Curo Group (Albion) Ltd.

Financial Statements
Year ended 31 March 2017

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Registered Company number 4302179
Homes & Communities Agency registration number LH4336

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Curo Group (Albion) Ltd.

Year ended 31 March 2017

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Curo Group (Albion) Ltd.

Board, Executive Officers and Advisors

Non Executive Directors

Elizabeth Potter (Chair)	(appointed a Director 18 July 2016, appointed Chair 19 September 2016)
Dermot Courtier	(appointment ended 20 February 2017, acting Chair from 22 April 2016 to 19 July 2016)
Richard Stillwell (Senior Independent Director)	(appointed 18 July 2016)
Rick de Blaby	(appointed 17 October 2016)
Elaine Barnes	(appointed 11 October 2016)
Chris Wilson	(appointed 21 November 2016)
Alex Marsh	(appointment to Curo Group Albion Ltd ended 17 October 2016, appointment to Curo Places Ltd maintained)
David Ashmore	(appointed 17 October 2016)
Roger Thomas	(appointment ended 22 April 2016, Chair)
Gareth Lloyd	(appointment ended 4 May 2016)
Sandie Lewis	(appointment ended 16 April 2016)
Brian Tapp	(appointment ended 17 October 2016)
Rob Appleyard	(appointment ended 17 October 2016)
Claire Lerpiniere	(appointment ended 17 October 2016)
Martin Nurse	(appointment ended 17 October 2016)
Robert Durie	(appointment ended 18 July 2016)
John Weir	(appointment ended 18 April 2016)

Executive Directors

Victor da Cunha	(appointed 21 November 2016)
Simon Gibbs	(appointed 20 February 2017)

Executive Officers

Victor da Cunha	Group Chief Executive
Simon Gibbs	Executive Director – Finance & Strategy
Donna Baddeley	Executive Director – Corporate Services
Gerraint Oakley	Managing Director – Curo Homes
Shaun Carr	Executive Director – Property Services (appointed 20 March 2017

Company Secretary

Philippa Armstrong

Board, Executive Officers and Advisors (continued)

Registered Office	The Maltings River Place Lower Bristol Road Bath BA2 1EP Tel: 01225 366000
Group Members	Curo Group (Albion) Ltd. Curo Places Ltd. Curo Choice Ltd. Curo Enterprise Ltd. Curo Market Rented Services Ltd.
Solicitors	Anthony Collins Devonshires Geldards
Bankers	Barclays Bank plc
Funders	Lloyds Banking Group plc Barclays Bank plc Santander UK plc M&G Investment Management Limited Orchardbrook Limited Norwich and Peterborough Building Society
Independent Auditors	PricewaterhouseCoopers LLP Chartered accountants and statutory auditors 2 Glass Wharf Bristol BS2 0FR

Curo Group (Albion) Ltd. is a company limited by guarantee. It is registered in England, company number 4302179. It is registered with the Homes & Communities Agency (registration number LH4336).

Group Strategic Report for the year ended 31 March 2017

The Board presents its report and audited consolidated financial statements of the Curo Group (Albion) Ltd. (the 'Group') and its subsidiary undertakings, for the year ended 31 March 2017.

Overview of the business

Curo is a housing association and housebuilding organisation based in Bath, providing affordable homes and support services across the West of England. We manage over 13,000 homes for more than 25,000 people and plan to build between 200 to 400 new homes every year over the next 5 years.

The group is a social enterprise, we do not pay dividends to shareholders. We reinvest the surplus from our commercial house building and lettings businesses into our core social purpose. Our main activities are as follows:

- Long term rented housing for people who are unable to afford to rent or buy on the open market
- Low cost home ownership homes
- Sheltered and supported housing for those who need additional support
- Building homes for sale

Group Structure

Our group structure includes the following legal entities:

Curo Places Ltd is our core landlord business, managing 11,746 social homes in Bath and the surrounding areas. Curo Places Ltd is a charitable Community Benefit Society registered with Financial Conduct Authority and a Registered Social Landlord.

Curo Choice Ltd is a specialist support business, which provides services to both residents and non-residents. Curo Choice Ltd is a charitable Community Benefit Society.

Curo Enterprise Ltd is a housebuilding company, generating income to cross-subsidise our core business. Curo Enterprise Ltd is a company limited by shares.

Curo Market Rented Services Ltd is a private market rented company, also generating income to cross-subsidise our core business. Curo Market Rented Services is a company limited by shares and commenced trading on 31st March 2017.

Curo Group (Albion) Ltd is the holding company for the Group. A non-asset holding company that provides strategic, management and support services to the rest of the Group. Curo Group (Albion) Ltd is a company limited by guarantee.

Strategic priorities

The Group's strategic priorities, as set out in the Strategic Plan 2017-2022, are:

- Delivering renowned customer service
- Providing great properties and places
- Supporting independent and successful lives
- Building high quality homes
- Maintaining a resilient business

Review of the Year

During the year we achieved the following key milestones:

- Provision of new homes – we completed 155 new affordable homes in 2016/17.
- Value For Money - we improved the cost effectiveness of customer facing operational services and improved support service efficiency delivering in year savings of £1.5m within our social business.
- Welfare Reform – we supported the transition of over 1,000 customers to Universal Credit

- Colleague engagement – achieved 27th place in the Times Best 100 Not-for-Profit Companies in our first year of entry
- Commercial activities: Curo Enterprise Ltd – we have built and sold 37 private homes generating a margin of over £2m and we have established Curo Market Rented Services Ltd, a private rented sector company
- Governance – we have implemented all recommendations from an independent governance review including putting in place a new Chair and refreshed Board

More detailed information about our financial position and operating performance is given elsewhere in this report.

Regulation & Corporate Governance

Regulatory Framework

The Group is regulated by the Homes and Communities Agency (HCA). It has to comply with the regulatory framework applicable from April 2015. The framework retains at its core the principle of co-regulation. Boards are responsible for the effective performance of their organisations, compliance with the standards and being transparent and accountable to stakeholders.

The HCA framework retains seven standards set out in two primary areas; Economic and Consumer.

Economic
- Governance and financial viability
- Value for money (VFM)
- Rent

Consumer
- Tenant involvement and empowerment
- Home
- Tenancy
- Neighbourhood and community

The regulator expects the consumer standards to be met, but it will only intervene in a service delivery matter if there is evidence of actual or potential serious detriment. Curo's Combined Board and Scrutiny Panel are responsible for ensuring that the consumer standards are met.

The Board

The term 'corporate governance' generally refers to the supervision of how an organisation is run and how it manages the risks to its business. It includes regulation, corporate structure and the function of the Board.

The Group is led by the Combined Board, a virtual Board, that enables efficient decision making across the Group. The Combined Board comprises of Board directors from Curo Group (Albion) Ltd, Curo Places Ltd and Curo Choice Ltd as illustrated in the table below.

Legal Entity/ Board Composition	Social Business				Commercial Business	
	Curo Group (Albion) Ltd	Curo Places Ltd	Curo Choice Ltd	Combined Board	Curo Enterprise Ltd	Curo Market Rented Services
Core Board Directors (NED)	6	6	6	6	2	-
Independent subsidiary Board directors (NED)	-	1	1	2	1	-
Executive Directors	2	2	2	2	2	2
Total	**8**	**9**	**9**	**10**	**5**	**2**

All non commercial entities within the Group comply with the National Housing Federation's 'Code of Governance' 2015.

Curo Enterprise Ltd and Curo Market Rented Services Ltd are commercial subsidaries of the Group. Both companies have a separate Board.

Governance review

During the year and in pursuit of Best Practice in Governance, we completed all recommendations from an independent review of our governance arrangements undertaken in 2015, including:

- Reducing the size of our Board;
- Appointing a new Chair and Senior Independent Director;
- Appointing two Executive Directors to the Board
- Streamlining and simplifying our committee structures;
- Enhancing the functions between Executive and Non-Executive as the organisation moved towards having Executives on the Board.

These governance improvements have been shared with the regulator and as a result their regulatory judgement has been reassessed as meeting the highest requirements on governance set out in the Governance and Financial Viability standard (known as 'G1'). This judgement sits alongside the 'V1' judgement on Financial Viaibility.

Delegation

The Combined Board is responsible for strategy for the Group as well as overseeing its performance. Specific responsibilities have been delegated to committees which have their own approved terms of reference. Day-to-day performance is delegated to the Executive Team. The major committees supporting the Combined Board and governance arrangements during the year were:

Audit and Assurance Committee – responsible for overseeing internal and external audit, the effectiveness of internal controls and the risk management framework.

Governance and Remuneration Committee – responsible for advising the Board on governance, remuneration and Board or Committee appointments, as well as remuneration and contractual terms for the Executive Team.

Key risks

The Group has in place a risk management strategy and framework which provides a guide for Board directors and colleagues on the Group's approach to risk management. A high level, strategic risk map is also maintained. The definition of strategic risk for this purpose is an event that could prevent the business plan from being achieved if it were to crystallise. A strategic risk register is maintained summarising key controls to manage each risk, it also defines who is responsible for the control, and how the control effectiveness is monitored. Risks are analysed according to their potential impact and probability i.e. high, medium and low given the current control environment. Through the process of regular review those risks which present the greatest threats to the Group are identified and reported to the Audit and Assurance Committee on a quarterly basis and to the Combined Board at every meeting. Day-to-day business risks are managed at an operational level. The Audit and Assurance Committee selects individual operational risks for an in-depth review at its meetings. All operational risks are also reviewed and updated by senior management on a regular basis. Action plans are regularly updated to mitigate any risks with both high impact and probability in order to reduce the net future risk to medium or low.

Risk management supports the achievement of business objectives by:

- Enhancing the quality of decision-making, planning and prioritisation;
- Contributing to effective allocation of resources; and

- Protecting and enhancing the Group's assets and image.

The principal risks and opportunities which may affect our business and the future performance of the Group are set out below.

Risk	Potential Impact	Mitigation
Recession/financial slowdown has an adverse impact on Curo's financial position.	• Fall in property values leads to reduced demand to purchase new homes. • Fall in property values leads to impairment of housing assets. • Interest rates increase leading to higher cost of borrowing. • Cost inflation exceeds increases in income leading to reduced surpluses.	• Prudent financial assumptions are applied to the Financial Plan. • Stress testing of Financial Plan undertaken to understand the future impact of various scenarios. • Detailed mitigation plans in place to address specific risks.
Changes in government policy.	• The Homes and Communities Agency sets and controls the majority of the rents of the group. A change in rent has a direct impact on the results of the group. • Welfare reform that adversely impacts our customers reduces their ability to pay and may lead to a negative impact on income streams of the group.	• Prudent financial assumptions are applied to the Financial Plan. • Stress testing of Financial Plan undertaken to understand the future impact of various scenarios. • Detailed mitigation plans in place to address specific risks.
Non compliance with statutory health and safety requirements.	• Potential harm caused to customers, colleagues, or the general public. • Criminal prosecution and/or civil action prosecution. • Reputational damage.	• Independent review of practices/approach undertaken by specialists in this field. • Comprehensive compliance reporting framework in place. • Monthly review of compliance with Executive Team.

Fire Safety

Curo take the safety of our customers very seriously. In common with Housing Associations across the UK, we are working to assure residents and key stakeholders that all appropriate fire safety measures are in place and up to date for our properties.

Curo own seven buildings with six or more storeys. None of these properties has externally cladded insulation and all of these properties have up to date Fire Risk Assessments in place.

