comprehensive Income

	At 31 March 2018 £'000	At 31 March 2017 £'000
Employer service cost (net of employee contributions)	(467)	(392)
Past service cost	(11)	(71)
Total operating charge	**(478)**	**(463)**
Analysis of pension finance income / (costs)		
Expected return on pension scheme assets	866	975
Interest on pension liabilities	(929)	(1,087)
Amounts charged / credited to financing costs	**(63)**	**(112)**
Amount of gains and losses recognised in the Statement of Comprehensive Income		
Actuarial gains / (losses) on pension scheme assets	155	4,456
Actuarial gains / (losses) on scheme liabilities	677	(3,720)
Actuarial gain / (loss) recognised	**832**	**736**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

12. Pension obligations (Continued)

Movement in surplus / (deficit) during year	At 31 March 2018 £'000	At 31 March 2017 £'000
Surplus / (deficit) in scheme at 1 April 2017	(2,535)	(3,267)
Movement in year:		
Employer service cost (net of employee contributions)	(467)	(392)
Employer contributions	695	571
Past service cost	(11)	(71)
Net interest / return on assets	(63)	(112)
Remeasurements	832	736
(Deficit) / Surplus in scheme At 31 March 2018	**(1,549)**	**(2,535)**

Asset and Liability Reconciliation	At 31 March 2018 £'000	At 31 March 2017 £'000
Reconciliation of liabilities		
Liabilities at start of period	**35,839**	**31,136**
Service cost	478	463
Interest cost	929	1,087
Employee contributions	75	102
Remeasurements	(677)	3,720
Benefits paid	(699)	(669)
Past service cost	-	-
Curtailments and settlements	-	-
Liabilities at end of period	**35,945**	**35,839**
Reconciliation of assets		
Assets at start of period	**33,304**	**27,869**
Return on plan assets	866	975
Remeasurements	155	4,456
Employer contributions	695	571
Employee contributions	75	102
Benefits paid	(699)	(669)
Assets at end of period	**34,396**	**33,304**
Total closing net liabilities	**(1,549)**	**(2,535)**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 (a). Tangible fixed assets	Housing Properties					Other fixed assets			
Group	Social Housing properties for letting completed	Social Housing properties for letting under construction	Low cost home ownership properties completed	Low cost home ownership properties under construction	Total Housing Properties	Fixtures and fittings	Plant and equip't	IT equip't	Total other fixed assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	138,286	-	5,654	-	**143,940**	1,702	456	2,034	**4,192**
Additions to properties acquired	1,811	-	242	-	**2,053**	-	-	53	**53**
Works to existing properties	7,538	-	-	-	**7,538**	-	-	-	**-**
Interest capitalised	-	-	-	-	**-**	-	-	-	**-**
Schemes completed	-	-	-	-	**-**	-	-	-	**-**
Disposals	(1,540)	-	(75)	-	**(1,615)**	-	-	-	**-**
Transfers	-	-	-	-	**-**	-	-	-	**-**
At end of the year	**146,095**	**-**	**5,821**	**-**	**151,916**	**1,702**	**456**	**2,087**	**4,245**
Depreciation and Impairment									
At start of the year	31,615	-	153	-	**31,768**	1,518	159	1,782	**3,459**
Charge for the year	3,912	-	41	-	**3,953**	43	57	175	**275**
Impairment losses	291	-	-	-	**291**	-	-	-	**-**
Disposals	(1,016)	-	(2)	-	**(1,018)**	-	-	-	**-**
At end of the year	**34,802**	**-**	**192**	**-**	**34,994**	**1,561**	**216**	**1,957**	**3,734**
Net book value at the end of the year	**111,293**	**-**	**5,629**	**-**	**116,922**	**141**	**240**	**130**	**511**
Net book value at the start of the year	106,671	-	5,501	-	112,172	184	297	252	733

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 (a). Tangible fixed assets (Continued)

Housing Properties comprise:	**2018**	2017
	£'000	£'000
Freehold	**151,916**	143,940
Long leaseholds	**-**	-
Short leaseholds	**-**	-
	151,916	143,940

Cost of properties includes £0 (2017: £0) for direct administrative costs capitalised during the year

	2018	2017
Works to existing properties in the year:	**£'000**	£'000
Improvement works capitalised	**2,301**	2,365
Components capitalised	**5,237**	7,219
Amounts charged to expenditure	**-**	-
	7,538	9,584

