



ATEB GROUP LIMITED

(Formerly known as Pembrokeshire Housing Association Limited)

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS

For the year ended 31st March 2018

ATEB GROUP LIMITED
CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
For the year ended 31st March 2018

	Page
Officers and professional advisers	1
Report of the Board of Management	2-15
Reports of the Independent Auditors	16-18
Consolidated Statement of Comprehensive Income	19
Company Statement of Comprehensive Income	19a
Consolidated Statement of Changes in Reserves	19
Company Statement of Changes in Reserves	19a
Consolidated Statement of Financial Position	20
Company Statement of Financial Position	20a
Consolidated Statement of Cash Flows	21-22
Company Statement of Cash Flows	21a-22a
Notes to the Financial Statements	23-37
	23a-37a

ATEB GROUP LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

Welsh Government Registered Number: PO72
Financial Conduct Authority Registered Number: 23308R

Board of Management: Mr. M. Lewis, CPFA (Chair)
Mr. R. Butler, PG Dip (Con.Mgmt.), FRICS (Vice-Chair)
Mr. M. Bell, BA, DipTP, MRTPI (resigned Sept 2017)
Mr. D. Birch (appointed July 2017)
Mrs. D. Campbell
Mr. B. Charles, CPFA, OBE (resigned Sept 2017)
Mrs. H. Dahill (appointed July 2017)
Mrs. C. Hirst, DipRSA, BSc (Hons), MSc, FRICS (resigned Sept 2017)
Mr. E. Lewis (resigned Sept 2017)
Cllr. Mr. D. Simpson (resigned Sept 2017)
Mr. Hugh Watchman

Group Chief Executive: Mr. N. Hampshire, BSc (Hons), MBA, MRICS
Senior Executives: Mr. A. Williams, FCCA (Group Finance Director)
Mrs. E. Brock BSc, MSc, MCIH (Housing Director)
Mr. N. Sinnett, BSc, MRICS, AaPS (Group Property Services Director)

Secretary: Mr. N. Hampshire, BSc (Hons), MBA, MRICS

Registered Office: Meyler House, St. Thomas Green, Haverfordwest, Pembrokeshire. SA61 1QP

External Auditors: Bevan & Buckland
Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea SA1 8QY

Internal Auditors: RSM
Regus House
Cardiff Gate Business Park
Cardiff CF23 8RU

Principal Solicitors: Hugh James Devonshires Blake Morgan
114 – 116 St Mary Street 30 Finsbury Circus One Central Square
Cardiff CF10 1DY London EC2M 7DT Cardiff CF10 1FS

Bankers: Barclays Bank PLC
Windsor Court
3 Windsor Place
Cardiff CF10 3AX

Funders: Barclays Bank PLC
The Royal Bank of Scotland PLC
Principality Building Society
The Housing Finance Corporation
The Co-operative Bank PLC
Yorkshire Building Society
M&G Investments
BAE Systems Pension fund
Welsh Government

**ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT**

The Board of Management present their report and the audited financial statements for the year ended 31st March 2018.

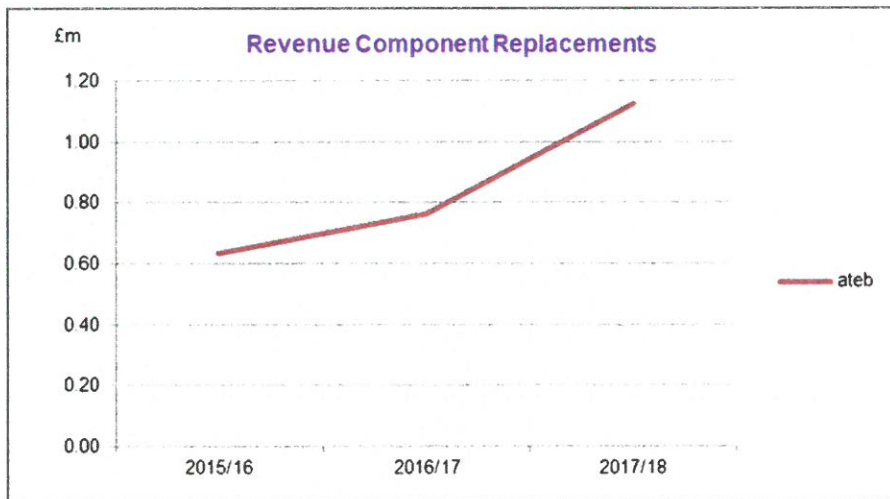
Strategic Report

2017-18 Financial Performance

2017-18 returned a strong financial performance for the Group with all companies performing well. Although the net surplus for the year at 12.7% was down on the previous year (14.2%), this was after absorbing one-off costs and a significant increase in replacement component costs as we continue to maintain a high level of investment in our properties.

This was the main reason for the increase in operating costs in the affordable and social housing business (£0.3m). The total revenue spend on replacement components was £1.1m (2017:£0.8m) and components classified as capital spend amounted to £1.5m (2017:£1.4m). Property maintenance is a large area of expenditure in this business and includes kitchen, bathroom and boiler replacements as well as improving energy efficiency.

The impact on operating costs that can arise from a varying level of revenue component spend is illustrated in the following graph:



It can be clearly seen that 2017-18 has incurred a much higher level of spend as components come to the end of their useful economic lives.

Donated land value adjustments in respect of properties acquired from developers under Section 106 planning obligations have also resulted in a reduction in the net surplus. This can vary significantly from year to year and is largely outside the control of the business:

Donated Land Adjustment			
£m	2015/16	2016/17	2017/18
ateb	1.3	0.6	0.3

ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT

Group highlights

- turnover grew by 4.6% to just over £24m
- all loan covenants were complied with by a comfortable margin
- social housing units in management increased by 2.8% to 2,690no

The subsidiary businesses of Mill Bay Homes and West Wales Care and Repair both performed well:

- **Mill Bay Homes** returned over £1m in gift aid to the parent; a performance that is consistent with previous years. 47no. new homes were sold during the year and 31no. reservations taken on properties under construction. Mill Bay achieved its 150th sale during the year and sales activity continues to remain strong.
- **West Wales Care and Repair** helped over 3,000 older people to continue living safely and independently in their own homes. A surplus of £129k was returned which will strengthen reserves and ensure the future stability and development of the Agency in the delivery of services to those who need them.

Financial Statements

The Statement of Financial Position has increased in strength with fixed assets and investments increasing by 3.7% to £192.4m and reserves by 13.5% to £26.0m. Cash and ready access to secured loan facilities ensures that all current commitments are fully funded.

A summary of the financial performance of the Group is shown below:

Statement of Comprehensive Income	Group	ateb	WWCR	Mill Bay
2017-18	£m*	£m	£m	£m
Turnover	24.2	15.0	0.8	8.4
Operating costs and cost of sales	(18.2)	(10.4)	(0.7)	(7.1)
Operating surplus	6.0	4.6	0.1	1.3
Net interest and other costs	(3.0)	(1.7)	-	(1.3)
Surplus for the year	3.0	2.9	0.1	-

*inter-company costs cancel out on consolidation

Statement of Financial Position	Group	ateb	WWCR	Mill Bay
2017-18	£m*	£m	£m	£m
Tangible fixed assets/investments	192.5	198.1	-	-
Net current assets	13.9	7.8	0.6	5.6
Total assets	206.4	205.9	0.6	5.6
Trade payables > 1 year	(180.4)	(180.4)	(0.1)	(5.6)
Reserves	26.0	25.5	0.5	-

*inter-company balances cancel out on consolidation

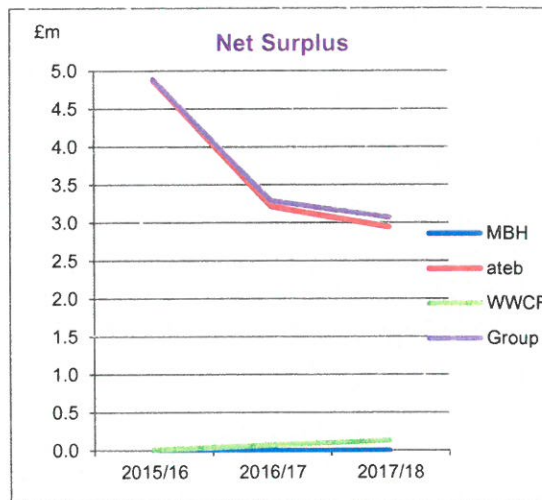
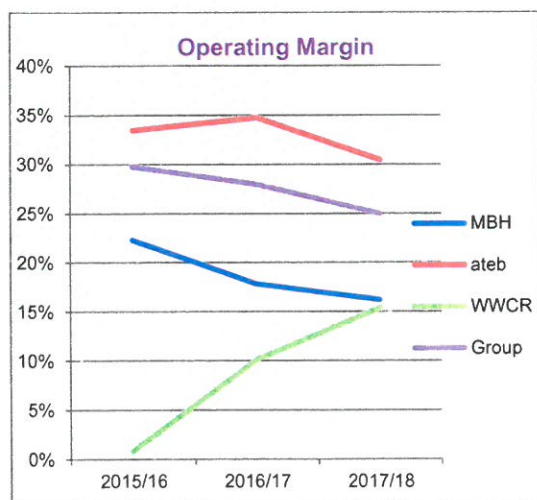
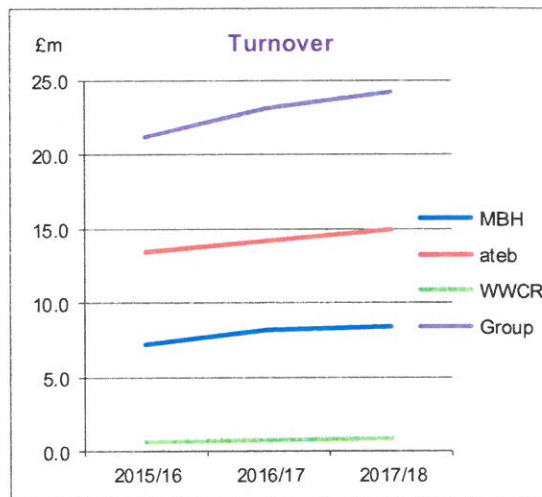
ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT

Key performance indicators	Group	ateb	WWCR	Mill Bay
2017-18				
Operating margin	25%	30%	15%	16%
Months cash/secured loans available		30		
Interest cover (min. 1.1)		1.6		
Gearing (max. 80%)		65%		

The Group will continue to pursue its policy of reinvesting surpluses for the benefit of its customers through our investment programmes in improving services, maintaining our properties and in developing new homes.

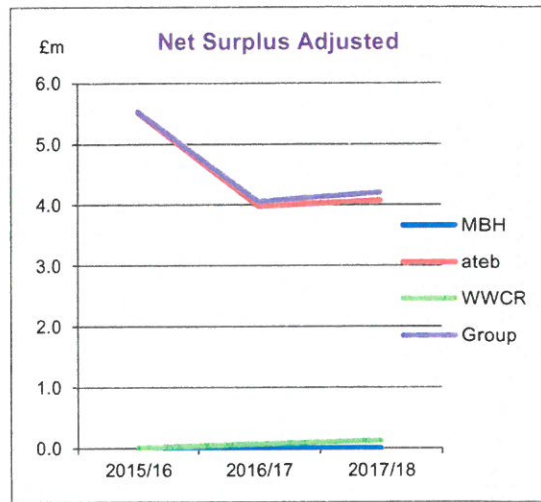
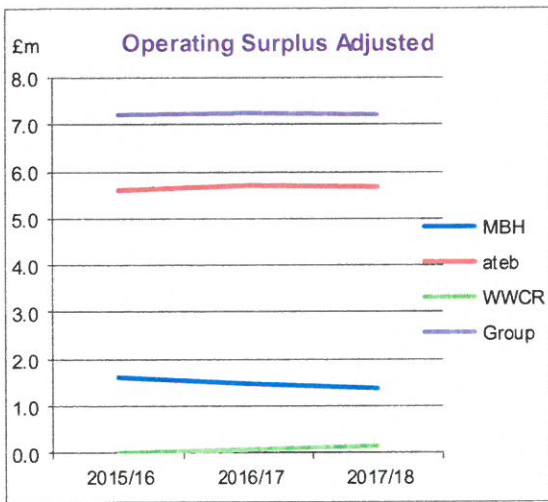
Prior Year Comparisons

The following charts show high level financial performance since 2015/16 when FRS102 was first applied:

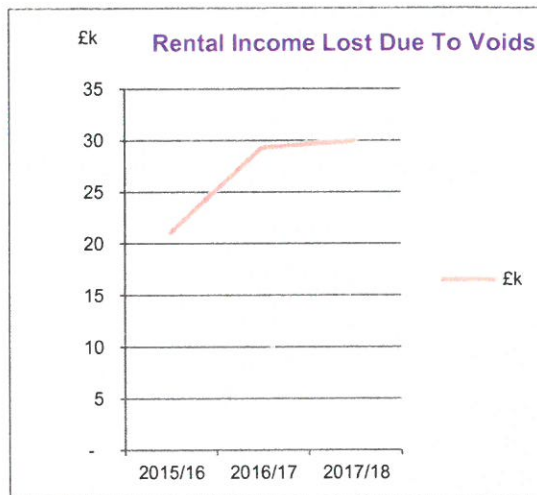
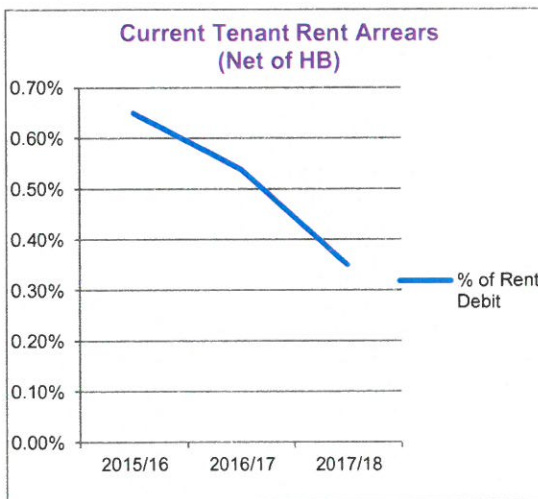


ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT

After adjusting for the impact of revenue component costs and donated land accounting adjustments, the financial performance is much more consistent as shown in the following graphs:



We continue to improve our performance in controlling rent arrears and income lost due to voids as evidenced by the graphs shown below:



Value for Money – Global Accounts Indicators

Our strategic direction places a great deal of focus on Value for Money (VFM) and we will continue to develop this further in a clear and transparent way around core indicators year on year.

ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT

When measured against the Global Accounts VFM indicators, the Group performs very well:

Indicator	Welsh Sector	Welsh Sector	ateb Group
	2015-16*	2016-17*	2017-18*
Operating costs per unit	£3,012	£2,795	£2,208
Management costs per unit	£981	£999	£860
Reactive repairs costs per unit	£1,052	£976	£904
Capitalised component cost per unit	£679	£615	£562
Bad debts per unit	£28	£28	£14
Weighted average cost of capital	4.56%	4.52%	4.03%
Free cash flow	£1.73m	£1.11m	£1.89m
Gross rent arrears/lettings	4.00%	4.58%	3.20%
Total rent charges per unit	£5,027	£4,869	£5,574
Rent void loss per unit	£64	£49	£11

**shown at out-turn price level*

2018-19 Priorities

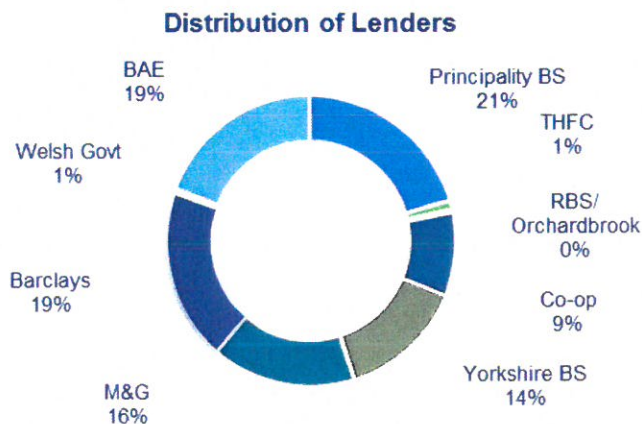
Our Service Delivery Plan will be fully implemented in 2018/19 and this will become the VFM platform for driving out efficiency and improving customer service. This will also give us a better understanding of the underlying factors which influence operating costs across the service areas in the business.

Our new Strategic Plan sets out key aims that are directly linked to managing resources economically, efficiently and effectively to provide quality services and deliver continuous improvement in what we do.

We will engage further with customers and staff in re-shaping our values through our 'involve-to-inform' initiatives.

Debt Structure and Treasury Policy

At 31 March 2018, we had £86m of drawn debt funding, a decrease from 2017 (£88m). We have a well-balanced portfolio, with a good mix lenders/investors, types of loan and terms to repayment:



Refinancing Risk

Our re-financing risk over the next six years is expected to be £29m spread between July 2021 and October 2023:

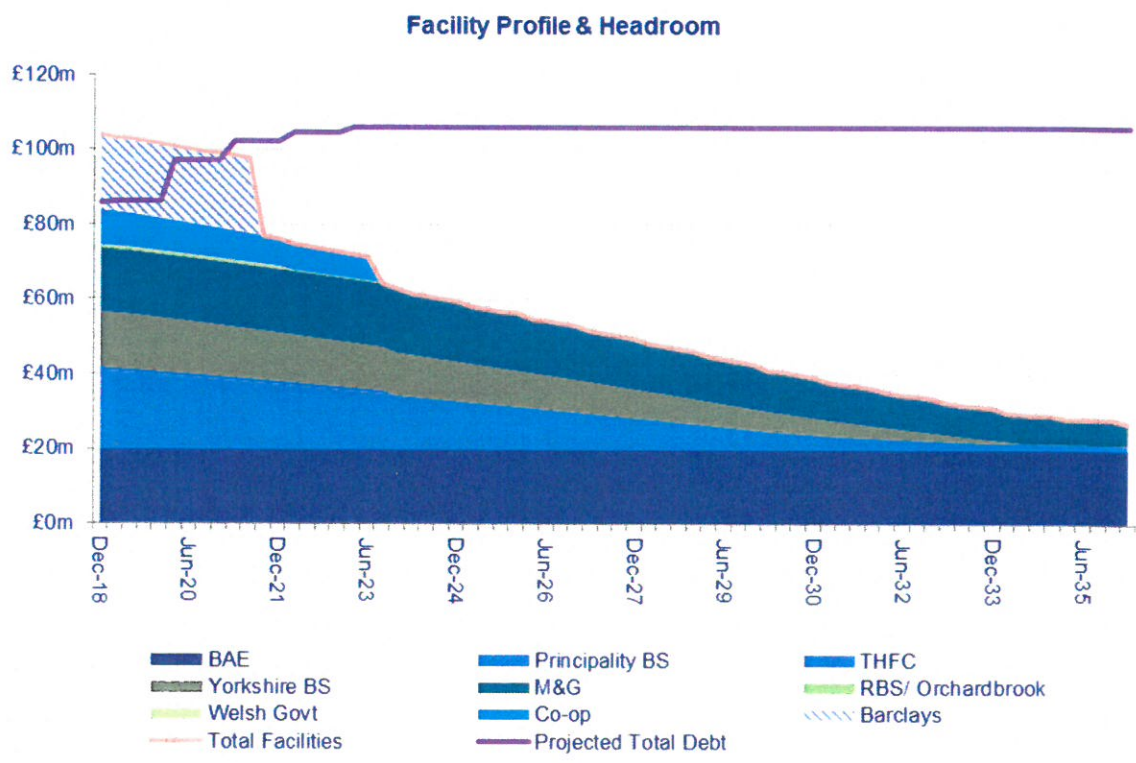
Lender	Amount	Repayment Date
Barclays Bank	£20m	July 2021
Co-operative Bank	£8m	August 2023
THFC	£1m	October 2023

Liquidity

As at 31 March, we maintained £20m of secured undrawn facilities available for immediate drawdown, and £12.6m of cash in hand making a total available liquidity of £32.6m. This is sufficient to fund over two years' commitments. In addition, we have an overdraft facility of £2m which acts as a short-term liquidity buffer.

Forecast Borrowing

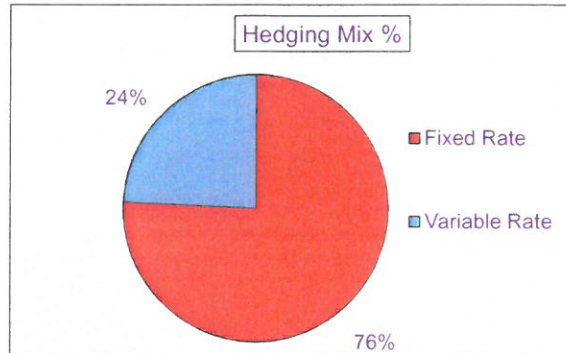
Based on our latest business plan, our debt is forecast to increase from £86m to a peak of £106m in 2022/23. The chart below sets out our forecast debt in 2023 relative to our available drawn and undrawn facilities:



ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT

Interest Rate Risk

At 31 March 2018, 76% of the current debt is fixed. The following chart shows the mix:



Fixed interest rate loans are expiring at different intervals:

Lender	Balance @31/03/18	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046			
PBS	£1,187,816	[Red bar]		£0																														
	£326,971																																	
	£592,625																																	
	£3,761,218																																	
	£2,554,032																																	
	£607,455																																	
	£457,630																																	
	£215,426																																	
	£330,122																																	
	£250,029																																	
	£260,777																																	
	£448,399																																	
	£4,492,064																																	
£168,368																																		
£4,079,648																																		
£2,092,400																																		
£21,824,977																																		
M&G	£12,750,000																																	
RBS	£361,702																																	
BAE	£20,000,000																																	
THFC	£1,000,000																																	
YBS	£8,000,000																																	
WG	£530,917																																	
WG	£629,371																																	
Total	£65,096,967																																	

Note: £ values in the final columns are the loan balances outstanding.

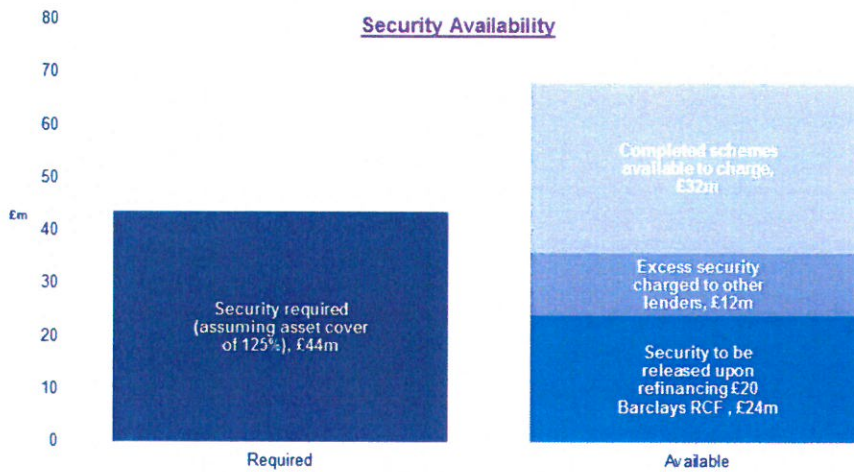
ATEB GROUP LIMITED

REPORT OF THE BOARD OF MANAGEMENT

In the short term c.76% of the debt is fixed, and over 50% of the forecast debt is fixed for five years or more. The next significant interest rate exposure is the expiry of the Yorkshire BS loan in 2027. This is a healthy position to be in but also has the benefit of not being fully fixed, thus providing some advantage from the current low interest rate environment. It also allows scope for further debt to be fixed if so desired, e.g. when the £20m Barclays Bank and £8m Co-operative Bank loans are refinanced.

Security

The graph below shows our forecast debt requirement compared with the property values that are available to secure that debt. It can be seen that there is more than sufficient collateral available to secure the debt requirement in the five-year business plan. Assuming an asset cover of 125%, we will need £44m of property to secure the £35m borrowing requirement. Over £68m of property is available - an excess of £24m. The £68m available comprises; £24m that could be released from charge when the £20m Barclays Bank RCF is refinanced, £12m in excess security charged to other lenders and £32m in completed schemes that are available for charging.



Cash flow

Net cash inflow from group operating activities during the year was £8.98m (2017: £6.54m). The main sources of cash income are rental income and property sales and the main sources of cash outflow are costs associated with property rentals, the acquisition and construction of new housing properties and loan interest.

Governance and Service Delivery

Organisational Structure, Governance & Risk Management

The Group structure is shown as follows:



ateb Group Limited is the parent of the **ateb** Group and the affordable and social housing business. Mill Bay Homes Limited (MBH) is the property development business building new homes for sale. West Wales Care and Repair Limited (WWCR) provides support services to older clients enabling them to continue living in their own homes. The remaining entity in the Group structure is a dormant company – Effective Building Solutions Limited (EBS).

The Board Members who served during the year are shown on page 1.

The Group Board can comprise up to twelve full members and three co-opted members. Board members are drawn from a wide background bringing together a diverse skills-set. The primary role of the Board is to focus on strategic direction, growth and investment and risk. The Board meets formally ten times a year for regular business and at other times to discuss strategic issues.

The Group Board is supported by three committees with specific responsibilities:

- Personnel - deals with any personnel matters such as grievances and appeals.
- Remuneration Committee – responsible for our policy on remuneration and terms and conditions of employment.
- Audit Committee – responsible for the operations of internal audit, the appointment of internal auditors, the scope of the internal and external audit plans and their reports. The committee has delegated responsibility for the risk management strategy. It reports to the Group Board on the effectiveness of the internal control arrangements and provides an annual report to the Group Board on the work undertaken by the Audit Committee.