In light of the Grenfell Tower tragedy, Curo have been carrying out additional inspections to ensure fire safety standards are maintained. In addition, we will be working closely with our partners at Avon Fire & Rescue to see if there is anything more we could reasonably do to further improve fire safety.

Value for Money Statement 2016-17

Our Value for Money ("VFM") statement covers:

1. VFM Strategy
2. VFM performance in 2016/17 as measured by operating margin, cost per unit, return on assets and social return on investment
3. The results of benchmarking performance against designated peer groups
4. VFM plans and targets for 2017/18

1. VFM Strategy

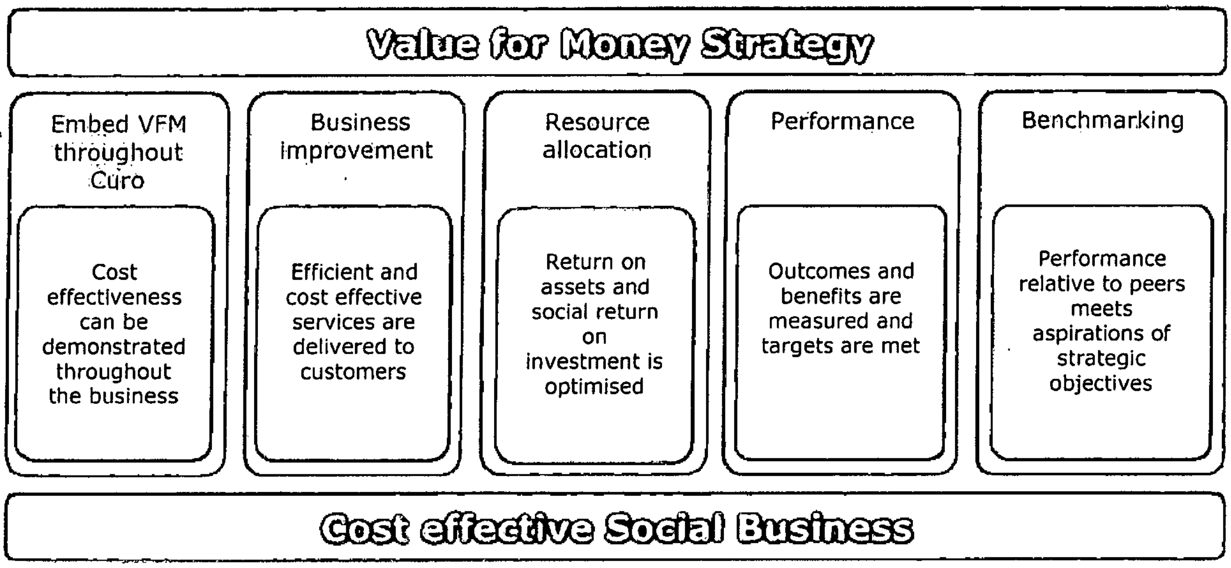
VFM is one of the economic standards within the regulatory framework of the Homes & Communities Agency (HCA) under which housing associations must articulate and deliver a comprehensive and strategic approach to achieving value for money in meeting their objectives.

During the year we completed the final year of the five year corporate strategy entitled "Curo's Big Plan". Curo's VFM strategy is an integral part of how it delivers the outcomes that support the strategic priorities set out in the Big Plan and in the new Strategic Plan 2017-2022, which are as follows:

- Delivering renowned customer service
- Providing great properties and places
- Supporting independent and successful lives
- Building high quality homes
- Maintaining a resilient business

Delivering these priorities requires Curo to have sufficient financial capacity to invest in new customer service platforms, refurbish its housing stock, build new homes and help its customers to be financially solvent. The financial capacity to invest in these areas requires Curo to ensure that its operations are cost-effective and represent value for money for its customers.

During the year we reviewed and updated our VFM strategy, aligning it with the new Strategic Plan. The strategy combines 5 activities which collectively ensure that we run a cost-effective social enterprise business by defining targets, setting plans to achieve these targets and measuring how we perform against those targets.



1.1 Embed VFM throughout Curo

Accountability and responsibility for cost and quality outcomes are reflected in budgets, team plans and individual performance objectives.

1.2 Business improvement

Business improvement is driven via a Business Improvement Portfolio (BIP) which is a series of interconnected activities to improve the capability and cost effectiveness of Curo to serve our customers.

1.3 Resources allocation

Our development and asset management strategies seek to optimise our return on assets. We also measure return on assets in terms of social impact.

1.4 Performance

Strategic and operational performance indicators are reviewed across Curo to ensure we are maintaining or improving service quality and cost effectiveness. Performance is reported and discussed with the Board regularly.

1.5 Benchmarking

Benchmarking is a key part of delivering VFM within Curo. As a member of the Housemark Benchmarking Club we share operational and financial information that allow cost and quality performance comparisons to be made.

2. VFM Performance 2016/17

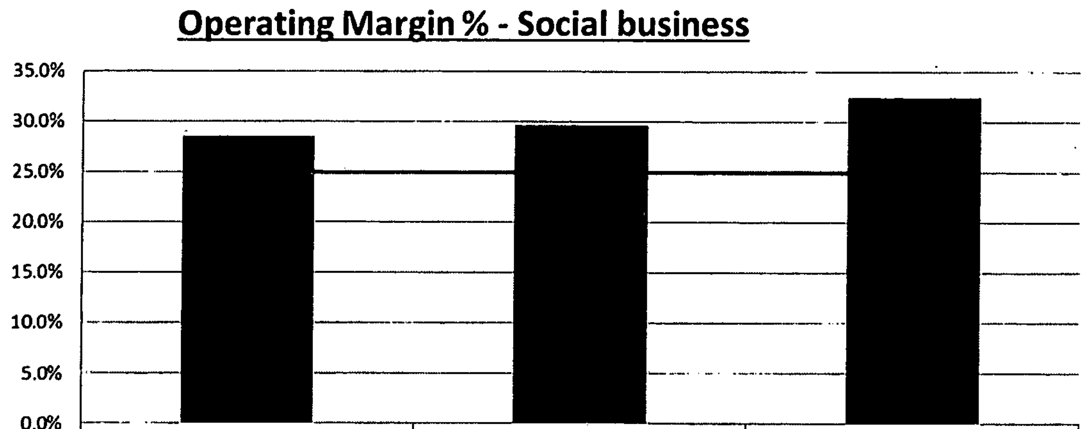
We measure our VFM performance against four targets as follows:

1. Operating Margin (Social business)
2. Cost per Unit (Social business)
3. Return on Assets (Consolidated and by business stream)
4. Social Return on Investment

2.1 Operating Margin

Our key focus for 2016/17 was on exceeding our target operating margin surplus of 25% for the social business, which excludes Curo Enterprise the commercial house-building business, which has its own set of targets. Curo ensures that it achieves VFM from its investment in Curo Enterprise by setting sales, operating margin, working capital and net surplus targets in the budget setting process and Financial Plan.

In 2016/17 the social business exceeded the 25% target increasing its operating margin from 29.7% to 32.5%. Note: figures reported over the 3 years below exclude the one-off non-operational impact of provisions for impairment, regeneration activities and closure of pension scheme.



	2015	2016	2017
Operating Margin %	28.6%	29.7%	32.5%
Target	25.0%	25.0%	25.0%

The principle driver behind the increase in the social business operating margin was the application of the VFM strategy. During the year Curo reduced its operating expenditure in the social business by £1.5m as follows:

BIP has delivered cost and quality improvements driving value for money for our customers. This year's cost savings came primarily from reductions in operating costs across our Tenancy Management, Responsive Repairs and Asset Management teams of £0.7m.

During 2016, we changed the way we manage tenancy services moving away from a geographic to a functional approach – this has reduced the number of colleagues providing the service, but also improved our productivity and transaction end to end time for our customers. Tenancy management costs per unit reduced to £75 in the year, 2nd quartile performance whilst customer satisfaction increased from 78.3% to 80.1%.

Responsive repair performance improved during the year with efficiency gains in first time fix and productivity resulting in both lower levels of expenditure (saving £0.2m) and increased customer satisfaction. The number of repair jobs outstanding as at 31 March 2017 totalled 1,793. This was significantly lower than the position at the beginning of the year which was 2,700.

Following the announcement of reductions in social rent levels in the summer of 2015 Curo has taken swift action to adjust our back office cost base accordingly, in order to mitigate any adverse impact on front line services and our ambition to deliver new affordable homes. The full year benefit of reducing headcount and reducing discretionary expenditure across all support services totalled £0.8m in 2016/17.

2.2 Cost per unit (CPU)

The table below is an extract from the HCA Global Accounts database with Curo Places Limited costs compared to the 'All England' peer group comprising of associations with more than 1,000 homes in management. The costs referenced by the HCA only include the social housing lettings costs within Curo Places Limited.

The Housemark West of England and HCA Global Accounts benchmark analysis do not use the same methodology to apportion costs but provide a useful tool to help us understand our relative performance.

Our CPU for 2016/17 totalled £3,364, 6% lower than median which equates to a £2.4m lower cost base than our median peer. CPU decreased by 7% in year when compared to the 2015/16 total of £3,599.

		2015/16 Quartile		
Cost per unit (£)	Actual 2016/17	Lower quartile	Median	Upper quartile
Maintenance	785	790	970	1,180
Major Repairs	1,336	540	810	1,080
Total Repairs and Maintenance	2,121	1,330	1,780	2,260
Management	765	740	1,020	1,320
Service Charge	218	240	360	600
Other	260	80	210	450
Total CPU	**3,364**	**3,120**	**3,570**	**4,350**

All England (more than 1,000 units) HCA Global Accounts data 2015/16

Whilst overall CPU performance is better than median, the level of investment in repairs and maintenance is closer to upper quartile than median. Curo has a legacy housing stock that had low levels of investment pre stock transfer and has required a sustained investment programme to extend the longevity of the fabric and components. The stock also includes nearly 600 Georgian period properties that typically attract higher specialist and general maintenance costs – these Georgian properties contribute £200 to the major works CPU – excluding these costs brings us closer to median performance across the peer group.

2.3 Return on Assets

The table below provides an overview of our asset base and its current and projected financial performance measured by the return on capital employed (ROCE). Figures stated compare the operating surplus, adjusted to remove the impact of one off impairment charges, as a percentage of total capital employed.

	TOTAL	**Social Rented**	**Shared ownership**	**Investment properties**	**House builder**
Actual ROCE 2014/15	3.5%	3.9%	5.6%	10.8%	(5.1%)
Actual ROCE 2015/16	3.7%	4.4%	6.5%	10.8%	(3.2%)
Actual ROCE 2016/17	4.7%	4.8%	6.6%	15.5%	1.6%
Forecast ROCE 2017/18	4.7%	4.1%	6.5%	17.2%	6.8%

Total ROCE improved during 2016/17 by 1% to 4.7% due to improved financial performance across all business streams within Curo.

Performance within Curo Enterprise, our housebuilding company, was a primary driver for the improvement - creating a positive ROCE return for the first time in 2016/17. During the year Enterprise completed the build and sale of 37 private homes across 2 sites. This together with the disposal of land at Mulberry Park Bath, generated turnover of £24m and a gross profit of nearly £4m (16%). ROCE for 2017/18 is projected to increase further to 6.8% in 2017/18 as the volume of homes completed increases. All profits generated by Curo Enterprise will be reinvested back into the social business.

Investment property ROCE includes our market rent and shops portfolio. The improvement in ROCE during the year is due to increased volume and profitability of our market rent properties that are now managed internally having been previously managed by a third party.