The aggregate amount of interest and finance costs included in the cost of housing properties is £NIL (2017: £NIL)

The net book value of other fixed assets includes £0 (2017: £0) in respect of assets held under finance leases

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 (b). Tangible fixed assets

Association	Housing Properties					Other fixed assets			
	Social Housing properties for letting completed	Social Housing properties for letting under construction	Low cost home ownership properties completed	Low cost home ownership properties under construction	Total Housing Properties	Fixtures and fittings	Plant and equip't	IT equip't	Total other fixed assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At start of the year	138,286	-	5,654	-	**143,940**	1,702	456	2,034	**4,192**
Additions to properties acquired	1,811	-	242	-	**2,053**	-	-	53	**53**
Works to existing properties	7,538	-	-	-	**7,538**	-	-	-	**-**
Interest capitalised	-	-	-	-	**-**	-	-	-	**-**
Schemes completed	-	-	-	-	**-**	-	-	-	**-**
Disposals	(1,540)	-	(75)	-	**(1,615)**	-	-	-	**-**
Transfers					**-**	-	-	-	**-**
At end of the year	**146,095**	**-**	**5,821**	**-**	**151,916**	**1,702**	**456**	**2,087**	**4,245**
Depreciation and Impairment									
At start of the year	31,615	-	153	-	**31,768**	1,518	159	1,782	**3,459**
Charge for the year	3,912	-	41	-	**3,953**	43	57	175	**275**
Impairment losses	291	-	-	-	**291**	-	-	-	**-**
Disposals	(1,016)	-	(2)	-	**(1,018)**	-	-	-	**-**
At end of the year	**34,802**	**-**	**192**	**-**	**34,994**	**1,561**	**216**	**1,957**	**3,734**
Net book value at the end of the year	**111,293**	**-**	**5,629**	**-**	**116,922**	**141**	**240**	**130**	**511**
Net book value at the start of the year	106,671	-	5,501	-	112,172	184	297	252	733

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

13 (b). Tangible fixed assets (Continued)

Housing Properties comprise:	**2018 £'000**	2017 £'000
Freehold	**151,916**	143,940
Long leaseholds	**-**	-
Short leaseholds	**-**	-
	151,916	143,940

Cost of properties includes £0 (2017: £0) for direct administrative costs capitalised during the year

Works to existing properties in the year:	**2018 £'000**	2017 £'000
Improvement works capitalised	**2,301**	2,365
Components capitalised	**5,237**	7,219
Amounts charged to expenditure	**-**	-
	7,538	9,584

The aggregate amount of interest and finance costs included in the cost of housing properties is £NIL (2017: £NIL)

The net book value of other fixed assets includes £NIL (2017: £NIL) in respect of assets held under finance leases

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

14. Fixed asset investments

Group Companies

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

Name	Incorporation and ownership	Regulated / non-regulated	Nature of Business
Shoreline Housing Partnershp Ltd	CBS - 100%	Regulated	Social Housing Provider
Shoreline Property Services Ltd	Company - 100%	Non-regulated	R&M Services
Humber Homes Ltd	Company - 100%	Non-regulated	Property Development

	SHP Ltd £'000	SPS Ltd £'000	Humber Homes Ltd £'000
Cost			
At start of year	148,132	-	-
Additions	8,029	-	-
At end of year	**156,161**	-	-
Share of retained profits			
At start of year	42,449	-	-
Adjustment to opening balance	-	-	-
Profit / (loss) for the year	6,712	-	-
At end of year	**49,161**	-	-
Net book value			
At 31 March 2018	**107,000**	-	-
At 31 March 2017	105,683	-	-

At 31 March 2018 the Group has the following interests in Joint Ventures and Associates:

	2018 £'000	2017 £'000
Share of current assets	-	-
Share of liabilities - due within one year	-	-
Share of liabilities - due after more than one year	-	-
Share of net assets	-	-
Share of capital commitments	-	-

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

14. Fixed asset investments (Continued)

Group

	£'000
Cost	
At start of year	148,132
Additions	8,029
At end of year	**156,161**
Share of retained profits	
At start of year	42,449
Profit for the year	6,712
At end of year	**49,161**
Net book value	
At 31 March 2018	**107,000**
At 31 March 2017	105,683

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

15. Stock

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Building materials	51	92	51	92
	51	**92**	**51**	**92**