Mill Bay Homes Limited and West Wales Care and Repair Limited are wholly owned subsidiaries.

Legal status and Governance Framework changes

We saw significant improvements in our governance systems through 2017/18. Here is a summary of the key changes:

Mill Bay Homes Limited (MBH)

- Change of legal status from Registered Social landlord to a company limited by shares and registered under the Companies Acts. A single share is held by **ateb** Group limited (AG)
- New Articles of Association based on Model Articles

ATEB GROUP LIMITED REPORT OF THE BOARD OF MANAGEMENT

- New floating charge agreement as security for the maximum limit of £10M on-lending from AG to MBH
- New arms-length Loan facility Agreement setting out the terms of the on-lending arrangement
- New directors appointed 3no. AG employees (Chief Executive, Group Finance Director, Group Property Services Director), 1no. independent Chair (Michael Westerman, previously an AG & MBH Board Member), 1no. AG Board Member (Ron Butler, previously the MBH Chair)
- Board Terms of Reference, Financial regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes
- Full compliance with Regulatory Circular 05/08

West Wales Care & Repair (WWCR)

- Change of legal status from Registered Social Landlord to charitable Community Benefit Society with a single share being held by AG
- New company rules based on Community Housing Cymru 2017 Model rules
- Board of Management: 2no. Councillors from Pembrokeshire County Council, 2no. Councillors from Ceredigion County Council and 2no. Board Members from AG
- Board Terms of Reference, Financial regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes.

ateb Group Limited

- New company rules based on Community Housing Cymru 2017 Model Rules (legal and regulatory status remains unchanged)
- Change of name from Pembrokeshire Housing Limited to **ateb** Group Limited
- Board of Management appointed during the year consisted of 7no.
- New CHC code of Governance
- Board Terms of Reference, Financial regulations and Standing Orders and Schedule of Delegated authority updated to reflect changes.

Rebranding to **ateb** Group Limited

On the 1st March 2018 we formally launched our new brand **ateb**. This move had been planned for circa two years and was a response to changing operational and political landscapes.

The Welsh Government has been actively seeking local government reorganisation across Wales, which in our area of operation would possibly see Pembrokeshire working closely with or merged with Carmarthen and/or Ceredigion.

With the Tai Cantref merger with Wales & West, we anticipated a shift in the way development activity was undertaken in Pembrokeshire as a consequence. As we are currently only zoned to Pembrokeshire for Social Housing Grant, the merger and change in approach could negatively impact our aspirations.

Having considered the above changes and recognised a desire to evolve our strong brand and track record of performance, the decision was taken to rebrand the organisation, refresh our purpose and DNA (culture/values) and establish 3no. clear strategic aims for the group.

Throughout 2017/18 the whole team have been involved in understanding what is important to our success and what we need to do to realise it. The result was a document called 'The Manual' which sets out what good should look like for **ateb**. The Manual is supported by five more detailed documents:

- What you can expect from us – our service commitment to our customers
- 'We are **ateb**' – our analysis of the behaviours, leadership style and technical skills we will need to be

ATEB GROUP LIMITED REPORT OF THE BOARD OF MANAGEMENT

present throughout our teams and running through our role profiles and personal achievement framework

- Strategic Plan – our 3 year strategic plan supported by a 5-year business plan
- Service Delivery Plan – our proposed operational framework
- 'Rest Assured' – our approach to giving assurance that we are doing what we say in 'The Manual'
- The above framework will be actioned in 2018/19 to support the new ateb brand. The rebranding and repositioning process will take a number of years to fully establish

Some key headlines from the rebrand:

- All tenants communicated the new name and the reasons for change ahead of the launch.
- Welsh Government involved and approved all proposals
- Two shareholder events to promote the change with a successful 80%+ vote for change
- We are promoting our brand as 'ateb' but have the company name of 'ateb Group Limited'
- Our new 'Engage Initiative' was launched at the same time as the new name to gather the views of tenants on key business matters
- Costs of the rebrand were contained well within approved budgets
- New web site and social media launched – www.atebgroup.co.uk and we are on Facebook and Twitter
- A new approach to communicating our brand externally to appeal to a wider audience
- Evolution of our systems to support our new brand (The Manual)

Regulatory Performance and Risk Management

Regulatory Framework

The Welsh Government introduced its new Regulatory Framework in 2017/18. The Framework operates on a co-regulation basis and focuses on ten performance standards.

We received our first judgement in Q1 17/18 as follows:

- **Governance and Services: Standard**
- **Financial Viability : Standard**

The judgement is available on our website www.atebgroup.co.uk

The Regulator highlighted two areas of ongoing development:

- increase our gender balance on our Board
- show how we 'hard wire' tenant involvement into our strategic planning process

Both development areas have been subsequently included in our strategic plan as priorities for our ongoing development.

Risk Management

The Group Board is responsible for strategic risk management. There is a risk management framework in place that manages and mitigates key strategic and business critical risks.

Our approach to risk management is continually reviewed and monitored by the Audit Committee on behalf of the Group Board. All subsidiary businesses are required to comply with the risk management framework.

The Risk Register is managed by the Risk Panel which consists of representatives from across the Group. Each representative is a 'risk owner' acting as an early warning of changes or new and emerging risks.

ATEB GROUP LIMITED REPORT OF THE BOARD OF MANAGEMENT

This approach enables the Group to foresee risks and to implement mitigating controls before they adversely impact on the business or delivery of key targets.

The Assets and Liabilities Register is also monitored by the Risk Panel and the Audit committee.

Strategic Plan

During the year we have developed a new 3-year strategic plan based on three strategic aims:

- Increase corporate strength
- Improve service delivery
- New business growth

The plan has identified 19no. strategic priorities for the Board over the course of the plan and is supported by a 5-year business plan from which we have set our 3-year financial targets. It is our intention that we will produce an Annual Strategic Report at the end of each financial year setting out our performance against the plan and financial targets. The first full review will be for the financial year 2018/19.

The strategic plan incorporates a number of our on-going corporate objectives as well as introducing new priorities primarily around the rebrand and underlying improvements, governance enhancement, new business development and service delivery improvements.

Key 2018/19 Corporate Dates

Corporate Review (including Internal Audit Review, Strategic Plan and 5 year Business Plan)	Apr 18
Private Finance Return	May 18
Annual Statement of Schedule 1 exemptions	May 18
Tenant Satisfaction Results	Jun 18
AGM's	Jul 18
Qtr1 Management Accounts	Jul 18
Financial statements	Jul 18
Annual Statement of Compliance return	Jun 18
30 year Financial forecasts	Aug 18
Regulatory Judgement	Q2 18
Annual Review (including Self Evaluation 18/19)	Sep 18
Qtr2 Management Accounts	Oct 18
Qtr3 Management Accounts	Jan 18
Development & Diversification Survey	Feb 19

Changes in Fixed Assets

Details of fixed assets are set out in notes 10 to 12.

ATEB GROUP LIMITED REPORT OF THE BOARD OF MANAGEMENT

Responsibilities of the Board of Management

Housing Association legislation requires the Association's Board of Management 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 year. In preparing those financial statements, the Board of Management is required to:

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

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Internal Financial Controls

The Board is ultimately responsible for the Association's system of internal financial control, which is designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information used within the business.

The following mechanisms were in place and were designed to provide effective internal control:

- clearly defined management and reporting structures;
- clearly defined standing orders and financial regulations;
- financial training programme;
- procedures manuals for staff;
- management information and accounting systems with monthly reporting of financial results and other performance indicators;
- rolling five year business plans;
- risk management process, including an annual risk review; and
- monitoring of the control system by the Audit Committee, internal auditors and external audit;
- policy statement on fraud covering prevention, detection and reporting of fraud and the recovery of assets.

The Board of Management has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year ended 31st March 2017. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties, which require disclosure in the financial statements or in the auditors' report on the financial statements.

The Board of Management and Executive Officers

The Board of Management and Executive Officers of the Association are listed on Page 1.

Each member of the Board of Management holds one fully paid share of £1 in the Association. The Executive Officers of the Association hold no interest in the Association's share capital and although not having the legal status of directors they act as executives within the authority delegated by the Board.

**ATEB GROUP LIMITED
REPORT OF THE BOARD OF MANAGEMENT**

Post Balance Sheet Events

There are no significant post balance sheet events.

Auditors

A resolution to reappoint Bevan & Buckland will be proposed at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'N. Hampshire', written over a vertical line that extends downwards from the signature.

**N. Hampshire
Secretary**

Date: 28/06/18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

In addition to our audit on the financial statements for the year ended 31st March 2018, we have reviewed the Board's statement of ATEB Group Limited's ("the Association") compliance with the Welsh Government Circular 02/10, Internal Financial Control and Financial Reporting ("the Circular").

The objective of our review is to enable us to conclude on whether the Board has provided the disclosures required by the Circular and whether the statement is consistent with the information of which we are aware from our audit work on the financial statements.

We are not required to form an opinion on the effectiveness of the Association's corporate governance procedures or its internal financial control.

Opinion

With respect to the Board's statement on internal financial control on page 14, in our opinion the Board of Management has provided the disclosures required by the Circular and the statement is consistent with the information of which we are aware from our audit work in the financial statements.



Bevan & Buckland

Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 28.06.18

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Opinion

We have audited the financial statements of ATEB Group Limited ("the Association") for the year ended 31 March 2018 which comprise the consolidated and Association statements of comprehensive income, consolidated and Associated statements of changes in reserves, the consolidated and Association statements of financial position, the consolidated cash flow statement and its related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and Association's affairs as at 31st March 2018 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination (Wales) 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 in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Boards' 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 Group and 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 are 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ATEB GROUP LIMITED REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014

Matters on which we are required to report by exception

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

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

Responsibilities of the board

As explained more fully in the Statement of Responsibilities of the Board (set out on page 14), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 Group and 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 group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

This report is made solely to the Association's members, as a body, in accordance with Part 7 of the Co-operative 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.



Bevan & Buckland

Chartered Accountants & Statutory Auditors
Langdon House
Langdon Road
Swansea
SA1 8QY

Date: 28.06.18

ATEB GROUP LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	2	24,256,630	23,178,821
Cost of Sales		(6,906,172)	(6,572,005)
Gross Surplus		17,350,459	16,606,816
Less: Operating costs	2	(11,286,168)	(10,115,120)
Operating Surplus	5	6,064,291	6,491,696
Gain/(loss) on disposal of property, plant and equipment	6	(25,242)	36,741
Finance/Investment Income	7	32,505	53,377
Finance Costs	8	(3,494,083)	(3,382,351)
Loan Breakage Fee	9	-	(600,244)
Housing Finance Grant		239,057	120,663
Donated Land Value Adjustment		345,134	609,066
Other Income		25,344	29,755
Corporate Rebranding		(108,650)	-
Surplus for the year before taxation		3,078,355	3,358,703
Taxation		-	-
Surplus for the year after taxation		3,078,355	3,358,703
Actuarial (loss) in respect of pension schemes		(81)	(63,666)
Total comprehensive income for the year		3,078,274	3,295,037

CONSOLIDATED RESULTS

Companies included are as follows :

- Ateb Group Limited - parent.
- West Wales Care & Repair Limited - subsidiary.
- Mill Bay Homes Limited - subsidiary.

CONTINUING OPERATIONS

None of the Association's activities was acquired or discontinued during the two financial years.
Pembrokeshire Housing Association Limited changed its name to ateb Group Limited in March 2018.

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

	Revenue Reserve £	Restricted Reserve £	Total Reserves £
Balance at 1 April 2017	22,684,628	198,287	22,882,916
Surplus from statement of comprehensive income	3,078,274	-	3,078,274
Transfer of Reserves	-	-	-
Balance at 31 March 2018	25,762,902	198,287	25,961,190

ATEB GROUP LIMITED

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2018

	Notes	2018 £	2017 £
Turnover	2a	14,993,441	14,230,373
Less: Operating expenditure	2a	(10,423,322)	(9,279,426)
Operating Surplus	5a	4,570,119	4,950,947
Gain/(loss) on disposal of property, plant and equipment	6a	(25,242)	36,741
Finance/Investment Income	7a	403,808	424,286
Finance Costs	8a	(3,515,409)	(3,368,967)
Loan Breakage Fee	8c	-	(600,244)
Housing Finance Grant		239,057	120,663
Donated Land Value Adjustment		345,134	609,066
Other Income		25,344	29,755
Corporate Rebranding		(108,650)	-
Income from subsidiary company	8b	1,015,274	1,077,676
Surplus for the year		2,949,435	3,279,922
Actuarial (loss) in respect of pension schemes		-	(60,000)
Total comprehensive income for the year		2,949,435	3,219,922

CONTINUING OPERATIONS

None of the Association's activities was acquired or discontinued during the two financial years.
Pembrokeshire Housing Association Limited changed it's name to ateb Group Limited in March 2018.

STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2018

	Revenue Reserve £	Restricted Reserve £	Total Reserves £
Balance at 1 April 2017	22,360,078	140,000	22,500,078
Surplus from statement of comprehensive income	2,949,435	-	2,949,435
Transfer of Reserves	-	-	-
Balance at 31 March 2018	25,309,513	140,000	25,449,513


CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Notes	2018 £	2017 £
Property, Plant & Equipment			
Housing properties - depreciated cost	10	188,738,818	181,657,829
Other	12	530,627	576,770
		<u>189,269,444</u>	<u>182,234,599</u>
Investments	13	3	3
Homebuy loan	13	3,223,423	3,336,433
		<u>192,492,870</u>	<u>185,571,035</u>
Current assets			
Inventories	14	5,644,491	6,506,024
Trade receivables: amounts falling due within one year	15	4,502,813	2,333,226
Trade receivables: amounts falling due after more than one year	15	3,506,510	1,689,895
Cash		13,177,693	15,089,274
		<u>26,831,507</u>	<u>25,618,419</u>
Trade payables: amounts falling due within one year	16	(12,899,967)	(7,554,561)
Net current assets		<u>13,931,540</u>	<u>18,063,858</u>
Total assets less current liabilities		<u>206,424,410</u>	<u>203,634,894</u>
Trade payables: amounts falling due after more than one year	17	(180,463,186)	(180,751,920)
Net assets		<u>25,961,224</u>	<u>22,882,974</u>
Equity			
Called up share capital	18	34	58
Restricted reserves	19	218,213	198,287
Revenue reserve	19	25,742,977	22,684,628
		<u>25,961,224</u>	<u>22,882,974</u>

The financial statements on pages 19 to 37 were approved by the Board of Management on 28 June 2018 and were signed on its behalf by:



Mr M Lewis, Chair



Mr D Birch, Board Member



Mr N Hampshire, Secretary

ATEB GROUP LIMITED

STATEMENT OF FINANCIAL POSITION
as at 31 March 2018

	Notes	2018 £	2017 £
Property, Plant & Equipment			
Housing properties - depreciated cost	10a	188,738,818	181,657,829
Other	11a	520,654	567,295
		-----	-----
		189,259,471	182,225,124
Investments	12a	3	3
Homebuy loan	12a	3,223,423	3,336,433
		-----	-----
		192,482,897	185,561,560
		-----	-----
Loans to subsidiary companies	14b	5,580,000	5,850,000
Current assets			
Inventories	13a	309,178	161,582
Trade receivables: amounts falling due within one year	14a	3,897,225	2,320,227
Trade receivables: amounts falling due after more than one year	14b	3,506,510	1,689,896
Cash		12,613,879	14,672,034
		-----	-----
		20,326,792	18,843,739
Trade payables: amounts falling due within one year	15a	(12,531,079)	(7,068,776)
		-----	-----
Net current assets		7,795,714	11,774,963
		-----	-----
Total assets less current liabilities		205,858,611	203,186,523
Trade payables: amounts falling due after more than one year	15b	(180,409,063)	(180,686,387)
		-----	-----
Net assets		25,449,547	22,500,136
		=====	=====
Equity			
Called up share capital	16a	34	58
Restricted reserves	17a	140,000	140,000
Revenue reserve	17a	25,309,513	22,360,078
		-----	-----
		25,449,547	22,500,136
		=====	=====

The financial statements on pages 19 to 37 were approved by the Board of Management on 28 June 2018 and were signed on its behalf by:



Mr M Lewis, Chair



Mr D Birch, Board Member



Mr N Hampshire, Secretary

ATEB GROUP LIMITED

CONSOLIDATED STATEMENT OF CASHFLOWS
for the year ended 31 March 2018

	Notes	2018	2017
		£	£
Net cash inflow from operating activities	(i)	8,980,530	6,544,754
Cash flow from investing activities			
Payments to acquire and develop property		(9,897,354)	(11,164,694)
Receipts from sales of Property, Plant and Equipment		96,900	194,750
Social Housing Grant and contributions received		4,251,943	4,172,262
Other grants and contributions received		239,057	120,663
Purchase of other fixed assets		(161,792)	(100,480)
Finance/Investment income		405,116	426,396
Net cash outflow from investing activities		(5,066,130)	(6,351,105)
Cash flow from financing activities			
Finance costs		(3,310,641)	(3,916,875)
Issue of share capital	(iv)	4	-
Mortgage and other loans received			12,946,019
- housing	(iv)	-	(328,432)
Finance costs of loans issued	(iv)	(117,565)	
Loans repaid			(2,365,849)
- housing	(iv)	(2,397,781)	
Net cash inflow from financing		(5,825,984)	6,334,863
Net change in cash and cash equivalents	(ii), (iii)	(1,911,583)	6,528,513
Cash and cash equivalents at beginning of the year		15,089,275	8,560,762
Cash and cash equivalents at end of the year		13,177,693	15,089,275

CONSOLIDATED CASH FLOW STATEMENT - Additional Disclosure

	2018	2017
	£	£
Free cash flow for the year ended 31 March 2018		
Net cash inflow from operating activities	8,980,530	6,544,754
Finance/Investment income	53,877	40,448
Finance costs	(2,959,402)	(3,916,875)
Adjustments for reinvestment in existing properties		
Component Replacements	(1,507,279)	(1,385,803)
Purchase of other fixed assets	(162,042)	(100,480)
Free cash generated / (consumed) before loan repayments	4,405,685	1,182,045
Loans repaid (excluding revolving credit facilities and overdrafts)	(2,515,346)	(2,694,281)
Free cash generated / (consumed) after loan repayments	1,890,338	(1,512,236)

ATEB GROUP LIMITED

STATEMENT OF CASHFLOWS
for the year ended 31 March 2018

		2018		2017	
	Notes	£	£	£	£
Net cash inflow from operating activities	(i)		8,208,432		6,381,656
Cash flow from investing activities					
Payments to acquire and develop property		(9,897,354)		(11,164,694)	
Receipts from sales of Property, Plant and Equipment		96,900		194,750	
Social Housing Grant and contributions received		4,251,943		4,172,262	
Other grants and contributions received		239,057		120,663	
Purchase of other fixed assets		(156,197)		(98,983)	
Finance/Investment income		403,808		424,286	
Net cash outflow from investing activities			(5,061,843)		(6,351,717)
Cash flow from financing activities					
Finance costs		(2,959,402)		(3,530,927)	
Issue of share capital	(iv)	4		-	
Mortgage and other loans received - housing	(iv)	-		12,946,019	
Finance costs of loans issued	(iv)	(117,565)		(328,432)	
Loans issued - subsidiary company		(5,780,000)		(6,440,224)	
Loans repaid - subsidiary company		6,050,000		6,180,224	
Loans repaid - housing	(iv)	(2,397,781)		(2,365,849)	
Net cash inflow from financing			(5,204,744)		6,460,811
Net change in cash and cash equivalents	(ii) , (iii)		(2,058,155)		6,490,750
Cash and cash equivalents at beginning of the year			14,672,034		8,181,284
Cash and cash equivalents at end of the year			12,613,879		14,672,034

CASH FLOW STATEMENT - Additional Disclosure

	2018	2017
	£	£
Free cash flow for the year ended 31 March 2018		
Net cash inflow from operating activities	8,208,432	6,381,656
Finance/Investment income	403,808	424,286
Finance costs	(2,959,402)	(3,530,927)
Adjustments for reinvestment in existing properties		
Component Replacements	(1,507,279)	(1,385,803)
Purchase of other replacement fixed assets	(156,197)	(98,983)
Free cash generated before loan repayments	3,989,362	1,790,229
Loans repaid (excluding revolving credit facilities and overdrafts)	(2,397,781)	(2,365,849)
Free cash generated after loan repayments	1,591,581	(575,620)

ATEB GROUP LIMITED

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(i) Reconciliation of operating surplus to net cash inflow from operating activities

	2018	2017
	£	£
Operating surplus	6,064,291	6,491,697
Depreciation	3,032,367	2,822,549
Amortisation of SHG	(891,261)	(858,399)
Abortive development costs	45,251	17,697
Impairment of housing properties	-	50,372
(Increase) in trade receivables and inventories	1,913,936	1,068,372
Increase in trade payables	(790,912)	(2,159,837)
Share capital cancelled	(38)	(13)
Charge for bad debts	37,253	41,865
Amortisation of finance issue costs	115,774	111,719
Capitalised Overheads	(288,780)	(303,168)
Loan breakage fee	-	(600,244)
Other Income	25,344	29,755
Corporate Rebranding	(108,650)	-
Pension deficit contribution paid	(174,043)	(167,611)
Net cash inflow from operating activities	8,980,530	6,544,754

(ii) Analysis of changes in cash and cash equivalents during the year

	2018	2017
	£	£
At beginning of period	15,089,275	8,560,762
Net cash inflow/(outflow)	(1,911,582)	6,528,513
At end of period	13,177,693	15,089,275

(iii) Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	2018	2017	Change in year	2017	2016	Change in year
	£	£	£	£	£	£
Cash	13,177,693	15,089,275	(1,911,582)	15,089,275	8,560,762	6,528,513
	13,177,693	15,089,275	(1,911,582)	15,089,275	8,560,762	6,528,513

(iv) Analysis of changes in financing during the year

	Share Capital		Housing Loans	
	2018	2017	2018	2017
	£	£	£	£
At beginning of year	75	88	87,619,300	77,290,754
Cash inflow from financing	4	-	-	12,946,019
Cash outflow from financing	(38)	(13)	(2,397,781)	(2,365,849)
Cash outflow finance costs	-	-	(117,565)	(135,905)
	41	75	85,103,953	87,735,019
Non cash items:				
Debtenture discount	-	-	(4,000)	(4,000)
Amortisation of finance costs	-	-	(115,774)	(111,719)
Finance Costs Accrued	-	-	-	-
At end of year	41	75	84,984,179	87,619,300

ATEB GROUP LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
for the year ended 31 March 2018

(i) Reconciliation of operating surplus to net cash inflow
from operating activities

	2018	2017
	£	£
Cash flows from operating activities		
Operating surplus	4,570,119	4,950,947
Depreciation	3,027,269	2,815,948
Amortisation of SHG	(891,261)	(858,399)
Abortive development costs	45,251	17,697
Impairment of housing properties	-	50,372
(Increase) / Decrease in trade receivables and inventories	1,528,597	857,179
Increase / (Decrease) in trade payables	310,545	(575,002)
Share capital cancelled	(28)	(13)
Charge for bad debts	37,253	41,865
Amortisation of finance issue costs	115,774	111,719
Capitalised Overheads	(288,780)	(303,168)
Loan breakage fee	-	(600,244)
Other Income	25,344	29,755
Corporate Rebranding	(108,650)	-
Pension deficit contribution paid	(163,000)	(157,000)
	-----	-----
Net cash inflow from operating activities	8,208,432	6,381,656
	=====	=====

(ii) Analysis of changes in cash and cash equivalents during the year

	2018	2017
	£	£
At beginning of year	14,672,034	8,181,284
Net cash inflow/(outflow)	(2,058,155)	6,490,750
	-----	-----
At end of year	12,613,879	14,672,034
	=====	=====

(iii) Analysis of the balances of cash and cash equivalents as shown in the Statement of Financial Position

	2018	2017	Change in year	2017	2016	Change in year
	£	£	£	£	£	£
Cash	12,613,879	14,672,034	(2,058,155)	14,672,034	8,181,284	6,490,750
	-----	-----	-----	-----	-----	-----
	12,613,879	14,672,034	(2,058,155)	14,672,034	8,181,284	6,490,750
	=====	=====	=====	=====	=====	=====

(iv) Analysis of changes in financing during the year

	Share Capital		Housing Loans	
	2018	2017	2018	2017
	£	£	£	£
At beginning of year	58	71	87,619,300	77,290,754
Cash inflow from financing	4	-	-	12,946,019
Cash outflow from financing	(28)	(13)	(2,256,686)	(2,365,849)
Cash outflow from finance costs	-	-	(117,565)	(135,905)
	-----	-----	-----	-----
	34	58	85,245,048	87,735,019
Non cash items:				
Debenture discount	-	-	(4,000)	(4,000)
Amortisation of finance costs	-	-	(115,774)	(111,719)
Finance costs accrued	-	-	-	-
Other	-	-	-	-
	-----	-----	-----	-----
At end of year	34	58	85,125,274	87,619,300
	=====	=====	=====	=====

ATEB GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Principal Accounting Policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards including The Accounting Requirements for Registered Social Landlords General Determination (Wales) 2015, Financial Reporting Standard (FRS) 102 and the Statement of Recommended Practice (SORP) 2014. A summary of the more important policies which have been applied consistently are set out below.

b) Turnover

Turnover is stated net of voids but inclusive of service charges receivable, special needs, management allowances receivable and amortisation of social housing grant. Service charge income is recognised at the point at which it is collected.