Social rented ROCE also increased in the year by 0.4% to 4.8% reflecting the improvement in both operating surplus and working capital levels. Social rented ROCE is projected to reduce during 2017/18 as a result of the reduction in social rental income coupled with an increased contingency for bad debts due to the further roll out of Universal Credit – estimated to increase by 1,800 customers during the year taking Curo to nearly 70% of full roll out.

A key factor to financial performance on the return on social rented homes is our ability to make more informed choices on whether to keep, convert or dispose of poor performing assets. We have maintained a Stock Condition survey completion rate of 92% and use this data to identify how properties are performing on both a financial and qualitative basis.

This stock condition data provides us with more accurate intelligence about safety issues, thermal efficiency and component condition to inform replacement priorities. We've profiled our stock and identified the worst 500 performers based on Net Present Value (NPV). When these properties become void, they are appraised and we determine whether we should dispose, change tenure or retain them.

We appraised 47 properties during 2016/17:

- 13 were approved for disposal (9 properties disposed during 2016/17 generating surplus of £1.4m)
- 11 had tenure converted to market rent producing annualised incremental income £49k per annum
- 23 were retained for social rent (based on either their financial performance, quality of home etc.)

2.4 Social Return On Investment

We generated a Social Return on Investment (SROI) equivalent to £10.7m during 2016/17. This measures the value saved to the public purse by assessing the number of instances we have prevented State intervention (using independent standard reference cost figures) thus producing a monetary value for each social return outcome.

Last year we supported around 3,200 people every week. Our SROI includes:

- prevention of 334 people becoming homeless
- prevention of 506 admissions to residential care
- prevention of 1,738 Accident & Emergency admissions
- prevention of 2,509 attendance to GP consultation

During 2016/17 we also:

- Delivered 14 apprenticeships within Curo
- Offered 20 university/school work placements to local students

- Helped 332 of our customers into work, education or training
- Achieved 4 apprenticeship places as a result of our procurement activity

3. VFM Benchmarks – analysis of comparative costs and quality

3.1 Housemark (West Of England) benchmark

We use the core benchmarking tool provided by Housemark to assess our relative cost and quality performance in comparison with a selection of our regional peers.

Performance highlights in the year included:

- Delivered 1st quartile void turnaround times and void losses
- Reduced cost per unit for the following services;
  - Major works and cyclical maintenance CPU, now 2nd Quartile
  - Response repairs and void works, remains 2nd Quartile
  - Tenancy management CPU, now 2nd Quartile
  - Average cost of a void repair, now 1st Quartile
- Increased customer satisfaction for quality of home, last repair, neighbourhood

We currently have two financial performance indicators in the 4th Quartile:

- Arrears management – cost per unit
  - Bath & North East Somerset LA are one of the first local authorities to roll out Universal Credit (UC). During the year 1,000 customers transitioned to UC taking our total to 1,200. In order to manage the transition effectively we have increased resource. Whilst this increase in cost has taken the service to Q4 quartile the associated increase in arrears has been lower than budgeted.
- Estate services – cost per unit
  - Compared to our peers, the cost of providing estate services (grounds maintenance, cleaning, bulk refuse collection etc) is 4th Quartile. We are currently in the process of tendering all estate services contracts. The target for 17/18 remains at 4th Quartile levels with the volume of works, not uncompetitive pricing, driving the comparatively high cost.

The table below shows our actual performance over the last 3 years in terms of cost and quality in our main social housing business areas, and shows our performance quartile position relative to our peers. The 4 quartiles are represented by 4 colours – 1st Quartile performance is shown by the green box, 2nd Quartile is shown by the yellow box, 3rd quartile by amber and 4th Quartile by the red box.

Key Performance Indicators (KPIs)	14/15 Actual	15/16 Actual	16/17 Actual
Major works and cyclical maintenance – Cost per unit	£1,511	£1,495	£1,422
Quality of home satisfaction	79.0%	75.5%	78.9%
Response repairs and void works – Cost per unit	£743	£697	£690
Average cost of a void repair	£2,053	£2,178	£1,972
Average cost of a responsive repair	£120	£110	£116
Customer satisfaction with last repair	84.0%	83.7%	84.1%
Lettings - Cost per unit	£44	£49	£47
Void turnaround (General Needs & Housing for older persons)	24 days	17.2 days	11.9 days
Void losses (GN&HfOP)	0.65%	0.64%	0.54%
Customer satisfaction with Lettings	90%	89%	88%
Arrears management - Cost per unit	£80	£83	£96
Rent arrears	3.10%	2.43%	2.76%
Estate services - Cost per unit	£169	£181	£193
Customer satisfaction with Neighbourhood	79.0%	82.0%	82.7%
Tenancy management - Cost per unit	£94	£77	£75
Overall customer satisfaction with services provided	79.0%	78.3%	80.1%

Key Performance Indicators (KPIs)	14/15 Actual	15/16 Actual	16/17 Actual
Colleague - overall satisfaction	76.0%	85.6%	85.3%
Sickness absence working days/shifts lost	10.3	8.1	8.3

West of England Housing Associations based on Housemark 2015/16 outturn

Quartile performance reported above is based on our comparative performance against our regional peers. Going forward we will change our primary comparator to the all England peer group comprising all HA's with over 1,000 homes in management in order to provide greater coverage and a closer comparison to the peer group measured in the HCA cost per unit benchmark.

4. VFM Plans and Targets for 2017/18

Our key VFM plans and targets for 2017/18 are projected to be as follows:

- **Social Business - Operating Margin**: we are projecting to exceed our operating margin target for the social business, which remains unchanged at 25%, even though our rental income will reduce and the bad debt profile will deteriorate following the further roll out of Universal Credit.
- **Cost per unit (HCA):** we are projecting to maintain our position of a CPU at or below the median (£3,570).
- **Return on Capital Employed (ROCE):** we project that we will deliver a 4.5% ROCE on assets with increased returns from our housebuilding operation, Curo Enterprise, offsetting assumed increases in bad debt levels in the social business following further rollout of Universal Credit.
- **Social Return On Investment (SRoI):** is projected to fall to £10.5m in 2017/18 because the opportunities for our Care & Support business will be limited by reductions in local authority spending.

Curo has to ensure it has sufficient resources to deliver the strategic priorities set out in the Strategic Plan 2017-2022. The role of VFM is to ensure that Curo runs an efficient, cost effective and customer focused business in order to optimise the resources available.

Financial performance progression

Financial performance for the last three years is as follows (£m).

Statement of Comprehensive Income	2017	2016	2015
Turnover	97.9	74.7	69.7
Operating costs and cost of sales	(75.7)	(58.0)	(52.1)
Operating surplus	22.2	16.7	17.6
Net interest charge and other financing costs	(8.8)	(8.4)	(7.9)
Surplus on sale of assets	2.5	2.3	0.9
Fair value in investment properties	0.2	0.2	1.9
Corporation Tax	0.2	(0.2)	-
Surplus for the year	16.3	10.6	12.5
Statement of Financial Position	**2017**	**2016**	**2015**
Housing properties at cost less depreciation	470.9	461.3	444.6
Investment properties at valuation	6.7	6.5	6.2
Fixed assets	477.6	467.8	450.8
Other tangible fixed assets & LT debtors	5.0	7.6	6.1
Net current assets/(liabilities)	39.0	63.9	50.4
Creditors due after one year	(404.1)	(437.7)	(401.9)
Pension provision	-	-	(13.2)
Net Assets	117.5	101.6	92.2
Total Reserves	117.5	101.6	92.2

Financial review

The main accounting policies of the Group are set out on pages 28 to 36 of the financial statements.

The Group's finances are sound and a key objective is to maintain this financial strength so that we can continue to invest both in new homes and in our service improvements. The key financial indicators we use are:

- Operating margin, for the business as a whole and also specifically for social housing lettings – a measure of efficiency.
- Interest cover, measuring our ability to pay loan interest and ensure that operational cash flows cover costs of debt.
- Debt per unit managed, to measure borrowings against units in management

To show a true reflection of underlying operational performance, the key financial ratios are stated both including and excluding one-off impairment charges and regeneration provisions.

Financial Ratios (as reported)	2017	2016	2015
Operating margin – all activities	22.7%	22.3%	25.3%
Operating margin – on social housing lettings	32.6%	21.2%	27.3%
Interest cover – including asset sales	309.6%	228.2%	220.0%
Debt per unit managed - £	£22,058	£24,834	£22,688
Financial Ratios (adjusted to remove impact of regeneration provision/impairment)	**2017**	**2016**	**2015**
Operating margin – all activities	25.6%	30.4%	25.3%
Operating margin – on social housing lettings	33.2%	30.7%	27.3%
Interest cover – including asset sales	340.8%	294.3%	220.0%
Debt per unit managed - £	£22,058	£24,834	£22,688

From a financial risk perspective, Curo apply 5 Financial Rules. These rules are internal parameters for us to operate within and are agreed and reported regularly with the Board. The 5 Financial Rules are operating margin (of our social business), interest cover, investment in regeneration, investment in Curo Enterprise and the proportion of turnover derived from private house sales. During the year Curo has operated within these financial rules.

Income and expenditure

Turnover for the year totalled £97.9m an increase of £23.3m on the previous year reflecting the growth in Curo Enterprise Ltd. through the sale of land at Mulberry Park, Bath and the completion of 37 private home sales.

Group operating surplus for 2016/17 totalled £22.2m, £5.5m higher than the previous year. This surplus included £2.9m of impairment charges relating primarily to the write down of land within Curo Enterprise Ltd.

The underlying improvement in operating surplus, excluding the one-off impact of impairment charges, regeneration provisions and closure of pension schemes, totalled £4.8m. Curo Enterprise generated £2.8m of this improved surplus, building and selling 37 private market homes. The remaining £2.0m increase in operating surplus is a result of improved financial performance of the social business largely through cost reduction measures undertaken to address the 1% rent decrease.

Reserves

Net surplus for the year totalled £16.3 (2016: £10.6m), increasing our revenue reserves to £135.8m as at 31 March 2017 (2016: £119.6m). We will invest this in delivery of new homes, maintaining and improving our existing homes and improving our services to residents.

Balance sheet

Some key balance sheet facts as at 31st March 2017 are:

- Housing properties depreciated cost £471m (an increase of £11m in the year).
- Homes in management now total 13,125
- £265m of loans had been drawn, leaving £86m undrawn.
- Net current assets were £39m, including £9m of cash at bank or on deposit.

Following the closure and settlement of the Avon Pension Fund scheme last year the Group's exposure to pension risk is now greatly reduced. With the exception of one individual, all colleagues who are active members of a pension scheme through Curo participate in a defined contribution scheme with no future liability to Curo. Curo's only remaining pension risk relates to the defined benefit Social Housing Pension Scheme (SHPS) where a liability would arise 12 months after the last remaining active member leaves the scheme. This liability would not be triggered if a Curo colleague enrolled in the SHPS defined contribution scheme within the 12 month period.

Cash flow

Cash flows for the year are set out in the cash flow statement on page 27, which shows:

- Net cash inflow from operating activities of £39.5m (2016: outflow of £2.5m). Cash outflow for 2016 included two large one-off payments relating to pension termination costs (£10.7m) and final stage payment for land at Mulberry Park (£19.8m).
- Our net interest charge was £8.4m, a decrease of £0.6m on the prior year.

During the year £20m (2016: £28m) was spent on new properties and capital investment in existing homes. Social housing grant of £1.5m (2016: £4.4m) was received and net loans totalling £29m were repaid (2016: £30m loan drawn).