16. Housing properties for sale

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Properties held for sale				
Shared ownership properties:				
Completed	85	-	85	-
Work in progress	-	-	-	-
Outright sale properties:				
Completed	-	-	-	-
Work in progress	-	-	-	-
	85	**-**	**85**	**-**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

17. Trade and other debtors

	Group		Association	
	2018	**2017**	**2018**	**2017**
	£'000	**£'000**	**£'000**	**£'000**
Rent arrears	2,391	2,353	2,391	2,353
Less: provision for bad debts	(1,721)	(1,654)	(1,721)	(1,654)
Amounts owed by subsidaries	-	-	-	-
Social Housing Grant receivable	-	-	-	-
Trade debtors	55	41	55	41
VAT repayment due from HMRC	200	542	200	542
Other debtors	16	52	16	52
Prepayment and accrued income	719	662	719	662
	1,660	**1,996**	**1,660**	**1,996**

Debtors are all due within one year

18. Cash and cash equivalents

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Money market investments	-	-	-	-
Cash in hand	1	1	1	1
Cash at bank	25,695	27,403	25,611	27,319
	25,696	**27,404**	**25,612**	**27,320**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19 (a). Creditors: amount falling due within one year

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans and overdrafts	-	-	-	-
Trade creditors	496	1,641	496	1,641
Amounts owed to group undertakings	-	-	-	-
Rent and service charges paid in advance	450	496	450	496
Corporation tax	-	-	-	-
Other taxation and social security payable	-	144	-	144
VAT repayment due to HMRC	-	-	-	-
Accruals and deferred income	1,397	2,405	1,397	2,405
SHPS pension agreement plan (Note 12)	141	135	141	135
Right-to-buy sales receipts due to the Council	203	222	203	222
Social Housing and Deferred Capital Grant Fund (Note 20)	700	700	700	700
Recycled Capital Grant fund (Note 21)	116	24	116	24
Disposal proceeds fund (Note 22)	438	437	438	437
Other creditors	1,231	1,401	1,147	1,317
	5,172	**7,605**	**5,088**	**7,521**

19 (b). Creditors: amounts falling due after more than one year

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans	69,600	69,600	69,600	69,600
Loan Arrangement Fees	(145)	(151)	(145)	(151)
SHPS pension agreement plan (Note 12)	575	715	575	715
Social Housing and Deferred Capital Grant (Note 20)	18,506	19,110	18,506	19,110
Recycled Capital Grant fund (Note 21)	64	92	64	92
Disposal proceeds fund (Note 22)	406	407	406	407
Leaseholder sinking funds	37	35	37	35
	89,043	**89,808**	**89,043**	**89,808**

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

19 (c). Debt analysis

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
Loans repayable by instalments:				
Within one year	-	-	-	-
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	-	-	-	-
In five years or more	-	-	-	-
Loans not repayable by instalments:				
Within one year	-	-	-	-
In one year or more but less than two years	-	-	-	-
In two years or more and less than five years	-	-	-	-
In five years or more	69,600	69,600	69,600	69,600
Less: loan issue costs	(145)	(151)	(145)	(151)
Total loans	**69,455**	**69,449**	**69,455**	**69,449**

£64.6m of the loan facility is fixed and £5.0m is revolving loan and linked to LIBOR. All loans are secured by floating charges on all of SHP's assets and fixed charges on individual properties. Interest is payable monthly / quarterly at varying rates of interest and the loans are due to be repaid in full by March 2040. As per Note 27, subsequent to this, the loans of Shoreline Housing Partnership Limited amounting to £69.6m were restructured with new covenants on 18th May 2018. £7.6m was repaid from available cash and the balance of £62m was converted to a loan with a fixed rate of 4.2069%, repayable from March 2025 through to March 2028.