Turnover for Mill Bay Homes consists of the proceeds of property sales and related income which are recognised at the point of exchange of contract.

c) Housing Properties

Housing Properties are stated at cost, to include all costs incurred in the delivery of the Association's development programme to include:

- i) Cost of acquiring land and buildings
- ii) Site development costs
- iii) External and internal development on-costs

d) Depreciation

Depreciation is provided in accordance with FRS102 and the Statement of Recommended Practice (SORP) 2014.

- i) **Housing Properties** - depreciation is charged on the gross historic cost of property components. Grant is allocated to land and the main structure of the property but not to other components. The depreciable amounts are written off over the estimated useful economic lives from the date of purchase/build. Freehold land is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives then each component is accounted for separately. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

Housing properties are broken down into the following ten components: structure, land, kitchen, bathroom, boiler, wet system, electrical system, windows, external doors and roof.

Leasehold Properties are depreciated over the remaining period of the lease.

Shared Ownership Properties are not depreciated on the basis that the residual value is likely to be greater than the net cost.

- ii) **Other Tangible Fixed Assets**

Depreciation is charged on the historic cost of other fixed assets to write them down to their estimated residual values over their expected useful lives.

Office premises – using component accounting methodology as per housing properties. The office premises is broken down into the following eight components: land, structure, boiler, wet system, windows, external doors, roof & lift. Freehold land is not depreciated.

Office equipment – 10 years

Computer equipment – 4 years

Motor vehicles – evenly over 3 to 5 years to estimated residual values

Tools – 3 years

- ii) **Replacement and Renewals**

Expenditure on assets costing less than £500 (Subsidiaries £250), which do not form part of a larger asset are written off to the Statement of Comprehensive Income in the year in which the expenditure is incurred.

e) Social Housing Grant

Social Housing Grants (SHG) are capital grants receivable from the Welsh Government are shown within trade receivables in the Statement of Financial Position. Grants received for housing properties are recognised as income in the Statement of Comprehensive Income over the expected life of the asset. SHG received after the year end in respect of expenditure before the year end has been included within Trade Receivables. Any SHG repayable or received in advance is included within Trade Payables.

ATEB GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- f) **Development Administration**
Development administration costs, including relevant office and staff overheads, are capitalised where costs are considered to be incremental to the development programme. Non-incremental costs are charged to the Statement of Comprehensive Income in accordance with FRS102.
- g) **Donated Properties Restricted Reserve**
The reserve represents the value of properties donated by the former Soroptomist Housing Association (Tenby & District) Limited. It is intended to ensure the continuing use of the properties for the provision of affordable housing.
- h) **Finance Costs**
Finance costs associated with the provision of loan finance are amortised over the term of the related loans using the effective interest rate.
- i) **Inventories**
Work in progress is valued at the lower of cost or net realisable value of development on proposed schemes.
- j) **Operating Leases**
Costs in respect of operating leases are amortised on a straight line basis over the lease. In accordance with FRS102.
- k) **Low Cost Home Ownership**
Surplus or deficits made on either the administration of Do It Yourself Home Buy Option or on the development and subsequent sale of Low Cost Home Ownership properties are credited or charged to the Statement of Comprehensive Income at the time the property has been sold. The Association accounts for Home Buy transactions by creating an investment for the loan advanced to the property owner and deducting the grant received from the Welsh Government.
- l) **Pensions**
The Group participates in the industry wide defined benefit final salary and defined contribution pension schemes. Contributions are based on pension costs across the various participating Associations taken as a whole. The assets of the scheme are invested and managed independently of the finances of the Group. Pension costs are assessed in accordance with the advice of an independent qualified actuary on a tri-annual basis. The present value of the past service deficit contribution is recognised as a liability in the Statement of Financial Position. The Statement of Comprehensive Income reflects both a financing cost in respect of the calculated present value of future contributions, as well as a charge for pension deficit contributions arising directly in the year.
- m) **Impairment**
An impairment review is undertaken on an annual basis to ensure that all properties are carried in the Statement of Financial Position at the lower of cost or recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and the fair value less costs to sell. Where assets are held for their service potential value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model. An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the surplus or deficit in the Statement of Comprehensive Income.
- n) **Improvements**
Expenditure will only be capitalised if it results in an increase to the economic performance of the asset.
- o) **Recycled Capital Grant Fund**
Amounts of Social Housing Grant otherwise repayable on disposal of properties are accounted for by credit to a Recycled Capital Grant Fund, which can be used to fund future developments that would be eligible for Social Housing Grant. The fund operates on the basis of first money in, first money out normally within a period of three years.

ATEB GROUP LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

p) Housing Finance Grant

The Housing Finance Grant (HFG) is a grant introduced by the Welsh Government in 2013/14. It is paid by the Welsh Government to RSL's as a contribution towards the cost of housing assets. The primary purpose of the HFG is to subsidise the capital and interest costs for the provision of affordable housing. The grant will be paid over a period of 30 years but delivery of the housing will take place in the first few years of the 30 year period. The accounting treatment for the grant is covered under the Housing Association Circular RSL 03/13.

q) Donated Land Value Adjustment (S.106 Properties)

Properties or land acquired at below market price from a non-public body under s106 agreements are treated in the following way: the difference between current value and the acquisition price is shown as income in the Statement of Comprehensive Income and PPE in the Statement of Financial Position.

r) Value Added Tax

Due to the nature of the business ateb Group Limited has been granted exemption from registration. Currently West Wales Care & Repair is under the VAT registration threshold and is not able to reclaim VAT. The financial statements include VAT to the extent that it is suffered by the Association and the Agency. Mill Bay Homes is registered for VAT.

s) Corporation Tax

The Association is a charitable organisation registered under the Co-operative and Community Benefit Societies 2014 and as such is not liable for Corporation Tax on its ordinary activities.

t) Loan Arrangement Fees

Loan arrangement fees and set up costs are charged to the Statement of Comprehensive Income over the life of the loan using an effective interest rate.

u) Financial Instruments

Under FRS102 loans are classified as either basic or complex. The Association has reviewed its loan portfolio and is satisfied that all loans can be classified as basic and are recognised at amortised historical cost.

v) Provisions for Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Association will be required to settle the obligation in the future and a reliable estimate can be made of the value.

w) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and on demand deposits, together with short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

x) Significant Management Judgements and Key Sources of Estimation Uncertainty.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate revised and in any future periods affected. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate revised and in any future periods affected. The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements:

Impairment of social housing properties

Management have to make an assessment as to whether an indicator of impairment exists. In making this judgement, management considered the detailed criteria set out in the Statement of Recommended Practice for Social Housing Providers (2014). Specifically this includes whether there is an impairment indicator for a cash-generating unit. For these purposes, a cash-generating unit is defined as a property scheme.

Depreciation

Tangible fixed assets, other than investment properties, are depreciated over their useful economic lives based on various factors. The actual lives of the assets are re-assessed on a periodic basis and may vary depending on the standard of the asset.

For housing property assets, the assets are broken down into components based on management's assessment of the properties and the specific costs incurred in replacing these components. Individual economic lives are assigned to these components. Management have reviewed the components and have concluded that the asset lives are appropriate.

Provisions and accruals

Management bases its judgements on the circumstances relating to each specific event and upon currently available information. However, given the inherent difficulties in the estimation of liabilities in these areas, it cannot be guaranteed that additional costs will not be incurred beyond the amounts accrued.

Defined Benefit Pension Scheme

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management estimates these factors in determining the net pension obligation in the Statement of Financial Position. The assumptions reflect historical experience and current trends.'

y) Financial assets carried at amortised cost

These comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings. Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

z) Going Concern

The company continues to adopt the going concern basis in preparing its financial statements.

ATEB GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

2 (i) Particulars of Turnover, Operating Cost and Surplus by class of business

	Turnover	Cost of sales	Operating costs	Operating surplus	Interest receivable	Interest payable	Housing Finance Grant	Surplus before taxation
	£	£	£	£	£	£	£	£
Income and expenditure from social housing lettings								
Fully rented housing accommodation	14,993,441	-	(10,378,071)	4,615,371	-	(3,515,409)	-	1,099,962
Total from social housing lettings	14,993,441	-	(10,378,071)	4,615,371	-	(3,515,409)	-	1,099,962
Income and expenditure from housing sales								
Income and expenditure from housing sales	8,433,219	(6,906,172)	(160,602)	1,366,445	-	-	-	1,366,445
Other income and expenditure								
Other income	-	-	-	(45,251)	-	-	239,057	239,057
Abortive development costs	-	-	(45,251)	(45,251)	-	-	-	(45,251)
Impairment of housing properties	-	-	-	-	-	-	-	-
Total from social housing lettings	23,426,660	(6,906,172)	(10,583,924)	5,936,565	-	(3,515,409)	239,057	2,660,213
Finance/Investment Income	-	-	-	-	31,243	-	-	31,243
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	-	(25,242)
Surplus on social housing lettings	23,426,660	(6,906,172)	(10,583,924)	5,936,565	31,243	(3,515,409)	239,057	2,666,214
Income and expenditure from other activities								
Fees	-	-	-	-	-	-	-	-
Grants and contributions	812,430	-	(702,244)	110,186	-	-	-	110,186
Other costs	-	-	-	-	1,262	21,326	-	21,326
Finance/Investment Income	-	-	-	-	-	-	-	-
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Loan Breakage Fee	-	-	-	-	-	-	-	-
Donated Land Value Adjustment	17,540	-	-	-	-	-	-	345,134
Other income (Legacy Income)	-	-	-	-	-	-	-	25,344
Surplus on ordinary activities before taxation	24,239,090	(6,906,172)	(11,286,168)	6,046,751	32,505	(3,494,083)	239,057	3,169,465
Income and expenditure from lettings:								
Fully rented housing accommodation	14,230,373	-	(9,211,357)	5,019,016	-	(3,368,967)	-	1,650,049
Total from social housing lettings	14,230,373	-	(9,211,357)	5,019,016	-	(3,368,967)	-	1,650,049
Income and expenditure from housing sales								
Income and expenditure from housing sales	8,189,020	(6,572,005)	(153,409)	1,463,606	-	-	-	1,463,606
Other income and expenditure								
Other income	-	-	(17,697)	(17,697)	-	-	120,663	120,663
Abortive development costs	-	-	(50,372)	(50,372)	-	-	-	(17,697)
Impairment of housing properties	-	-	-	-	-	-	-	(50,372)
Total from social housing lettings	22,419,393	(6,572,005)	(9,432,835)	6,414,553	-	(3,368,967)	120,663	3,166,249
Finance/Investment Income	-	-	-	-	213,660	-	-	213,660
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	-	36,741
Surplus on social housing lettings	22,419,393	(6,572,005)	(9,432,835)	6,414,553	213,660	(3,368,967)	120,663	3,416,649
Income and expenditure from other activities								
Fees	935	-	(840)	95	-	-	-	95
Grants and contributions	758,494	-	(681,445)	77,049	-	-	-	77,049
Other costs	-	-	-	-	-	(161,939)	-	(161,939)
Finance/Investment Income	-	-	-	1,655	-	-	-	1,655
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Donated Land Value Adjustment	-	-	-	-	-	-	-	609,066
Other Income	-	-	-	-	-	-	-	29,755
Surplus on ordinary activities before taxation	23,178,821	(6,572,005)	(10,115,120)	6,491,696	215,315	(3,530,906)	120,663	3,672,330

ATEB GROUP LIMITED

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

2a (i) Particulars of Turnover, Operating Cost and Surplus by class of business

	Turnover £	2018 Operating surplus £	Interest receivable £	Interest payable £	Housing Finance Grant £	Income from Mill Bay Homes £	Surplus £
Income and expenditure from social housing lettings							
Fully rented housing accommodation	14,993,441	4,615,371	-	(3,515,409)	-	-	1,099,962
Total from social housing lettings	14,993,441	4,615,371	-	(3,515,409)	-	-	1,099,962
Other income and expenditure							
Other income	-	-	-	-	239,057	1,015,274	1,254,331
Abortive development costs	-	(45,251)	-	-	-	-	(45,251)
Impairment of housing properties	-	-	-	-	-	-	-
Total from social housing lettings	14,993,441	4,570,120	-	(3,515,409)	239,057	1,015,274	2,309,041
Finance/investment Income	-	-	403,808	-	-	-	403,808
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	(25,242)
Loan Breakage Fee	-	-	-	-	-	-	345,134
Donated Land Value Adjustment	-	-	-	-	-	-	25,344
Other Income	-	-	-	-	-	-	(108,650)
Corporate Rebranding	-	-	-	-	-	-	-
Surplus on social housing lettings	-	4,570,120	403,808	(3,515,409)	239,057	1,015,274	2,949,435
Income and expenditure from social housing lettings							
Fully rented housing accommodation	14,230,373	5,019,016	-	(3,368,967)	-	-	1,650,049
Total from social housing lettings	14,230,373	5,019,016	-	(3,368,967)	-	-	1,650,049
Other income and expenditure							
Other income	-	-	-	-	120,663	1,077,676	1,198,339
Abortive development costs	-	(17,697)	-	-	-	-	(17,697)
Impairment of housing properties	-	(50,372)	-	-	-	-	(50,372)
Total from social housing lettings	14,230,373	4,950,947	-	(3,368,967)	120,663	1,077,676	2,780,318
Finance/investment Income	-	-	424,286	-	-	-	424,286
Gain/(loss) on disposal of property, plant and equipment	-	-	-	-	-	-	36,741
Loan Breakage Fee	-	-	-	-	-	-	(600,244)
Donated Land Value Adjustment	-	-	-	-	-	-	609,066
Other Income	-	-	-	-	-	-	29,755
Surplus on social housing lettings	-	4,950,947	424,286	(3,368,967)	120,663	1,077,676	3,279,922