Capital structure and treasury strategy

The Group has a formal treasury management strategy, which is regularly reviewed. The purpose of the policy is to ensure that we have sufficient funding for the medium term and to establish the framework within which the Group seeks to protect and control risk and exposure in respect of its borrowings and cash holdings. The treasury strategy addresses funding and liquidity risk and covenant compliance.

The Group has one active borrower; Curo Places Ltd. Curo Places Ltd is partly funded by syndicate loans provided through Curo Group (Albion) Ltd (the Group's parent company). The remaining borrowing is through bilateral loan agreements.

Borrowing and arranged facilities, as at 31 March 2017, can be summarised as follows:

	Arranged £m	Drawn £m
Curo Places	350.3	264.8

At 31st March 2017, the Group had £85.5m (2016: £57.0m) of arranged facilities that were not drawn. Cash held or on deposit at the year-end totalled £7.0m, leaving net debt of £257.8m (2016: £274.6m).

The weighted average period for drawn debt is 18 years 10 months (2016: 20 years 6 months). Approximately £16m of existing drawn loans are due to be repaid in the next five years, ensuring the Group has minimal refinancing risk. The weighted average cost of debt, inclusive of margins and hedging activities as at 31st March 2017 was 3.30% (2016: 3.38%).

There are two intercompany loan arrangements currently in place; £100m loan facility between Curo Places Ltd (lender) and Curo Enterprise Ltd (borrower); £0.75m loan facility between Curo Places Ltd (lender) and Curo Market Rented Services Ltd (borrower). Both facilities are repayable on demand.

Current liquidity

The Group's policy is to hold a minimum of £5 million in cash which is placed on instant access deposits. These deposits are spread over a number of banks which meet our investment criteria in respect of creditworthiness and approved limits.

Interest rate management

The Group has actively managed its loan portfolio, seeking to take advantage of low long term interest rates. In this way the Group can achieve certainty in terms of interest rate cost but in the short term can still borrow at the very low variable rates currently on offer.

As at 31 March 2017, the percentage of fixed and variable rate loans was as follows, fixed 81.4% (2016: 70.0%) variable 18.6% (2016: 30.0%). This is within our Treasury policy threshold of 85% fixed.

Loan covenant compliance

Loan covenants are primarily determined by interest cover and asset cover, based on social housing values. Both financial and non-financial covenants are monitored regularly and were met throughout the year and at the year end for all loan facilities.

Investment for the future

The Group is committed to spending approximately £22m annually over each of the next five years to maintain and improve its existing housing stock. It tries to maintain a balance of 40:60 in spreading this expenditure between day to day responsive repairs and planned works.

The Group has an active development programme and at the end of March 2017 has development plans for 1,600 new homes over the next five years.

Statement of Board's responsibilities

The directors are responsible for preparing the Group Strategic Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group and parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards, comprising FRS 102 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006 , the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Group's Board Directors who served during the year and up to the date of signing the financial statements are listed on page 1.

Report of the Board on Internal Control

The Combined Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The Combined Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and can only provide reasonable assurance, and not absolute assurance, that key business objectives and expected outcomes will be achieved and that there will be no material misstatement of records or losses incurred. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Combined Board has adopted a risk-based approach to internal controls which is embedded within the normal management and governance process. This approach includes regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice on internal control and risk management.

The process adopted by the Combined Board in reviewing the effectiveness of the system of internal control, together with some key elements of the control framework includes:

- *Identification and evaluation of key risks*

  Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and on-going process of management review in each area of the Group's activities. This process is coordinated through a regular reporting framework by the Audit and Assurance Committee. The Executive Team manage significant risks facing the Group and the Executive Team are responsible for reporting to the Board any significant changes affecting key risks.

- *Monitoring and corrective action*

  A process of control, self-assessment and regular management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

- *Control environment and control procedures*

  The Combined Board retains responsibility for a range of issues covering strategic, operational, financial and compliance issues including business planning. The Board has adopted the National Housing Federation Code of Governance 2015 (for the Group's non-commercial entities), which promotes excellence for Federation members in governing their organisations and being accountable, independent and diverse. The Combined Board has conducted a review of its performance against this Code and can demonstrate compliance. The Code has been translated into an appropriate framework of standing orders, financial regulations, policies and procedures which Board Directors and colleagues follow. These cover issues such as delegated authority, procurement, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

  Together with the Standing Orders and Financial Regulations the Combined Board has also established additional policies, which are designed to provide effective internal control and achieve effective corporate governance. The policies include Group-wide Treasury Policy Statement, Fraud, Health and Safety, Code of Conduct, Gifts and Hospitality, Procurement, Equality and Diversity, Public Interest Disclosure ("Whistle Blowing") and Data Protection together with policies covering all aspects of Employment Law and operational policies.

- *Information and financial reporting systems*

  Financial reporting procedures include the setting of an annual budget and management accounts reporting to Management Teams and the Executive Team on a monthly basis and on a quarterly basis to the Board. Long term Strategic Financial Plans are reviewed and approved by the Board and revised during the year if necessary. There is a fully inclusive approach with Board and colleagues in terms of updating the Business Plan and associated Financial Plan. The Board also reviews key performance indicators on a quarterly basis to assess progress towards the achievement of key business objectives, targets and outcomes. Performance on key performance indicators is benchmarked nationally.

The internal control framework and the risk management process are subject to regular review by the Group's internal auditors and risk advisors who are responsible for providing independent assurance to the Combined Board via the Audit and Assurance Committee. The Audit and Assurance Committee considers internal control and risk at each of its meetings during the year, with the risk registers being presented to the Audit and Assurance Committee and Boards at every meeting.

The Combined Board has received the Audit and Assurance Committee's and the Executive Team's annual assurance report detailing the evidence to support the Group's review of the effectiveness of the Group's systems of internal control. This process involves service Directors and Heads of Service reviewing and confirming to the Executive Team that throughout the year there were adequate systems of internal control in place. The Executive Team provide their assurance to the Audit and Assurance Committee whose chair provides a report for the Combined Board. This system is supported by further evidence to provide the required level of assurance including details of the key policies and internal control systems together with external evidence from internal and external auditors and other key external stakeholders.

The Combined Board has reviewed the Audit and Assurance Committee's and Executive Team's annual report, conducted its annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. Where issues have been identified action plans are in place and will be enacted.

Following the completion of a detailed Governance Acition Plan, the HCA has confirmed that the organisation does meet all governance requirements and has been returned to G1 rating.

The Group has a Fraud Policy and associated register. The Fraud Register is considered at each meeting of the Audit and Assurance Committee, the composition of which includes Combined Board representatives. Minutes from the Audit and Assurance Committee are made available at each appropriate Combined Board meeting.

The Combined Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board.

Directors' indemnity statement

All Board directors, committee members and colleagues of the Group are provided with Directors and Officers Liability insurance through the National Housing Federation.

Colleagues

Curo aims to recruit, develop and reward high quality colleagues. It aims to keep colleagues informed on matters affecting them and on the business of the Group as a whole so that their views can be taken into account when making decisions that are likely to affect their interests. This is carried out in a number of ways including departmental meetings, formal and informal briefings, a colleague newsletter, an intranet site and a Group-wide Colleague Network.

The Group aims to be an excellent employer and is committed to equality of opportunity throughout the organisation. The Group aims to develop a workforce that reflects the diversity of the community within which it works. The Group gives full and fair consideration to applications for employment from disabled persons, having regard to their particular aptitudes and abilities. Appropriate arrangements are made for the continued employment and training, career development and promotion of disabled persons employed by the Group.

If colleagues become disabled the Group seeks, wherever possible, to continue employment either in the same or an alternative position, with appropriate retraining or assistance being given if necessary. Applications are encouraged from groups which are under-represented in the workforce when compared to our customer profile. This involves providing positive action with regards to people with disabilities and people who have been homeless, attendance at job fairs, work with voluntary groups representing disadvantaged people, training and development opportunities for colleagues from particular groups within the workforce. Training and development is therefore provided to colleagues according to individual and organisational needs. The Group's equality policy addresses the recruitment of colleagues.

During the year, Curo was recognised in the Times 100 Best Companies, coming 27th in the not-for-profit category.

Residents

The Group actively seeks and encourages residents' participation. One of the major residents' groups is the Scrutiny Panel which reviews services and performance across the group.

Health & safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides colleague training and education on health and safety matters.

Equal opportunities

The Group is committed to an active Equal Opportunities Policy from recruitment and selection, through training and development, appraisals and promotion to retirement. It is our policy to promote an environment free from discrimination, harassment and victimisation, where everyone will receive equal treatment regardless of gender, gender reassignment, colour, ethnic or national origins, disability, hours of work, nationality, religion or belief, marital or civil partner status, disfigurement, political opinions or sexual orientation. All decisions relating to employment practices will be objective, free from bias and based solely upon work criteria and individual merit. The group is responsive to the needs of its colleagues, residents and the community at large and we are an organisation which uses everyone's talents and abilities and where diversity is valued.

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason it continues to adopt the going concern basis in the financial statements.

Statement of compliance

In presenting the Strategic Report, the Board has endeavoured to follow the principles regarding purpose, audience, time-frame, reliability, comparability and financial and non-financial measures as set out in the Statement of Recommended Practice for Accounting by Registered Social Landlords 2014.

Annual General Meeting

The Annual General Meeting will be held on 18 September 2017.

Disclosure of information to auditors

At the date of making this report each of the Group's Board directors, as set out on page 1, confirm the following:

- So far as each Board director is aware, there is no relevant information needed by the group's auditors in connection with preparing their report of which the Group's auditors are unaware.

- Each Board director has taken all the steps that they ought to have taken as a Board director in order to make themselves aware of any relevant information needed by the Group's auditors in connection with preparing their report and to establish that the Group's auditors are aware of that information.

Independent auditors

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

The Group Director's Report and the Group Strategic Report were approved by the Board on 17 July 2017 and signed on its behalf by:

Elizabeth Potter Chair	Richard Stillwell Board Director	Victor da Cunha Group Chief Executive

Independent auditors' report to the members of Curo Group (Albion) Ltd

Report on the financial statements

Our opinion

In our opinion, Curo Group Albion Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2017 and of the group's and the company's surplus and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and Accounting Direction for Private Registered Providers of Social Housing 2015.