The interest rate profile of SHP at 31 March 2018 was:

	Variable rate £'000	**Fixed rate £'000**	**Weighted Average rate %**	**Weighted average term years**
Instalment loans	-	-	-	-
Non-instalment loans	5,000	64,600	4.55%	12.94

At 31 March 2018 SHP has the following borrowing facilities:	£'000
Undrawn committed facilities	-
Undrawn facilities	12,400
	12,400

SHP has not entered into any ISDA swaps.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

20. Social housing and deferred capital grant

	Group		Association	
	2018	2017	**2018**	2017
	£'000	£'000	**£'000**	£'000
At start of the year	**19,810**	20,471	**19,810**	20,471
Grant received in the year	**193**	88	**193**	88
Amortisation of grants	**(699)**	(702)	**(699)**	(702)
Released to income in the year	**(98)**	(47)	**(98)**	(47)
At the end of the year	**19,206**	19,810	**19,206**	19,810
	£'000	£'000	**£'000**	£'000
Amounts due to be released < 1 year	**700**	700	**700**	700
Amounts due to be released > 1 year	**18,506**	19,110	**18,506**	19,110
	19,206	19,810	**19,206**	19,810

21. Recycled capital grant fund

	Association	
	2018	2017
	£'000	£'000
At the start of the year	**116**	116
Inputs:		
Grants recycled	**64**	-
Interest accrued	**-**	-
Transfers from other	**-**	-
Recycling:		
New build	**-**	-
Transfers from other	**-**	-
Repayment of grant to the HCA / GLA	**-**	-
At the end of the year	**180**	116
Amounts less than three years old	**64**	92
Amounts three years or older where repayment may be required	**116**	24

22. Disposal proceeds fund

	Association	
	2018	2017
	£'000	£'000
At start of year:		
Funds recycled	**844**	623
Net PRTB receipts	**-**	220
Interest accrued		1
Use / allocation of funds:		
New build	**-**	-
Major repairs and works to existing stock	**-**	-
Other	**-**	-
Repayment of fund to the HCA	**-**	-
At end of year	**844**	844
Amounts less than three years old	**406**	407
Amounts three years old or older where repayment may be required	**438**	437

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

23. Capital commitments

	2018 £'000	2017 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	**5,944**	2,354
Capital expenditure that has been authorised by the Board but has not yet been contracted for	**5,425**	1,752
	11,369	4,106
SHP expects these commitments to be financed with:		
Social Housing Grant	**-**	-
Proceeds from the sales of properties	**-**	-
Committed loan facilities	**11,369**	4,106
	11,369	4,106

24. Operating leases

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

	Group		Association	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Land and buildings:				
In one year or more but less than two years	**946**	890	**946**	890
In two years or more and less than five years	**1,548**	1,548	**1,548**	1,548
In five years or more	**113**	743	**113**	743
Others:				
In one year or more but less than two years	**310**	310	**310**	310
In two years or more and less than five years	**145**	439	**145**	439
In five years or more	**-**	-	**-**	-
	3,062	3,930	**3,062**	3,930

The lease agreements do not include any contingent rent or restrictions. Other operating leases for motor vehicles include purchase options. Leases for land and buildings finish by 2023

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 2018

25. Grant and financial assistance

	2018	2017
	£'000	£'000
The total accumulated government grant and financial assistance received or receivable at 31 March :		
Held as social housing and deferred capital grant	**20,230**	20,770
Recognised as income in statement of Comprehensive Income	**699**	702

26. RELATED PARTIES

The following are related parties:

The Board had no tenant members who held tenancy agreements on normal terms. Rent charged to tenant Board members was £NIL (2017, £4,937). There are no arrears on their tenancies at the reporting period end.

The Board has North East Lincolnshire Council members.

The Group consists of Shoreline Housing Partnership and its subsidiaries Shoreline Property Services and Humber Homes.

Humber Homes: At the end of the year the net position was that Humber Homes owes SHP £NIL (2017: £NIL).
Shoreline Property Services: At the end of the year the net position was that Shoreline Property Services owes SHP £NIL (2017: £NIL).

27. POST BALANCE SHEET EVENTS

On 7th and 27th February 2018 the shareholders of Shoreline Housing Partnership voted to merge by amalgamation with Boston Mayflower Limited to form a new, larger housing association called Lincolnshire Housing Partnership Limited. Following this, amalgamation took place on 3rd April 2018 via the statutory procedure available for registered societies under Section 109 of the Co-operative and Community Benefit Societies Act 2014 ("the Act"). This results in a statutory vesting of all the assets and liabilities of each of the amalgamating entities into the amalgamated society without the need for further legal formalities.

Subsequent to this, the loans of Shoreline Housing Partnership Limited amounting to £69.6m were restructured with new covenants on 18th May 2018. £7.6m was repaid from available cash and the balance of £62m was converted to a loan with a fixed rate of 4.2069%, repayable from March 2025 through to March 2028.