ATEB GROUP LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

2 (ii) Turnover from social housing lettings

	2018		2017			
	General Needs & Sheltered Housing £	Supported Housing £	Total £	General Needs & Sheltered Housing £	Supported Housing £	Total £
Rent receivable net of void losses *	12,515,895	303,426	12,819,321	11,882,405	284,619	12,167,024
Service charges	1,161,687	31,920	1,193,607	1,090,018	27,185	1,117,203
	13,677,582	335,346	14,012,928	12,972,423	311,804	13,284,227
	59,181	-	59,181	87,747	-	87,747
Income from support services	877,628	13,634	891,261	844,765	13,634	858,399
SHG Amortisation	30,071	-	30,071	-	-	-
Digital inclusion grant	14,644,462	348,980	14,993,442	13,904,935	325,438	14,230,373
	30,002	-	30,002	29,333	-	29,333

* Void losses

2 (iii) Operating costs from lettings

	2018		2017			
	General Needs & Sheltered Housing £	Supported Housing £	Total £	General Needs & Sheltered Housing £	Supported Housing £	Total £
Service charges	1,161,687	31,920	1,193,607	1,090,018	27,185	1,117,203
Management	2,185,042	129,116	2,314,158	2,014,438	134,541	2,148,979
Routine maintenance	2,412,498	20,562	2,433,060	2,028,691	16,060	2,044,750
Major repairs	1,512,799	-	1,512,799	1,182,686	-	1,182,686
Depreciation of housing properties	2,872,190	15,004	2,887,194	2,712,223	14,023	2,726,246
Losses from bad debts	37,253	-	37,253	41,865	-	41,865
	10,181,469	196,602	10,378,071	9,069,921	191,809	9,261,729
Operating costs on social housing lettings	4,462,993	152,378	4,615,371	4,835,014	133,629	4,968,643
Operating surplus on social housing lettings						

ATEB GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

2a (ii) Turnover from social housing lettings

	2018			2017		
	General Needs & Sheltered Housing £	Supported Housing £	Total £	General Needs & Sheltered Housing £	Supported Housing £	Total £
Rent receivable net of void losses *	12,515,895	303,426	12,819,321	11,882,405	284,619	12,167,024
Service charges	1,161,687	31,920	1,193,607	1,090,018	27,185	1,117,203
	13,677,582	335,346	14,012,928	12,972,423	311,804	13,284,227
Income from support services	59,181	-	59,181	87,747	-	87,747
SHG Amortisation	877,628	13,634	891,261	844,765	13,634	858,399
Digital inclusion grant	30,071	-	30,071	-	-	-
Turnover from social housing lettings	14,644,462	348,980	14,993,441	13,904,935	325,438	14,230,373
	30,002	-	30,002	29,333	-	29,333

* Void losses

2a (iii) Operating costs from social housing lettings

	2018			2017		
	General Needs & Sheltered Housing £	Supported Housing £	Total £	General Needs & Sheltered Housing £	Supported Housing £	Total £
Service charges	1,161,687	31,920	1,193,607	1,090,018	27,185	1,117,203
Management	2,185,042	129,116	2,314,158	2,014,438	134,541	2,148,979
Routine maintenance	2,412,498	20,562	2,433,060	2,028,691	16,060	2,044,750
Major repairs	1,512,799	-	1,512,799	1,182,686	-	1,182,686
Depreciation of housing properties	2,872,190	15,004	2,887,194	2,712,223	14,023	2,726,246
Losses from bad debts	37,253	-	37,253	41,865	-	41,865
Operating costs on social housing lettings	10,181,469	196,602	10,378,071	9,069,921	191,809	9,261,729
Operating surplus on social housing lettings	4,462,993	152,378	4,615,371	4,835,014	133,629	4,968,643

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

3 Officers' and Senior Executives' Emoluments

Officers and Senior Executives are defined as the members of the Board of Management, Chief Executive and the Directors of ateb Group Limited.

	2018	2017
	£	£
Emoluments (including pension contributions and benefits in kind).	390,637	428,295
	=====	=====

During the year the emoluments (excluding pension contributions) of the Chief Executive who was the highest paid Senior Executive was £111,760 (2017 : £111,045).

The Senior Executives who served during the year were remunerated as follows:

	2018	2017
£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1

2018 reflects 48 months of Senior Executives' management cost (2017 : 48 months).

None of the Board received any emoluments during the year.

The Chief Executive is an ordinary member of the SHPS final salary contributory pension scheme.

4 Staff numbers and cost

The average number of full time equivalent persons (including Senior Executives) employed during the year by the Group was :

	2018	2017
Office staff	73.91	70.08
Direct Labour	41.00	35.17
Cleaning staff	0.60	0.60
	-----	-----
	115.51	105.85
	=====	=====

	2018	2017
	£	£
Staff costs for the above persons were:		
Wages and salaries	3,137,687	2,972,165
Social security costs	292,461	278,260
Pension costs (note 20)	205,952	188,212
	-----	-----
	3,636,099	3,438,637
	=====	=====

ATEB GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

3a Officers' and Senior Executives' Emoluments

Officers and Senior Executives are defined as the members of the Board of Management, Group Chief Executive and the Directors.

	2018	2017
	£	£
Emoluments (including pension contributions and benefits in kind)	390,637	428,295
	=====	=====

During the year the emoluments (excluding pension contributions) of the Chief Executive who was the highest paid Senior Executive was £111,760 (2017 : £111,045).

The Senior Executives who served during the year were remunerated as follows:

	2018	2017
£60,001 to £70,000	1	1
£70,001 to £80,000	-	-
£80,001 to £90,000	1	1
£90,001 to £100,000	1	1
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1

2018 reflects 48 months of Senior Executives' management cost (2017 : 48 months).

None of the Board received any emoluments during the year.

The Chief Executive is an ordinary member of the SHPS final salary contributory pension scheme.

4a Staff numbers and cost

The average number of full time equivalent persons (including Senior Executives) employed during the year was:

	2018	2017
Office staff	59.21	54.95
Direct Labour	36.00	31.00
Cleaning staff	0.60	0.60
	-----	-----
	95.81	86.55
	=====	=====

	2018	2017
	£	£
Staff costs for the above persons were:		
Wages and salaries	2,616,936	2,456,119
Social security costs	247,713	230,058
Pension costs (note 20a)	181,109	166,090
	-----	-----
	3,045,758	2,852,267
	=====	=====

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018**

5 Operating surplus	2018	2017
The operating surplus is stated after charging/(crediting):	£	£
Depreciation	3,032,391	2,872,991
Finance issue costs	233,339	183,508
Debenture discount charge	4,000	4,000
Auditors remuneration		
- In their capacity as auditors, including VAT	13,568	13,129
- In respect of other services, including VAT	-	-
	=====	=====
6 Gain/(loss) on disposal of property, plant and equipment	2018	2017
	£	£
Surplus / (loss) on sale of properties	(25,242)	36,741
Surplus on sale of vehicles/equipment	-	-
	-----	-----
	(25,242)	36,741
	=====	=====
7 Finance/Investment Income	2018	2017
	£	£
Finance/Investment Income	405,070	425,941
	=====	=====
8 Finance Costs	2018	2017
	£	£
On loans repayable in instalments wholly or partly in more than 5 years	3,425,159	3,278,717
On loans repayable other than in instalments wholly or partly in more than 5 years	90,250	90,250
	-----	-----
	3,515,409	3,368,967
	=====	=====
9 Loan Breakage Fee	2018	2017
	£	£
During FY 2016-17, the Association refinanced a fixed interest loan with the Co-operative Bank PLC. The bank gave notice of its intention to seek repayment of the £8m loan in 2023. The two key elements to re-financing risk are the availability of finance when repayment becomes due and the level of interest rates prevailing at the time. Independent external advice was obtained. In order to mitigate risk exposure, the decision was taken to refinance the bank loan with a new long term loan from BAE Systems Pension Fund at a fixed rate of interest. This resulted in a break cost of £600k.	-	600,244
	-----	-----
	-	600,244
	=====	=====
9 Taxation		
Mill Bay Homes Limited is the only company liable for corporation tax. The other companies are registered with charitable rules under the Co-operative and Community Benefit Societies Act 2014 and are not liable for corporation tax on their normal activities.		

ATEB GROUP LIMITED

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

5a Operating surplus	2018	2017
	£	£
The operating surplus is stated after charging/(crediting):		
Depreciation	3,027,269	2,866,321
Finance issue costs	233,339	183,508
Debenture discount charge	4,000	4,000
Auditors remuneration		
- In their capacity as auditors, including VAT	10,440	10,140
- In respect of other services, including VAT	-	-
	=====	=====
6a Gain/(loss) on disposal of property, plant and equipment	2018	2017
	£	£
Surplus/(loss) on sale of properties	(25,242)	36,741
Surplus on sale of vehicles/equipment	-	-
	-----	-----
	(25,242)	36,741
	=====	=====
7a Finance/Investment Income	2018	2017
	£	£
Finance/Investment Income	403,808	424,286
	=====	=====
8a Finance Costs	2018	2017
	£	£
On loans repayable in instalments wholly or partly in more than 5 years	3,425,159	3,278,717
On loans repayable other than in instalments wholly or partly in more than 5 years	90,250	90,250
	-----	-----
	3,515,409	3,368,967
	=====	=====
8b Transfer from subsidiary company	2018	2017
	£	£
Gift Aid payment	1,015,274	1,077,676
	-----	-----
	1,015,274	1,077,676
	=====	=====
8c Loan Breakage Fee	2018	2017
	£	£
During FY 2016-17, the Association refinanced a fixed interest loan with the Co-operative Bank PLC. The bank gave notice of its intention to seek repayment of the £8m loan in 2023. The two key elements to re-financing risk are the availability of finance when repayment becomes due and the level of interest rates prevailing at the time.	-	600,244
Independent external advice was obtained. In order to mitigate risk exposure, the decision was taken to refinance the bank loan with a new long term loan from BAE Systems Pension Fund at a fixed rate of interest. This resulted in a break cost of £600k.	-----	-----
	-	600,244
	=====	=====
9a Taxation		
Due to its charitable status, the Association is not liable for Corporation Tax on its normal activities.		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

10 Property, Plant and Equipment - Housing Properties

	Housing properties held for letting		Shared ownership properties held for letting		Total £
	Completed £	Under Construction £	Completed £		
Cost					
At 1 April 2017	192,809,029	10,224,100	-		203,033,129
Additions	4,146,403	5,617,855	366,185		10,130,443
Reclassification	5,263,731	(5,263,731)	-		-
Disposals	(635,547)	-	-		(635,547)
At 31 March 2018	201,583,616	10,578,224	366,185		212,528,025
Depreciation					
At 1 April 2017	(21,375,301)	-	-		(21,375,301)
Charged for the year	(2,753,180)	-	-		(2,753,180)
Disposals	339,272	-	-		339,272
At 31 March 2018	(23,789,209)	-	-		(23,789,209)
Net book value					
At 31 March 2018	177,794,408	10,578,224	366,185		188,738,818
At 31 March 2017	171,433,728	10,224,100	-		181,657,828

The total net book value of housing properties comprises:

	2018 £	2017 £
Freehold property	188,359,482	181,278,492
Long leasehold property	54,294	54,294
Short leasehold property	325,042	325,042
	188,738,818	181,657,828

Development administration expenditure and other indirect costs capitalised during the year amounted to £288,780 (2017 : £303,168).

Interest capitalised during the year amounted to £nil (2017 : £nil).