What we have audited

The financial statements comprise:

- the group and company statement of financial position as at 31 March 2017;
- the group and company statement of comprehensive income for the year then ended;
- the group and company statements of changes in equity for the year then ended;
- the group cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Directors' Responsibilities Statement set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the registered provider's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Group Strategic Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Lynn Pamment

Lynn Pamment (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Bristol
Date: 21 July 2017

(a) The maintenance and integrity of the Group and Company website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated and Company Statement of Comprehensive Income

For the year ended 31 March 2017

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Turnover	5	97,903	74,643	5,656	7,640
Operating expenditure	5	(75,724)	(57,967)	(5,464)	(4,677)
Operating surplus	5	**22,179**	**16,676**	**192**	**2,963**
Gain on disposal of property, plant and equipment	7	2,458	2,284	-	-
Surplus on ordinary activities		24,637	18,960	192	2,963
Interest receivable	8	34	81	2,005	2,086
Interest payable and similar charges	9	(8,827)	(8,448)	(2,000)	(2,086)
Movement in fair value of investment properties	15	201	260	-	-
Surplus on ordinary activities before taxation		**16,045**	**10,853**	**197**	**2,963**
Taxation	13	225	(225)	225	(225)
Surplus for the year	10	**16,270**	**10,628**	**422**	**2,738**
Other comprehensive income:					
Change in fair value of hedged financial instruments		(292)	(963)	-	-
Actuarial loss on pension scheme	27	(24)	(261)	-	-
Other comprehensive expense		**316**	**(1,224)**	**-**	**-**
Total comprehensive income for the year		**15,954**	**9,404**	**422**	**2,738**

Consolidated and Company Statement of Financial Position

As at 31 March 2017

	Note	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Fixed assets					
Housing properties	14	470,910	461,315	-	-
Investment properties	15	6,693	6,492	-	-
Other property, plant & equipment	16	5,083	5,339	-	-
Total fixed assets		**482,686**	**473,146**	-	-
Current assets					
Debtors: amounts falling due after more than one year	18	-	2,310	144,500	173,000
Stocks	17	55,465	62,680	-	-
Debtors: amounts falling due within one year	18	3,744	2,489	152	139
Cash and cash equivalents		8,893	20,441	744	740
		68,102	87,920	145,396	173,879
Creditors: amounts falling due within one year	19	(26,774)	(20,445)	(466)	(871)
Net current assets		**41,328**	**67,475**	**144,930**	**173,008**
Total assets less current liabilities		**524,014**	**540,621**	**144,930**	**173,008**
Creditors: amounts falling due after more than one year	20	(403,303)	(434,864)	(144,500)	(173,000)
Provision for liabilities and charges	21	(3,184)	(4,184)	-	-
Net assets		**117,527**	**101,573**	**430**	**8**
Capital and reserves					
Revenue reserve		135,842	119,596	430	8
Cash flow hedge reserve		(18,315)	(18,023)	-	-
		117,527	**101,573**	**430**	**8**

The financial statements on pages 24 to 57 were authorised for issue by the Board of Directors on 17 July 2017 and were signed on its behalf.

Elizabeth Potter
Chair

Richard Stillwell
Board Director

Victor da Cunha
Group Chief Executive

Consolidated and Company Statement of Changes in Equity
For the year ended 31 March 2017

Group consolidated	Cash flow hedge reserve	Revenue reserve	Total
	£000	£000	£000
At 1 April 2015	(17,060)	109,229	92,169
Surplus for the year	-	10,628	10,628
Change in fair value of hedged financial instruments	(963)	-	(963)
Remeasurements of net defined benefit obligation	-	(261)	(261)
At 31 March 2016	**(18,023)**	**119,596**	**101,573**
Surplus for the year	-	16,270	16,270
Change in fair value of hedged financial instruments	(292)	-	(292)
Remeasurements of net defined benefit obligation	-	(24)	(24)
At 31 March 2017	**(18,315)**	**135,842**	**117,527**

Company	Revenue reserve	Total
	£000	£000
At 1 April 2015	(2,730)	(2,730)
Surplus for the year	2,738	2,738
At 31 March 2016	**8**	**8**
Surplus for the year	422	422
At 31 March 2017	**430**	**430**

Consolidated Statement of Cash Flows

For the year ended 31 March 2017

	Notes	Group 2017 £000	Group 2016 £000
Net cash inflow/(outflow) from operating activities	34	**39,476**	**(2,490)**
Cash flows from investing activities			
Purchase of fixed assets - housing properties		(19,666)	(27,520)
Purchase of fixed assets - other	16	(571)	(227)
Proceeds from sale of fixed assets		4,609	2,789
Grant received		1,496	4,423
Interest received		34	81
Net cash used in investing activities		**(14,098)**	**(20,454)**
Cash flows from financing activities			
Interest paid		(8,373)	(9,010)
New loans		8,000	72,000
Repayment of borrowings		(36,553)	(41,800)
Net cash (used)/ generated from financing activities		**(36,926)**	**21,190**
Decrease in cash and cash equivalents in the year		**(11,548)**	**(1,754)**
Cash and cash equivalents at the beginning of the year		20,441	22,195
Cash and cash equivalents at the end of the year		**8,893**	**20,441**

Curo Group – Accounting Policies

Notes to the Financial Statements for the Year ended 31 March 2017

1) **General information**
Curo Group (Albion) Limited ('the Company') and its subsidiaries (together "the Group") operate a not-for-profit housing and support organisation based in Bath, providing affordable homes and high quality care and support services across the West of England. Curo Group (Albion) Ltd., a public benefit entity, is a private company limited by guarantee and is registered with the Homes and Communities Agency as a social housing provider. Curo Group (Albion) Ltd. registered office is The Maltings, River Place, Lower Bristol Road, Bath BA2 1EP.

2) **Statement of compliance**
The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for the Group includes, the Companies Act 2006, the Cooperative and Community Benefit Societies Act 2014, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

3) **Summary of significant accounting policies**
The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

a) **Basis of preparation**
These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

b) **Going concern**
The Group meets its day-to-day working capital requirements through its bank facilities. The Group's forecasts and projections, taking account of reasonably possible changes in financial operating performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

c) **Exemptions for qualifying entities under FRS 102**
In preparing the separate financial statements of the parent company, advantage has been taken not to disclose a separate cash flow statement under FRS 102.

d) **Basis of consolidation**
The Group financial statements consolidate the financial statements of the Curo Group (Albion) Ltd. and all its subsidiaries up to 31 March 2017. Intra group sales and profits are eliminated fully on consolidation. The accounting treatment adopted for the consolidation of Curo Group (Albion) Ltd, Curo Places Ltd, Curo Choice Ltd, Curo Enterprise Ltd and Curo Market Rented Services Ltd for the preparation of the consolidated financial statements is set out below. Accounting policies are consistent across the Group.

3) Summary of significant accounting policies (continued)

e) Revenue recognition

Turnover

The Group generates and recognises turnover from the following material income streams:-

Income Stream	Revenue Recognition
Rental income	Recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of void loss. Rental income is deferred to a future period where it does not relate to the current period.
Service Charge income	The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Turnover, net of void loss, is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and revenue recognition criteria met. The cost of providing these services is recognised in operating cost.
Support Income	Income relating to support services funded under Supporting People is recognised as it falls due under the contractual arrangements with the Administering Authority.
Disposal proceeds of current assets such as: • properties developed for outright sale; or • shared ownership first tranche sales	Proceeds on property sales are recognised when the risks and rewards of ownership transfer, principally on legal completion of the sale. Proceeds from first tranche disposals are accounted for as turnover in the Statement of Comprehensive Income of the period in which the disposal occurs and the cost of sale is transferred from current assets to operating costs. Proceeds from subsequent tranche sales are treated as disposals of fixed assets.
Other miscellaneous income sources	Recognised as receivable on the delivery of services provided.

f) Employee benefits

Pensions

Multi-employer defined benefit pension scheme - Social Housing Pension Scheme

The Group participates in an industry wide multi-employer defined benefit pension scheme where the scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the scheme as defined benefit. For this multi-employer scheme, there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded and a liability is recognised in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit. This scheme was closed to new entrants in 2007.

3) Summary of significant accounting policies (continued)

Defined contribution scheme

The Group participates in two defined contribution (DC) schemes (Aviva Group Life and SHPS DC pension scheme) where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. All existing and new colleagues are eligible to join these schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Under both schemes, colleagues have been allocated their own personal pension policy and can choose their own investment fund from the many offered. The assets of the scheme are separate from the Group and are invested by independent investment managers. The assets of the scheme are held separately from those of the company, invested in an independently administered fund. The pension cost charge in note 27 represents contributions payable by the company to all funds.

g) Taxation

Corporate tax

Provision has been made for corporation tax based upon the profits made in the year by Curo Group (Albion) Ltd, Curo Enterprise Ltd and Curo Market Rented Services Ltd. Curo Places Ltd and Curo Choice Ltd both have charitable status and are not liable for corporation tax on their charitable activities. The current charge or credit for taxation is based on the surplus or deficit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements.

Value added tax (VAT)

The Group's primary income stream, rent, is exempt for VAT purposes. The vast majority of expenditure is subject to VAT, which the Group is unable to reclaim and hence expenditure is shown inclusive of VAT. Some VAT can be reclaimed under the partial exemption method; this is credited to the statement of comprehensive income in the relevant cost heading. All Curo companies, with the exception of Curo Enterprise Ltd, operate within one VAT group.

Curo Enterprise Ltd's primary income stream, the market sale of houses, is not exempt for VAT purposes. Expenditure for Curo Enterprise Ltd is stated net of input VAT as it is wholly recoverable.

h) Fixed assets

Housing properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price of the asset, the costs directly attributable to bringing the asset to its working condition for its intended use and interest charges incurred during the development period.

Interest incurred during the construction of a new development from acquisition to practical completion is capitalised to each scheme at the average interest rate incurred, unless the financing of the development has been specifically hedged against, in which case that interest rate will be used.

Overhead costs relating to development activities are capitalised on an apportionment of the colleague time spent on this activity.

Housing properties in the course of construction are held at cost and are not depreciated. They are transferred to completed properties when handed over for letting or sale.

3) Summary of significant accounting policies (continued)

Housing properties are split between the land, structure and those major components which have significantly different patterns of consumption of economic benefits. The replacement cost of components is capitalised. Each component is treated as a separate asset and depreciated over its expected useful economic life at the following annual rates:

Structure - General housing stock	100 years
Structure - Precast reinforced concrete (PRC) housing stock	30 years
Structure – Georgian housing stock	150 years
Kitchen	20 years
Bathroom	30 years
Boilers and Electrical Heating Systems	15-25 years
Heating distribution systems	30 years
Windows	30 years
Lifts	25 years

Properties held on long leases are depreciated over their estimated useful economic lives or the lease duration if shorter.

Land is not depreciated on account of its indefinite useful economic life.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Shared ownership

All shared ownership properties, including those under construction, are split between fixed assets and current assets. This split is determined by the percentage of the property to be sold under a first tranche sale, which is shown on initial recognition as a current asset, with the remainder classified as a fixed asset. Any surplus on disposal of the first tranche is limited to the overall surplus by adjusting the costs allocated to current or fixed assets. The overall surplus for these purposes is the difference between net present value of cash flows and cost. Proceeds from the first tranche disposals are accounted for in the statement of comprehensive income in the period in which the disposal occurs. All subsequent tranche disposals are recognised in the statement of comprehensive income as a gain or loss on disposal of assets (note 7).

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Other fixed assets

Non-housing property, plant and equipment is stated at historic cost less accumulated depreciation and any provision for impairment. Non housing fixed asset expenditure under £1,000 is not capitalised.

Depreciation is provided on all non-housing property, plant and equipment, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

3) <u>Summary of significant accounting policies (continued)</u>

Other fixed assets

Computer equipment and IT software	3-5 years
Furniture and equipment	3-15 years
Office premises (freehold)	40 years

Impairment of fixed assets

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset or cash generating unit is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the statement of comprehensive income. The recoverable amount of an asset is the higher of its value in use and 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. The Group defines cash generating units as neighbourhoods. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the statement of comprehensive income.

Social housing grant

Government grant is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives above in section h).

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Group to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the HCA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Disposal proceeds fund

The disposal proceeds fund is an internal fund used to recycle the proceeds of sale under 'Right to Acquire' procedures and is included in the statement of financial position under creditors. The gross sale proceeds net of admissible expenses are credited to the fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Sale of social housing properties

Under the terms of the transfer agreement, a proportion of the proceeds from right to buy sales made by Curo Places Ltd. is shared with Bath and North East Somerset Council. On completion of a right to buy sales contract the full proceeds are credited to the Statement of Comprehensive income and the share payable to the Council is treated as a cost of sale.