Component Replacement spend for the year amounted to £1,507,279 (2017: £1,385,803)

Housing Properties includes Land with a carrying value of £26,284,116 (2017: £25,028,206)

ATEB GROUP LIMITED

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

10a Property, Plant and Equipment - Housing Properties

	Housing properties held for letting		Shared ownership properties held for letting		Total £
	Completed £	Under Construction £	Completed £		
Cost					
At 1 April 2017	192,809,029	10,224,100	-		203,033,129
Additions	4,146,403	5,617,855	366,185		10,130,443
Reclassification	5,263,731	(5,263,731)	-		-
Disposals	(635,547)	-	-		(635,547)
At 31 March 2018	201,583,616	10,578,224	366,185		212,528,025
Depreciation					
At 1 April 2017	(21,375,301)	-	-		(21,375,301)
Charged for the year	(2,753,180)	-	-		(2,753,180)
Disposals	339,272	-	-		339,272
At 31 March 2018	(23,789,209)	-	-		(23,789,209)
Net book value					
At 31 March 2018	177,794,408	10,578,224	366,185		188,738,818
At 31 March 2017	171,433,728	10,224,100	-		181,657,829

The total net book value of housing properties comprises:

	2018 £	2017 £
Freehold property	188,359,482	181,278,493
Long leasehold property	54,294	54,294
Short leasehold property	325,042	325,042
	188,738,818	181,657,829

Development administration expenditure and other indirect costs capitalised during the year amounted to £288,780 (2017 : £303,168).

Interest capitalised during the year amounted to £nil (2017 : £nil).

Component Replacement spend for the year amounted to £1,507,279 (2017: £1,385,803)

Housing Properties includes Land with a carrying value of £26,284,116 (2017: £25,028,206)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

11 Property, Plant & Equipment - Other Fixed Assets

	Freehold Offices £	Tools & Equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost					
At 1 April 2017	490,981	554,232	23,743	569,272	1,638,228
Additions	-	40,170	51,421	70,451	162,042
Disposals/Write off/Adj.	-	-	(14,545)	249	(14,794)
At 31 March 2018	490,981	594,402	60,619	639,473	1,785,475
Grants and contributions					
At 1 April 2017	-	-	-	-	-
Additions	-	-	(44,101)	-	(44,101)
Disposals	-	-	-	-	-
At 31 March 2018	-	-	(44,101)	-	(44,101)
Depreciation					
At 1 April 2017	(232,303)	(441,877)	(21,444)	(365,835)	(1,061,458)
Charged for the year	(9,465)	(36,362)	(8,879)	(109,305)	(164,012)
Disposals/Write off/Adj.	-	-	14,545	177	14,722
At 31 March 2018	(241,768)	(478,238)	(15,778)	(474,964)	(1,210,748)
Net book value					
At 31 March 2018	249,213	116,164	740	164,509	530,628
At 31 March 2017	258,679	112,356	2,299	203,437	576,770

12 Investments

	2018 £	2017 £
Cost of Home Buy Loans	3,223,423	3,336,433
	3,223,423	3,336,433

The above investments represent a 30% and 50% interest in 101 (2017: 104) properties acquired under the Welsh Government Low Cost Home Ownership Schemes.

13 Inventories

	2018 £	2017 £
Completed properties held for sale	1,075,154	1,903,375
Schemes under construction	4,569,337	4,602,649
	5,644,491	6,506,024

ATEB GROUP LIMITED

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

11a Property, Plant & Equipment - Other Fixed Assets

	Freehold Offices £	Tools & Equipment £	Motor vehicles £	Computer Equipment £	Total £
Cost					
At 1 April 2017	490,981	517,571	23,743	556,266	1,588,561
Additions	-	35,822	51,421	68,954	156,197
Disposals/Write off/Adj.	-	-	(14,545)	-	(14,545)
At 31 March 2018	490,981	553,393	60,619	625,220	1,730,213
Grants and Contributions					
At 1 April 2017	-	-	-	-	-
Additions	-	-	(44,101)	-	(44,101)
Disposals	-	-	-	-	-
At 31 March 2018	-	-	(44,101)	-	(44,101)
Depreciation					
At 1 April 2017	(232,303)	(412,503)	(21,444)	(355,017)	(1,021,266)
Charged for the year	(9,465)	(32,843)	(8,879)	(107,549)	(158,737)
Disposals/Write off/Adj.	-	-	14,545	-	14,545
At 31 March 2018	(241,767)	(445,346)	(15,778)	(462,566)	(1,165,458)
Net book value					
At 31 March 2018	249,214	108,046	740	162,654	520,654
At 31 March 2017	258,679	105,068	2,299	201,249	567,295

12a Investments

	2018 £	2017 £
Cost of Home Buy Loans	3,223,423	3,336,433
	3,223,423	3,336,433

The above investments represent a 30% and 50% interest in 101 (2017: 104) properties acquired under the Welsh Government Low Cost Home Ownership Schemes.

Shares in subsidiary companies :	2018	2017
Mill Bay Homes Limited	1	1
West Wales Care & Repair Limited	1	1
Effective Building Solutions Limited	1	1
	3	3

13a Inventories

	2018 £	2017 £
Work In Progress	309,178	161,582
	309,178	161,582

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

14a Trade Receivables**Amounts falling due within one year**

	2018	2017
	£	£
Arrears of Rent and Service Charges	483,074	425,337
Less: Provision for bad and doubtful debts	(59,000)	(54,500)
	-----	-----
	424,074	370,837
Prepayments and accrued income	1,745,184	1,139,857
Social Housing Grant and capital contributions receivable	2,094,788	-
Housing Finance Grant	59,774	29,954
Other receivables	178,993	792,578
	-----	-----
	4,502,813	2,333,226
	=====	=====

Other receivables includes £1,161 (2017 : £1,995) in respect of car loans to staff for assisted car purchase repayable within one year. The number of staff included in the scheme at 31 March 2018 was 1 (2017: 2).

14b Amounts falling due after more than one year

	2018	2017
	£	£
Housing Finance Grant	3,498,841	1,682,833
	-----	-----
	3,498,841	1,682,833
	=====	=====
	2018	2017
	£	£
Rent Arrears - Long Term Repayment Plans	7,669	7,062
	-----	-----
	7,669	7,062
	=====	=====

15a Trade Payables**Amounts falling due within one year**

	2018	2017
	£	£
Rental income prepaid	184,358	171,920
Accrued interest	862,488	310,482
Amounts owed in respect of housing development	425,180	804,713
Taxation, pension and social security	109,788	103,151
Social Housing Grant and contributions received in advance	4,553,108	-
Other payables	115,922	69,700
Accruals and deferred income	1,803,409	1,671,338
Housing loans	3,207,308	2,727,461
Grant Recycling Fund	484,741	586,696
SHG - Deferred Income	918,398	888,982
Annual Leave Accrual	46,146	47,406
Past Service Pension Liability	188,027	173,760
Movement in amortisation of loan acquisition cost	1,093	(1,048)
	-----	-----
	12,899,967	7,554,561
	=====	=====

ATEB GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

14a Trade Receivables	2018	2017
Amounts falling due within one year	£	£
Arrears of Rent and Service Charges	483,074	425,337
Less: Provision for bad and doubtful debts	(59,000)	(54,500)
	-----	-----
	424,074	370,837
Prepayments and accrued income	107,693	135,436
Inter-company debtors - subsidiary companies	1,105,140	1,074,672
Social Housing Grant and capital contributions receivable	2,094,788	-
Housing Finance Grant	59,774	29,954
Other receivables	105,757	709,328
	-----	-----
	3,897,225	2,320,227
	=====	=====

Other receivables includes £1,161 (2017 : £1,995) in respect of car loans to staff for assisted car purchase repayable within one year. The number of staff included in the scheme at 31 March 2018 was 1 (2017: 2).

14b Amounts falling due after more than one year	2018	2017
Loan to subsidiary company	£	£
	5,580,000	5,850,000
	-----	-----
	5,580,000	5,850,000
	=====	=====
	£	£
Housing Finance Grant	3,498,841	1,682,833
	-----	-----
	3,498,841	1,682,833
	=====	=====
	£	£
Rent Arrears Long Term Repayment Plans	7,669	7,062
	-----	-----
	7,669	7,062
	=====	=====

15a Trade Payables	2018	2017
Amounts falling due within one year	£	£
Rental income prepaid	184,358	171,920
Accrued interest	862,488	310,482
Amounts owed in respect of housing development	258,568	635,193
Taxation, pension and social security	109,788	103,151
Social Housing Grant and capital contributions received in advance	4,553,108	-
Inter-company creditors - subsidiary companies	604	-
Other payables	17,171	13,022
Accruals and deferred income	1,721,467	1,435,559
Housing loans	3,207,308	2,727,461
Grant Recycling Fund	484,741	586,696
SHG - Deferred Income	918,398	888,982
Movement in amortisation of loan acquisition cost	1,093	(1,048)
Annual Leave Year End Accrual	35,452	34,642
Past Service Pension liability	176,535	162,717
	-----	-----
	12,531,079	7,068,776
	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

15b Trade Payables

Amounts falling due after one year	2018 £	2017 £
Housing Loans	81,916,873	84,889,771
Grant Recycling	-	-
SHG - Deferred Income	94,397,020	91,411,900
Homebuy Grant - Deferred Income	3,223,423	3,336,433
Past Service Pension Liability	925,870	1,113,816
	-----	-----
	180,463,186	180,751,920
	=====	=====

15c(i) Housing Loans

Housing loans are secured by specific charges on the Association's housing properties and are repayable as

Repayable by instalments	2018 £	2017 £
One year or less	3,207,308	2,727,461
Between one and five years	10,440,507	10,989,636
In five years or more	71,367,606	73,779,321
	-----	-----
	85,015,421	87,496,418
Finance Costs	(774,721)	(856,145)
	-----	-----
	84,240,700	86,640,273
	=====	=====
Repayable otherwise than by instalments in more than five years	2018 £	2017 £
In more than five years	1,000,000	1,000,000
Less : Debenture Discount Account	(16,972)	(20,972)
	-----	-----
	983,028	979,028
	=====	=====

Long term finance from Banks, Building Societies and Bond providers represent loans taken out over a 5 to 33 year period. At 31 March 2018 of the total loans outstanding the ratio of fixed rate loans to variable rate interest loans was 76:24 (2017: 67:33). At the year-end interest rates ranged from 2.76% to 9.87%.

15d SHG and other grants

	Housing properties held for letting		Shared ownership properties held for letting		Total £
	Completed £	Under Construction £	Completed £		
SHG at 1 April 2017	94,471,568	5,707,728	-		100,179,296
HFG at 1 April 2017	1,793,909	-	-		1,793,909
Additions	542,880	3,456,906	-		3,999,786
Reclassification	1,921,250	(1,921,250)	-		-
Disposals	(107,897)	-	-		(107,897)
	-----	-----	-----		-----
At 31 March 2018	98,621,710	7,243,384	-		105,865,093
	=====	=====	=====		=====
At 31 March 2017	96,265,477	5,707,728	-		101,973,205
	=====	=====	=====		=====
Amortisation					
At 1 April 2017	(9,672,321)	-	-		(9,672,321)
Charged for the year	(891,261)	-	-		(891,261)
Disposals	13,907	-	-		13,907
	-----	-----	-----		-----
At 31 March 2018	(10,549,675)	-	-		(10,549,675)
	-----	-----	-----		-----
Net book value					
At 31 March 2018	88,072,035	7,243,384	-		95,315,418
	=====	=====	=====		=====
At 31 March 2017	86,593,156	5,707,728	-		92,300,884
	=====	=====	=====		=====

ATEB GROUP LIMITED

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

15b Trade Payables		
Amounts falling due after more than one year	2018	2017
	£	£
Housing Loans	81,916,873	84,889,771
SHG - Deferred Income	94,397,020	91,411,900
Homebuy Grant - Deferred Income	3,223,423	3,336,433
Past Service Pension liability	871,748	1,048,283
	-----	-----
	180,409,064	180,686,387
	=====	=====
follows:		
Repayable by instalments	2018	2017
	£	£
One year or less	3,207,308	2,727,461
Between one and five years	10,440,507	10,989,636
In five years or more	71,367,606	73,779,321
	-----	-----
	85,015,421	87,496,418
Finance Costs	(774,721)	(856,145)
	-----	-----
	84,240,700	86,640,273
	=====	=====
Repayable otherwise than by instalments in more than five years	2018	2017
	£	£
In more than five years	1,000,000	1,000,000
Less : Debenture Discount Account	(16,972)	(20,972)
	-----	-----
	983,028	979,028
	=====	=====

(II) **Non-Housing Loans**

Long term finance from Banks, Building Societies and Bond providers represent loans taken out over a 5 to 33 year period. At 31 March 2018 of the total loans outstanding the ratio of fixed rate loans to variable rate interest loans was 76:24 (2017: 67:33). At the year-end interest rates ranged from 2.76% to 9.87%.