3) **Summary of significant accounting policies (continued)**

Investment properties

Investment properties consist of commercial properties and other properties, assets not held for social benefit or for use in the business. Investment properties under construction are held at cost. Investment properties are professionally valued on completion and subsequently every 5 years. The fair value of each property is assessed and updated annually using the most appropriate indexation information publically available. Any surplus or deficit arising is recognised in the Statement of Comprehensive Income for the period. Investment properties are not depreciated.

Investment in subsidiary undertakings

Investments in subsidiary undertakings are recorded at cost plus incidental expenses less any provision for impairment. Impairment reviews are performed by the directors when there has been an indication of potential impairment.

i) **Stock**

Stock

Stock and work in progress are valued at the lower of cost and net realisable value. Cost comprises of direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition.

Land held for development, including land in the course of development, is initially recorded at cost. Where, through deferred purchase credit terms, the carrying value differs from the amount that will ultimately be paid in settling the liability, this difference is charged as a finance cost in the Statement of Comprehensive Income over the period of settlement.

Due to the scale of the company's developments, the company has to allocate site-wide development costs between units built in the current year and in future years. It also has to estimate costs to complete on such developments. In making these assessments, there is a degree of inherent uncertainty. The company has developed internal controls to assess and review carrying values and the appropriateness of estimates made.
For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Where necessary, provision is made for obsolete, slow moving and defective stocks.

j) **Debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and makes a provision for unrecoverable debt. When assessing the level of impairment it considers both the value and classification of debt to apply a tiered level of provision based on a prudent estimated risk of potential non-payment.

Rent and service charge agreements

Tenants who have a payment arrangement to pay their debts over a period of longer than the group's normal terms of business are treated as having a financing transaction. These transactions are recognised at their present value rather than transaction value.

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors, either within amounts falling due within one year, or amounts falling due after more than one year, depending on when the funds are expected to be used.

3) Summary of significant accounting policies (continued)

k) Cash and cash equivalents

Cash

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with maturities of three months or less. Bank overdrafts, when applicable, are shown within current liabilities.

l) Financial instruments

Financial assets

Basic financial assets such as rent arrears, trade and other receivables and cash and cash equivalents are initially recorded at transaction price. If the arrangement constitutes a financing transaction then the transaction is measured at the present value of future receipts discounted at a market rate. The assets are subsequently carried at amortised cost using the effective interest rate method. At the end of each reporting period the amortised cost is assessed for evidence of impairment. Any impairment is recognised in the Statement of Comprehensive Income. A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and rewards are transferred.

Financial Liabilities

Basic financial liabilities such as trade and other payables, bank loans and intercompany loans are initially recognised at transaction price. If the arrangement constitutes a financing transaction then the debt instrument will be measured at the present value of the future receipts discounted at a market rate of interest. The debt instrument is subsequently carried at the amortised cost, using the effective interest rate method.

Derivative financial instruments

The Group uses derivative financial instruments to reduce exposure to interest rate movements. The Group does not hold or issue derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in surplus or deficit immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in surplus or deficit depends on the nature of the hedge relationship.

m) Leased assets

Leased assets

At inception the Group assesses agreements that transfer the right to use assets. The assessment considers whether the arrangement is, or contains, a lease based on the substance of the arrangement.

Operating leases

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

n) Contingent liabilities

A contingent liability is recognised for a possible obligation, for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on the debt on withdrawal from the SHPS pension scheme.

3) Summary of significant accounting policies (continued)

o) Related party transactions

The Group discloses transactions with related parties which are not wholly owned within the same Group. Where appropriate, transactions of a similar nature are aggregated unless separate disclosure is necessary to understand the effect of the transactions on the Group financial statements.

4) Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires management to make judgments, 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 various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments 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 is revised and in any future periods affected.

Significant management judgements

In preparing these financial statements, the key judgements have been made in respect of the following:

- **Impairment**: whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit, incorporating any future regeneration plans. The Group have considered the measurement basis to determine the recoverable amount of assets based on depreciated replacement cost as the primary method of measurement. The Group have also considered impairment based on their assumptions to define cash generating units.
- **Stock value**: the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and land held for sale. This judgement is also based on the Group's best estimate of sales value based on economic conditions within the area of development.

Estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Tangible fixed assets

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

4) Critical accounting judgements and estimation uncertainty (continued)

Investment properties are professionally valued every 5 years and updated annually using the most appropriate indexation information publically available. Market values may change considerably year on year depending on fluctuations within the property market coupled with potential changes in interest rates. There is an inevitable degree of judgement involved in making this estimate that can only ultimately be reliably tested in the market itself.

Impairment of Land

Provision is made for the impairment of land purchased for future development. The provision is based on management's best estimate of the residual value of the land.

Regeneration Provision

Provision is made for decant, demolition and other works costs associated with sites approved for regeneration. These provisions require management's best estimate of the costs that will be incurred.

Provision for bad or doubtful debts

The Group estimates the cost of irrecoverable debt linked to rent and service charge income. This provision is based on individual debtor balances, with increased levels of provision attributed to the highest risk cases primarily based on the size of the debt and dependant on whether the debtor is a remaining customer or not. Management estimates for provision levels aim to proportionately and prudently reflect the estimated cost of irrecoverable debt.

Defined benefit pension scheme

The Group has obligations to pay pension benefits in respect to members of the SHPS fund. 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 for these factors in determining the net pension obligation in the balance sheet are provided independently by actuaries working for the Pensions Trust. The assumptions reflect historical experience and current trends.

5) Particulars of turnover, operating expenditure and operating surplus

Group consolidated	**Turnover 2017**	**Operating expenditure 2017**	**Operating surplus 2017**	**Operating surplus 2016**
	£000	**£000**	**£000**	**£000**
Social housing lettings (Note 6)	63,835	42,999	20,836	13,358
Other social housing activities				
First tranche low cost home ownership sales	3,205	2,011	1,194	1,148
Charges for support services	2,673	2,233	440	130
Development administration	-	493	(493)	(155)
	5,878	4,737	1,141	1,123
Activities other than social housing				
Pension settlement	-	-	-	2,541
Market renting	1,720	1,016	704	395
Holiday letting	162	79	83	52
Commercial properties	335	77	258	263
Leasehold properties	1,214	1,346	(132)	(39)
Impairment of land for sale	-	2,500	(2,500)	-
Open market property sales	23,597	22,774	823	(1,983)
Garages	1,162	196	966	966
	28,190	27,988	202	2,195
Total	**97,903**	**75,724**	**22,179**	**16,676**

Company	**Turnover**	**Operating expenditure**	**Operating surplus 2017**	**Operating surplus 2016**
	£000	**£000**	**£000**	**£000**
Other social housing activities				
Group services	5,656	5,464	192	2,039
Activities other than social housing				
Pension settlement	-	-	-	924
Total	**5,656**	**5,464**	**192**	**2,963**

6) Income and expenditure from social housing lettings

Group consolidated	**General needs 2017 £000**	**Affordable rent 2017 £000**	**Sheltered housing 2017 £000**	**Supported housing 2017 £000**	**Shared ownership 2017 £000**	**Rent to buy 2017 £000**	**Total 2017 £000**	**Total 2016 £000**
Income from lettings								
Income from rents receivable	44,259	4,302	9,161	802	1,026	361	59,911	59,310
Service charges receivable	1,111	-	480	478	303	2	2,374	2,370
Amortised government grants	1,022	-	216	4	58	15	1,315	1,296
Other income from lettings	235	-	-	-	-	-	235	164
Total income from lettings	**46,627**	**4,302**	**9,857**	**1,284**	**1,387**	**378**	**63,835**	**63,140**
Service costs	1,199	-	518	516	327	2	2,562	2,416
Management costs	6,332	545	1,391	126	370	93	8,857	8,898
Routine maintenance	6,956	584	1,473	107	-	98	9,218	9,525
Rent losses from bad debts	541	51	117	15	16	4	744	923
Major repairs	7,264	609	1,538	28	-	103	9,542	10,401
Housing property depreciation	6,867	576	1,454	26	119	98	9,140	9,012
Impairment of housing property	-	-	-	369	-	-	369	1,851
Provision for regeneration works	-	-	-	-	-	-	-	4,185
Estate costs	1,082	91	458	4	62	15	1,712	1,557
Other expenditure	624	52	132	2	36	9	855	1,014
Operating expenditure on social housing lettings	**30,865**	**2,508**	**7,081**	**1,193**	**930**	**422**	**42,999**	**49,782**
Operating surplus/(deficit) on social housing activities	**15,762**	**1,794**	**2,776**	**91**	**457**	**(44)**	**20,836**	**13,358**
Void losses	239	19	122	74	48	1	503	593

7) Gain on disposal of property, plant and equipment

	Right to buy 2017	Shared ownership 2017	Other 2017	Group Total 2017	Group Total 2016
	£000	£000	£000	£000	£000
Proceed of sales	2,715	2,238	2,629	7,582	7,724
Cost of sales	(427)	(1,255)	(1,353)	(3,035)	(4,516)
Amount due to Bath & N.E. Somerset Council	(2,089)	-	-	(2,089)	(924)
	199	**983**	**1,276**	**2,458**	**2,284**

Cost of sales includes legal and valuation fees incurred in connection with the sale of properties as well as the net book value of the disposed properties.

Right to Buy is available to Curo Places Ltd. tenants who transferred from Bath and North East Somerset Council and who hold an assured protected tenancy and to certain tenants of the former Curo Places (Bristol) Ltd. These tenants are eligible for a percentage discount when applying to purchase their homes. Tenants applying under Right to Acquire are eligible for a lump sum discount. The levels of discount are governed by statute and contract.

Shared ownership sales relates to subsequent tranche disposals of low cost home ownership properties.

Other property sales is derived from open market disposals through our stock rationalisation asset management programme and sales to other registered providers.

8) Interest receivable

	Group 2017	Group 2016	Company 2017	Company 2016
	£000	£000	£000	£000
Interest receivable and similar income	34	81	5	-
Interest receivable from group undertakings	-	-	2,000	2,086
	34	**81**	**2,005**	**2,086**

9) Interest payable and similar charges

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Bank loans and overdrafts	6,871	6,930	2,000	2,086
Right to buy interest	4	2	-	-
Net interest on defined benefit liability	17	13	-	-
	6,892	6,945	2,000	2,086
Net cost on interest rate swaps	2,389	2,356	-	-
Capitalised interest	(391)	(786)	-	-
	8,890	8,515	2,000	2,086
Gain on basic swap – derivative instruments	(63)	(67)	-	-
	8,827	**8,448**	**2,000**	**2,086**

Interest incurred during the construction of new developments, not for resale, is capitalised based on the weighted average borrowing rate for Curo Places Ltd. for the year of 3.30% (2016: 3.38%).

10) Surplus for the year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
This is arrived at after charging:				
Depreciation on owned tangible fixed assets	9,949	9,839	-	-
Impairment of property, plant & equipment	2,869	1,851	-	-
Bad debts	743	923	-	-
Other operating lease rentals	471	518	-	-
Auditors' remuneration as statutory auditors	26	28	1	1
Auditors' remuneration – other services certification	2	2	-	-
Auditors' remuneration – risk assurance services	56	-	-	-

11) Directors' emoluments

Directors are defined as the members of the Board (non-Executive Directors), the Group Chief Executive and the Executive Management Team as disclosed on page 1.

Fees of £77,473 (2016: £95,000) were paid to non-executive board directors during the year. Expenses paid during the year to board directors amounted to £7,851 (2016: £5,519).

Board/committee director	Pay	Member of		
		Combined Board	Audit & Assurance Committee	Governance & Remuneration Committee
Elizabeth Potter (Chair)	£10,577	•		•
David Ashmore	£4,908	•		
Elaine Barnes	£2,754	•		•
Chris Butler	£3,451		•	
Rick de Blaby	£4,590	•		
David Haywood	£4,369	•	•	
Alex Marsh	£6,364	•	•	•
Richard Stillwell	£7,051	•		•
Chris Wilson	£2,397	•	•	
Current Board and Committee directors	£46,461			
C.Roger Thomas	£1,885	•	•	•
Dermot Courtier	£6,808	•	•	•
Brian Tapp	£4,067	•	•	
Rob Appleyard	£4,067	•		
Claire Lerpiniere	£2,712	•		
Martin Nurse	£4,067	•	•	
Robert Durie	£1,777	•		
Sandie Lewis	£396	•		•
Gareth Lloyd	£618	•		
John Weir	£277	•		
Nicola Ratcliffe Wilson	£2,169	•		
Stan Rodliffe	£2,169	•	•	
Former Board and Committee directors	£31,012			
				•
Grand Total	£77,473			

All members of the Executive Team receive remuneration from Curo Group (Albion) Ltd, with the exception of the Managing Director of Curo Homes who is remunerated through Curo Enterprise Ltd and the Executive Director of Property Services who is remunerated through Curo Places Ltd, with the associated costs presented in their entity financial statements.

Details of remuneration for the Company are as follows:

	Company 2017 £	**Company 2016 £**
Aggregate emoluments paid or receivable by the Executive Direct (Including pension contributions and benefits in kind)	478,703	585,455
Aggregate pension contributions paid for the Executive Directors (including the Group Chief Executive)	25,876	48,376
Emoluments paid to the highest paid director (Group Chief Executive) excluding pension contributions	168,602	166,133

11) Directors' emoluments (continued)

The highest paid director (Group Chief Executive) is not an active member of any pension scheme with Curo and therefore no employer pension contributions were made in the year.

No compensation payments for loss of office were paid to directors during the year (2016: nil).

12) Employees

The average number of full time equivalents (37 hour week) employed during the year was as follows:

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
Housing, support & administration	353	354	78	89
Direct maintenance	85	90	-	-
Total	**438**	**444**	**78**	**89**

Staff costs	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Wages and salaries	14,273	14,813	4,131	4,142
Social security costs	1,380	1,395	393	395
Other pension costs	979	1,209	286	372
	16,632	17,417	4,810	4,909
Pension settlement benefit	-	(2,541)	-	(924)
	16,632	**14,876**	**4,810**	**3,985**

During the 2015-16 financial year Curo Places Ltd closed the Avon Pension Scheme to existing members. The pension settlement benefit reported above represents the reduction in operating costs in the year being the difference between the provision at 31 March 2015 and the amount paid to close the fund.

The full time equivalent number of colleagues who received emoluments, including pension contributions and payments for loss of office, during the year were:

	Group 2017 Number	Group 2016 Number	Company 2017 Number	Company 2016 Number
£60,000 - £69,999	16	8	3	4
£70,000 - £79,999	3	3	2	2
£80,000 - £89,999	5	4	4	2
£90,000 - £99,999	1	3	-	-
£100,000 - £109,999	3	2	-	-
£110,000 - £119,999	-	-	-	-
£120,000 - £129,999	-	2	-	2
£130,000 - £139,999	1	-	1	-
£140,000 - £149,999	-	1	-	1
£150,000 - £159,999	2	2	1	1
£160,000 - £169,999	1	-	1	-
Total	**32**	**25**	**12**	**12**

13) Tax

a) Tax expense included in statement of comprehensive income

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
UK corporation tax on surpluses for the year	(225)	225	(225)	225

b) Reconciliation of tax (credit)/charge

	Company 2017 £000	Company 2016 £000
Surplus on ordinary activities before taxation	197	2,963
Surplus multiplied by standard rate of tax (20%)	39	593
Release of pension provision not subject to tax	-	(539)
Net tax adjustments and transfer	-	16
Adjustments to tax charge in respect of previous periods	(225)	-
Unrecognised deferred tax	(39)	155
Tax (credit)/charge for the year	**(225)**	**225**

14) Housing properties

Group Consolidated	Housing properties completed freehold	Housing properties completed long term leasehold	Housing properties under construction	Housing properties shared ownership	Group Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2016	497,881	884	23,884	22,522	545,171
Additions	-	-	18,612	-	18,612
Components capitalised	5,714	-	-	-	5,714
Works to existing properties	441	-	-	-	441
Disposals	(2,069)	-	-	(4,791)	(6,860)
Transfer	14,131	-	(20,581)	6,450	-
At 31 March 2017	**516,098**	**884**	**21,915**	**24,181**	**563,078**
Accumulated depreciation & impairment					
At 1 April 2016	82,798	143	-	915	83,856
Charge in year	9,013	8	-	119	9,140
Impairment	369	-	-	-	369
Disposals	(1,116)	-	-	(81)	(1,197)
At 31 March 2017	**91,064**	**151**	**-**	**953**	**92,168**
Net book value					
At 31 March 2017	**425,034**	**733**	**21,915**	**23,228**	**470,910**
At 31 March 2016	415,083	741	23,884	21,607	461,315

15) Investment properties

Group Consolidated	Group Total
Cost/Valuation	**£000**
At 1 April 2016	6,492
Revaluation in the year	201
At 31 March 2017	**6,693**

Investment properties consist of commercial properties and other properties, assets not held for social benefit or for use in the business. Investment properties are professionally valued on completion and subsequently every 5 years with the last valuation taking place in 2016. The fair value of each property is assessed and updated annually using the most appropriate indexation information publically available.

16) Other property, plant and equipment

	Computer equipment and IT software	Office premises (freehold)	Furniture and equipment	Group Total
	£000	**£000**	**£000**	**£000**
Cost				
At 1 April 2016	3,154	7,560	1,273	11,987
Additions	338	200	33	571
Disposals	(944)	(66)	(420)	(1,430)
At 31 March 2017	**2,548**	**7,694**	**886**	**11,128**
Accumulated depreciation				
At 1 April 2016	2,375	3,133	1,140	6,648
Charge for the year	457	315	37	809
Disposals	(932)	(61)	(419)	(1,412)
At 31 March 2017	**1,900**	**3,387**	**758**	**6,045**
Net book value				
31 March 2017	**648**	**4,307**	**128**	**5,083**
31 March 2016	779	4,427	133	5,339

17) Stocks

	First tranche SO properties	Outright market sales	Group Total	Group Total
	2017	2017	2017	2016
Properties for sale	£000	£000	£000	£000
Properties under construction	535	-	535	66
Completed properties	1,053	53,737	54,790	62,489
	1,588	53,737	55,325	62,555
Consumable maintenance stock				
Stock			280	250
Stock provision			(140)	(125)
			140	125
Total			**55,465**	**62,680**

18) Debtors

	Group	Group	Company	Company
	2017	2016	2017	2016
Amounts falling due within one year	£000	£000	£000	£000
Rental arrears	2,293	2,333	-	-
Net present value adjustment	(214)	(122)	-	-
Less provision for bad debts	(1,766)	(1,850)	-	-
	313	**361**	**-**	**-**
Other debtors	1,424	970	2	3
Amounts owed by group undertakings	-	-	87	90
Prepayments and accrued income	2,007	1,158	63	46
	3,744	**2,489**	**152**	**139**
Amounts falling due after more than one year				
Loan notes	-	100	-	-
Margin call debtor	-	2,210	-	-
Amounts owed by group undertakings	-	-	144,500	173,000
	-	**2,310**	**144,500**	**173,000**

19) Creditors: amounts falling due within one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Rent paid in advance	1,605	1,394	-	-
Trade creditors	7,747	8,334	-	-
Amounts owed to group undertakings	-	-	5	62
Other creditors	1,668	1,505	461	708
Housing loans due within one year (note 22)	2,706	43	-	-
Social housing grant received in advance	650	63	-	-
Disposal proceeds fund (note 25)	1,069	224	-	-
Taxation and Social Security	346	421	-	101
Accruals and deferred income	7,832	5,860	-	-
Right to buy accruals	2,092	912	-	-
Sinking fund liabilities	356	720	-	-
Recycled capital grant (note 24)	266	307	-	-
Retentions	437	662	-	-
	26,774	**20,445**	**466**	**871**

20) Creditors: amounts falling due after more than one year

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Loans and borrowing (note 22)	262,097	293,313	144,500	173,000
Derivative financial instruments	18,898	18,669	-	-
Deferred capital grants (note 23)	117,528	118,518	-	-
Recycled capital grant fund (note 24)	1,536	1,201	-	-
Disposal proceeds fund (note 25)	881	1,424	-	-
Pension deficit liability (note 27)	713	781	-	-
Leaseholder sinking fund balances	1,650	958	-	-
	403,303	**434,864**	**144,500**	**173,000**

Provision has been made representing the value of contributions paid in advance by leaseholders at 31 March 2017 in respect of their share of future planned maintenance.

21) Provision for liabilities and charges

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
At 1 April	4,184	-	-	-
Amounts provided for	-	4,184	-	-
Amounts utilised	(1,000)	-	-	-
At 31 March	**3,184**	**4,184**		

Provision is made for decant, demolition and other works costs associated with sites approved for regeneration.

22) Loans and borrowing

Maturity of debt:	Group 2017	Group 2016	Company 2017	Company 2016
Banks and mortgages amounts falling due:	**£000**	**£000**	**£000**	**£000**
Between one and two years	5,417	3,316	4,580	2,860
Between two and five years	10,808	11,454	9,160	10,010
Over five years, not payable by instalments	248,578	278,586	130,760	160,130
	264,803	**293,356**	**144,500**	**173,000**
Less due within one year	(2,706)	(43)	-	-
	262,097	**293,313**	**144,500**	**173,000**

Housing loans

At 31 March 2017 the Group had a borrowing facility of £350.3 million (2016: £350.4 million) of which an amount of £264.8 million (2016: £293.4 million) had been drawn at the year end.

The interest rate profile of the Group's financial liabilities was:

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Variable Rate	48,100	89,000	99,500	143,000
Fixed Rate	216,703	204,356	45,000	30,000
	264,803	**293,356**	**144,500**	**173,000**

The weighted average period for loans that are fixed was 18 years 10 months (2016: 20 years 6 months) and the weighted average interest rate was 3.97% (2016: 4.16%).

Fair value of financial liabilities

The Group has applied FRS 102 to its financial instruments and accounted for our derivative financial instruments on the balance sheet. The following disclosures have been made in relation to its interest rate swaps. At the 31 March 2017 Curo Places Ltd. had the following swaps:

- £20 million fixed interest rate swap which matures on 29 March 2037. This swap has a fixed interest rate of 5.13%.
- £49.4 million forward starting interest rate swap which matures on 20 June 2026. This swap fixes the interest rate at 3.165%.

The Group's interest rate risk management policy is designed to reduce volatility in cash flows and earnings over the year. Of particular importance is the reduction of potential increases in net interest payable (as a result of adverse movements in short and long term interest rates) to an acceptable level.

The currency, size and maturity of debt is matched and hedged using a combination of various interest rate hedge instruments. The Group's policy is to maintain a level of fixed rate debt of between 40% to 85% of total debt.