15d SHG and other grants

	Housing properties held for letting		Shared ownership properties held for letting		Total
	Completed	Under Construction	Completed		
	£	£	£	£	£
SHG at 1 April 2017	94,471,568	5,707,728	-	-	100,179,296
HFG at 1 April 2017	1,793,909	-	-	-	1,793,909
Additions	542,880	3,456,906	-	-	3,999,786
Reclassification	1,921,250	(1,921,250)	-	-	-
Disposals	(107,897)	-	-	-	(107,897)
	-----	-----	-----	-----	-----
At 31 March 2018	98,621,710	7,243,384	-	-	105,865,093
	=====	=====	=====	=====	=====
At 31 March 2017	96,265,477	5,707,728	-	-	101,973,205
	=====	=====	=====	=====	=====
Amortisation					
At 1 April 2017	(9,672,321)	-	-	-	(9,672,321)
Charged for the year	(891,261)	-	-	-	(891,261)
Disposals	13,907	-	-	-	13,907
	-----	-----	-----	-----	-----
At 31 March 2018	(10,549,675)	-	-	-	(10,549,675)
	-----	-----	-----	-----	-----
Net book value					
At 31 March 2018	88,072,035	7,243,384	-	-	95,315,418
	=====	=====	=====	=====	=====
At 31 March 2017	86,593,156	5,707,728	-	-	92,300,884
	=====	=====	=====	=====	=====

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

15e Grant Recycling Fund

	2018 £	2017 £
Opening Balance	586,696	503,645
Property Sales	202,725	212,790
Recycled to Development	(304,680)	(129,739)
	-----	-----
Closing Balance	484,741	586,696
	=====	=====

15f Homebuy Grant

	2018 £	2017 £
Homebuy Grant	3,223,423	3,336,433
	-----	-----
Homebuy Grant	3,223,423	3,336,433
	=====	=====

16 Called up share capital - non equity

	2018 £	2017 £
Allotted issued and fully paid		
At the beginning of the year	58	71
Issued	4	-
Cancelled	(28)	(13)
	-----	-----
At the end of the year	34	58
	=====	=====

Members hold shares of £1. The shares are non-transferable and non-redeemable and carry no rights to receive either income or capital payments.

17 Reserves

	At 1 April 2017 £	Surplus for the year £	Transfer of reserves £	At 31 March 2018 £
Revenue Reserve	22,495,181	3,078,274	(33,585)	25,539,869
Designated Reserves				
Business Continuity	189,448	-	13,660	203,108
Restricted Reserves				
Donated Properties	140,000	-	-	140,000
Hardship Fund	58,287	-	2,385	60,673
Legacy Fund	-	-	17,540	17,540
	-----	-----	-----	-----
Total	22,882,916	3,078,274	-	25,961,190
	=====	=====	=====	=====
Analysed as:				
Revenue Reserve				25,539,869
Designated Reserves				203,108
Restricted Reserves				218,213

				25,961,190
				=====

Designated Reserves are unrestricted reserves which are earmarked for specific purposes.

18 Capital Commitments

	2018 £	2017 £
Capital & development expenditure that has been contracted for but has not been provided for in the financial statements:	24,577,296	10,544,013
	=====	=====
Capital & development expenditure that has been authorised by the Board of Management but has not yet been contracted for:	30,661,324	15,795,218
	=====	=====

The commitments at 31 March 2017 will be funded from grants from the Welsh Government, or local authorities, the balance being funded from private finance loans and sales under the Low Cost Home Programme.

ATEB GROUP LIMITED

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

15e Grant Recycling Fund

	2018 £	2017 £
Opening Balance	586,696	503,645
Property Sales	202,725	212,790
Recycled to Development	(304,680)	(129,739)
	-----	-----
Closing Balance	484,741	586,696
	=====	=====

15f Homebuy Grant

	2018 £	2017 £
Homebuy Grant	3,223,423	3,336,433
	-----	-----
	3,223,423	3,336,433
	=====	=====

16a Called up share capital - non equity

	2018 £	2017 £
Allotted issued and fully paid		
At the beginning of the year	58	71
Issued	4	-
Cancelled	(28)	(13)
	-----	-----
At the end of the year	34	58
	=====	=====

Each member of the Association holds one share of £1. The shares are non-transferable and non-redeemable and carry no rights to receive either income or capital payments.

17a Reserves

	At 1 April 2017	Surplus for the year	Transfer of reserves	At 31 March 2018
	£	£	£	£
Revenue Reserve	22,360,078	2,949,435	-	25,309,513
Restricted Reserves				
Donated Properties	140,000	-	-	140,000
	-----	-----	-----	-----
Total	22,500,078	2,949,435	-	25,449,513
	=====	=====	=====	=====

Analysed as:

Revenue Reserve	25,309,513
Restricted Reserves (Donated Properties)	140,000

	25,449,513
	=====

18a Capital Commitments

	2018 £	2017 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	16,347,765	5,424,935
	=====	=====
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for:	20,839,650	6,085,687
	=====	=====

The commitments at 31 March 2018 will be funded from grants from the Welsh Government, or local authorities, the balance being funded from private finance loans and sales under the Low Cost Home Ownership Programme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

19 Operating leases

The companies hold photocopiers, telecommunications equipment and vehicles on non-cancellable operating leases. At the Statement Of Financial Position date the commitments (inc VAT) under such leases are as follows:

	2018 £	2017 £
Comittment:		
Within one year	112,663	81,605
Within two to five years	265,828	192,735
	=====	=====

20 Pensions Obligations

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

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

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

Deficit Contributions	
Tier 1	£40.6m per annum
From 01 April 2016 to 30 September 2020:	(payable monthly and increasing by 4.7% each year on 01 April.)
Tier 2	£28.6m per annum
From 01 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 01 April.)
Tier 3	£32.7m per annum
From 01 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 01 April.)
Tier 4	£31.7m per annum
From 01 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 01 April.)

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

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 based on an AA corporate bond yield curve. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision	31 March 2018 £	31 March 2017 £	31 March 2016 £
Present Value of Provision	1,113,614	1,287,576	1,391,521

Reconciliation of Opening and Closing Provisions	Period Ending 31 March 2018 £	Period Ending 31 March 2017 £
Provision at the start of period	1,287,576	1,391,521
Unwinding of the discount factor (interest expense)	15,940	27,601
Deficit contribution paid	(174,043)	(167,611)
Remeasurements - impact of any change in assumptions	(15,859)	36,065
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	1,113,614	1,287,576

Statement of Comprehensive Income Impact	Period Ending 31 March 2018 £	Period Ending 31 March 2017 £
Interest Expense	26,940	27,601
Remeasurements - impact of any change in assumptions	33,141	36,065
Remeasurements - amendments to the contribution schedule	-	0

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

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

ATEB GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2018**

19a Operating leases

The Association has photocopiers, telecommunications equipment and vehicles on non-cancellable operating leases. At the Statement Of Financial Position date the Association had annual commitments (inc. VAT) under such leases as follows:

	2018 £	2017 £
Commitment:		
Within one year	93,759	65,874
Within two to five years	218,930	139,467
	=====	=====

20a Pensions Obligations

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme.

Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005.

This, together with documents issued by the Pensions Regulator and Technical Actuarial standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme.

Participating employers are legally required to meet their share of the scheme deficit on annuity purchase basis on withdrawal from the scheme.

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

Deficit Contributions

Tier 1		
From 01 April 2016 to 30 September 2020:	£40.6m per annum	(payable monthly and increasing by 4.7% each year on 01 April.)
Tier 2		
From 01 April 2016 to 30 September 2023:	£28.6m per annum	(payable monthly and increasing by 4.7% each year on 01 April.)
Tier 3		
From 01 April 2016 to 30 September 2026:	£32.7m per annum	(payable monthly and increasing by 3.0% each year on 01 April.)
Tier 4		
From 01 April 2016 to 30 September 2026:	£31.7m per annum	(payable monthly and increasing by 3.0% each year on 01 April.)

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

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.

Present Values of Provision	31 March 2018 £	31 March 2017 £	31 March 2016 £
Present Value of Provision	1,048,000	1,211,000	1,308,000

Reconciliation of Opening and Closing Provisions	Period Ending 31 March 2018 £	Period Ending 31 March 2017 £
Provision at the start of period	1,211,000	1,308,000
Unwinding of the discount factor (interest expense)	15,000	26,000
Deficit contribution paid	(163,000)	(157,000)
Remeasurements - impact of any change in assumptions	(15,000)	34,000
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	1,048,000	1,211,000

Statement of Comprehensive Income Impact	Period Ending 31 March 2018 £	Period Ending 31 March 2017 £
Interest Expense	26,000	26,000
Remeasurements - impact of any change in assumptions	34,000	34,000
Remeasurements - amendments to the contribution schedule	-	-

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 March 2018

21 Contingent Liabilities

Social Housing Grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would not be eligible for grant;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Demolition of a property where the site does not form part of a new social housing development by a RSL;
- A disposal given rise to a repayment of discount under Schedule 2 to the Housing Associations Act 1985.

An employer debt could arise on withdrawal from the Association's final salary pension through the Social Housing Pension Scheme (SHPS). The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30 September 2014 was £8,856,062. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.

22 Units in Management

	2018	2017
At end of year	2,690	2,617

23 Legislative Provisions

As at 31st March 2018 the Association is a charitable organisation registered under the Co-operative and Community Benefit Societies Act 2014. It is not registered for Value Added Tax.

West Wales Care and Repair Limited is a charitable organisation registered under the Co-operative and Community Benefit Societies Act 2014. It is not registered for Value Added Tax.

As at 31st March 2018 the company is a company limited by shares and is registered under the Companies Act 2006 having converted from a 'registered society' registered under Co-operative and Community Benefit Society Act 2014 in 2017.

24 Group Structure

The Association holds the controlling interest in two subsidiary companies, Mill Bay Homes Limited and West Wales Care & Repair Limited.

25 Related Parties

Board members were reimbursed a total of £1,216 for attending meetings.

Board Member Cllr. Mr D Simpson was an elected representative of Pembrokeshire County Council.

Any transactions with Pembrokeshire County Council are made at arms length and on normal commercial terms.

Board Members of the subsidiary company West Wales Care and Repair Limited, Cllr. L Frayling

Cllr. Mr S Hancock are elected representatives of Pembrokeshire County Council.

Board Members, Cllr. C Hughes and Cllr. D Edwards are elected representatives of Ceredigion County Council.

Any transactions with Pembrokeshire County Council and Ceredigion County Council are made at arms length and on normal commercial terms.

26 Pension Provision

The Association has reviewed its pension provision and has closed the Defined Benefit scheme to new members with effect from 31 March 2018. It has introduced an enhanced Defined Contribution scheme for new and existing members.

ATEB GROUP LIMITED

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

21a Contingent Liabilities

Social Housing Grant may become repayable in the following circumstances:

- Disposal of a property (including disposals on assisted ownership terms) other than to another RSL;
- Change of use of a property to a use that would not be eligible for grant;
- Change of use of a property to a use that would be eligible for a lesser amount of grant;
- Demolition of a property where the site does not form part of a new social housing development by a RSL;
- A disposal given rise to a repayment of discount under Schedule 2 to the Housing Associations Act 1985.

An employer debt could arise on withdrawal from the Association's final salary pension through the Social Housing Pension Scheme (SHPS). The estimated employer debt for the Association on withdrawal from the SHPS plan based on the financial position of the scheme as at 30 September 2014 was £8,277,805. As events which could crystallise the debt are unlikely to arise in the foreseeable future, no specific provision is deemed necessary.

22a Units in Management	2018	2017
At end of year	2,690	2,617

23a Legislative Provisions

As at 31st March 2018 the Association is a charitable organisation registered under the Co-operative and Community Benefit Societies Act 2014. It is not registered for Value Added Tax.

West Wales Care and Repair Limited is a charitable organisation registered under the Co-operative and Community Benefit Societies Act 2014. Mill Bay Homes Limited is a non-charitable organisation registered under the Companies Act 2006.

24a Group Structure

The Association holds the controlling interest in two subsidiary companies, Mill Bay Homes Limited and West Wales Care & Repair Limited.

25a Related Parties

Board members were reimbursed a total of £580 for attending meetings.

Board Member, Cllr. Mr D Simpson was an elected representative of Pembrokeshire County Council.

Any transactions with Pembrokeshire County Council are made at arms length and on normal commercial terms.

West Wales Care and Repair Limited is a wholly controlled subsidiary company and has an outstanding inter-company debtor balance of £3,107. (2017 creditor: £1,103).

During the year the Parent charged West Wales Care & Repair the following: Office rent £12,447, Management charges £16,728

During the year the parent contributed the following to West Wales Care & Repair: £49,898.

Mill Bay Homes Limited is a wholly controlled subsidiary and has an outstanding inter company creditor balance of £6,682,034

(2017: £6,923,570). This is made up of a loan balance of £5,580,000, gift aid of £1,015,274 and management recharges of £86,780.

During the year the parent advanced £5,560,000 in loans and received £6,050,000 in loan repayments from Mill Bay Homes.

The loan is a revolving credit facility on a commercial rate of interest.

During the year the parent charged Mill Bay Homes the following: Office rent £3,105, Management charges £20,250 and

Project management charge £12,764.

26d Pension Provision

The Association has reviewed its pension provision and has closed the Defined Benefit scheme to new members with effect from 31 March 2018. It has introduced an enhanced Defined Contribution scheme for new and existing members.