The Group had hedge instruments in place at year end with the following fair values:

	2017 £000	2016 £000
Fair value of interest rate swaps	(18,898)	(18,669)

22) Loans and borrowing (continued)

Curo Places Ltd has recognised that a portion of the £20 million swap is ineffective and created a liability under FRS 102. At 31 March 2017, the ineffective hedge creates a cumulative liability of £583,615 which has been recognised in the income statement.

	£000
Ineffective hedge balance at 31 March 2016	646
Movement in income statement 31 March 2017	(62)
Ineffective hedge balance at 31 March 2017	**584**

The fair value of the interest rate swaps has been determined by discounting the cash flows at prevailing interest rates and has been derived from the Group's Treasury management system.

23) Deferred capital grants

	Group 2017 £000	Group 2016 £000
At 1 April	118,518	117,444
Grants received during the year	909	3,332
Recycled capital grants	(584)	(962)
Amortisation to Statement of Comprehensive Income	(1,315)	(1,296)
At 31 March	**117,528**	**118,518**

The total accumulated amount of capital grant received or receivable, before amortisation to the statement of comprehensive income, at the balance sheet date is £129.5 million (2016: £129.2m).

24) Recycled capital grant fund

	Group 2017 £000	Group 2016 £000
At 1 April	1,508	671
Inputs to recycled capital grant fund		
Grants recycled	678	849
Interest accrued	6	3
Recycling of grant		
Withdrawals	(390)	(15)
At 31 March	**1,802**	**1,508**

Recycled capital grant as at 31 March 2017 is less than 3 years old and relates to funding provided by the HCA (2016: all less than 3 years old).

	Group 2017 £000	Group 2016 £000
To be used within one year	266	307
To be used after more than one year	1,536	1,201
At 31 March	**1,802**	**1,508**

25) Disposal proceeds fund

	Group 2017 £000	Group 2016 £000
At 1 April	1,648	1,519
Inputs to disposal proceeds fund		
Net right to acquire receipts	867	121
Interest accrued	6	8
Use/allocation of funds		
New build	(571)	-
At 31 March	**1,950**	**1,648**

	Group 2017 £000	Group 2016 £000
To be used within one year	1,069	224
To be used after more than one year	881	1,424
At 31 March	**1,950**	**1,648**

Disposal proceed funds as at 31 March 2017 is less than 3 years old (2016: all less than 3 years old).

26) Financial derivatives

The Group and the Company has the following financial instruments:

i). Financial assets that are debt instruments measured at amortised cost.

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Trade receivables	313	361	-	-
Amounts owed by group undertakings	-	-	87	90
Other receivables	604	970	2	3
	917	**1,331**	**89**	**93**

ii). Financial instruments measured at fair value through cash flow hedge reserve.

	Group 2017 £000	Group 2016 £000	Company 2017 £000	Company 2016 £000
Derivative financial instruments	18,898	18,669	-	-
	18,898	**18,669**	**-**	**-**

26) Financial derivatives (continued)

Curo Places Ltd enters into interest rate swaps to mitigate the risk from interest rate movements on its variable rate debt. The fair value of the interest rate swaps has been determined by discounting the cash flows at prevailing interest rates and has been derived from using the Group's Treasury management system (see note 22).

iii). Financial liabilities measured at amortised cost.

	Group	Group	Company	Company
	2017	2016	2017	2016
	£000	£000	£000	£000
Bank loans and overdrafts	262,097	293,313	144,500	173,000
Trade creditors	7,747	8,334	-	-
Amounts owed to group undertakings	-	-	5	62
Other creditors	6,864	7,168	462	810
	276,708	**308,815**	**144,967**	**173,872**

27) Pensions

Curo Group operates a number of pension schemes for its colleagues:

Scheme Provider	Type of Scheme	Active members as at 31 March
Social Housing Pension Scheme	Defined Benefit	1
Social Housing Pension Scheme	Defined Contribution	1
Aviva Plc	Defined Contribution (Group Life)	472
Total		**474**

- Social Housing Pension Scheme (SHPS Defined Benefit Scheme)
- Social Housing Pension Scheme (SHPS Defined Contribution Scheme)
- Aviva Group Life Pension Scheme (Defined Contribution Scheme)

The amount recognised in the Statement of Comprehensive Income is as follows:-

	Group	Group
	2017	2016
Amounts recognised in operating costs	£000	£000
Current service cost	979	1,111
Past service cost	-	98
	979	1,209
Release from settlement of Avon Pension Scheme	-	(2,541)
	979	**(1,332)**
Amounts recognised in other finance costs		
Net interest cost	17	13
Analysis of actuarial loss recognised in other comprehensive expenses – Remeasurements		
Impact of any change in assumptions	24	(5)
Amendment to the contribution cycle	-	266
	24	**261**

27) <u>Pensions (continued)</u>

Social Housing Pension Scheme

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation was certified on 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:

<u>Tier 1 - From 1 April 2016 to 30 September 2020</u>

£40.6m per annum, payable monthly and increasing by 4.7% each year on 1st April.

<u>Tier 2 - From 1 April 2016 to 30 September 2023</u>

£28.6m per annum, payable monthly and increasing by 4.7% each year on 1st April.

<u>Tier 3 - From 1 April 2016 to 30 September 2026</u>

£32.7m per annum, payable monthly and increasing by 3.0% each year on 1st April.

<u>Tier 4 - From 1 April 2016 to 30 September 2026</u>

£31.7m per annum, payable monthly and increasing by 3.0% each year on 1st April.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a 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 organisation has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

27) Pensions (continued)

	Group 2017 £000	Group 2016 £000
Present value of provision	822	886

Reconciliation of opening and closing provisions	Group 2017 £000	Group 2016 £000
Provision at start of period	886	690
Unwinding of discount factor (interest expense)	17	13
Deficit contribution paid	(105)	(78)
Remeasurements – impact of any changes in assumptions	24	(5)
Remeasurements – amendments to the contribution schedule	-	266
Provision at end of period	**822**	**886**
Due within 1 year	109	105
Due in more than 1 year	713	781
	822	**886**

Assumptions	2017 %	2016 %
Rate of discount	1.33	2.06

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

Defined contribution scheme

Following the closure of defined benefit pension schemes to new entrants in 2007, the Group now participates in two defined contribution schemes (Aviva Group Life and SHPS) where the amount charged to surplus or deficit in the Statement of Comprehensive Income in respect of pension costs and other post-retirement benefits is the contributions payable in the year. All existing and new colleagues are eligible to join these schemes. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the Statement of Financial Position.

Under the schemes, colleagues have been allocated their own personal pension policy and can choose their own investment fund from the many offered. The assets of the scheme are separate from the Group and are invested by independent investment managers. The assets of the scheme are held separately from those of the company, invested in an independently administered fund.

28) Contingent liability

Curo Places Ltd. has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme (SHPS) based on the financial position of the Scheme as at 30 September 2016. As of this date the estimated employer debt for Curo Places Ltd was £5,313,357 (£4,215,855 as of September 2015).

The employer will be deemed to have withdrawn from the Scheme on the date that the last active member leaves pensionable service. As at 31 March 2017, the Company had 2 colleagues (2016:4) who were active members of the SHPS scheme.

29) Capital commitments

	Group 2017 £000	Group 2016 £000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	60,737	25,882
Capital expenditure that has been authorised by the Board but not yet contracted for	20,632	8,214
	81,369	**34,096**

Capital commitments for the Group will be funded as follows:

	Group 2017 £000	Group 2016 £000
Social Housing Grant	2,166	111
New loans	76,753	31,435
Sales of properties	2,450	2,550
	81,369	**34,096**

30) Operating leases

The Group holds non-cancellable operating leases for vehicles, water machines and a franking machine. There were no leases relating to land during the financial year. At 31 March 2017, the Group had the following commitments under these leases:

	Group 2017 £000	Group 2016 £000
Leases expiring within one year	416	30
Leases expiring between two and five years	52	915
	468	**945**

31) Related party transactions

The related undertakings whose results or financial performance principally affect the figures shown in the consolidated financial statements are as follows:

Name	**Interest**
Curo Group (Albion) Ltd	Parent
Curo Places Ltd	Wholly owned
Curo Choice Ltd	Wholly owned
Curo Enterprise Ltd	Wholly owned
Curo Market Rented Services Ltd	Wholly owned
Somer Contract Services Ltd (Dormant)	Wholly owned

31) Related party transactions (continued)

Legal status of associated companies

Curo Group (Albion) Ltd. is the ultimate controlling party and ultimate parent undertaking of Curo Places Ltd, Curo Choice Ltd, Curo Enterprise Ltd and Curo Market Rented Services Ltd. It has the right to appoint their board directors. The consolidated financial statements of Curo Group (Albion) Ltd. are available from The Maltings, River Place, Lower Bristol Road, Bath, BA2 1EP.

Curo Places Ltd. – a charitable Community Benefit Society registered with Financial Conduct Authority and a Registered Social Landlord.

Curo Choice Ltd. – a charitable Community Benefit Society.

Curo Enterprise Ltd. - a company limited by shares.

Curo Market Rented Services - a company limited by shares.

Transactions with associated companies

Curo Group (Albion) Ltd provide management services to the companies within the Group. The most significant element of this is staff costs for the provision of group-wide central services including the Executive Management Team, Finance, IT, Human Resources, Development, Communications etc. Costs are apportioned within the group based on a combination of turnover and units in management. Group services are provided at arm's length based on commercial terms.

Curo Choice Ltd and Curo Places Ltd provide housing management services to group members. Inter company charges are based on pre-agreed resources required to deliver this service. Charges are calculated on a management cost per property basis.

Curo Places Ltd has provided an arm's length loan facility of up to £100m to Curo Enterprise Ltd. The funding facility is available for up to 10 years at a cost of 1.0% above the Curo Places Ltd. cost of funding. Loans drawn as at 31 March 2017 totalled £68.6m (2016 £77.4m).

The table below summarises the intra company charges by services and by legal entity for the year:

Intra Group Service provided Income/(costs) (£000)	Curo Group (Albion) Ltd.	Curo Places Ltd.	Curo Choice Ltd.	Curo Enterprise Ltd.
Group management services	5,019	(4,634)	(169)	(216)
Development services	536	(636)	-	100
Housing Management services	-	(276)	298	(22)
Intra group interest charges	-	3,117	-	(3,117)
Total	5,555	(2,429)	129	(3,255)

Board directors

There are no current board directors who hold tenancies.

32) Fixed asset investments

Curo Group (Albion) Ltd. owns a single £1 share in Curo Choice Ltd. Curo Choice Ltd. is a non-profit making charitable Community Benefit Society whose principal activity is the provision of assistance, support, housing and associated services for people in need. Curo Choice Ltd. had issued share capital at 31 March 2017 to the value of £9. The other share holding members of Curo Choice Ltd. have no rights to economic benefits, may only hold a single £1 share, may not transfer their share (unless they are holding the share as a nominee of an unincorporated body) and may not hold shares in joint names. Curo Choice Ltd. became a subsidiary of Curo Group (Albion) Ltd. in 2002 by amending its Rules.

Curo Group (Albion) Ltd. is a member of Curo Places Ltd. and has agreed to contribute £1 in the event of the winding up of Curo Places Ltd. Curo Places Ltd. became a subsidiary of Curo Group (Albion) Ltd. in 2002 by amending its Memorandum and Articles of Association.

Curo Group (Albion) Ltd. exercises control over Curo Places Ltd and Curo Choice Ltd. by virtue of its right to appoint and remove the Board directors of the organisations, and the need for its consent to any constitutional amendments.

Curo Group (Albion) Ltd. is the sole shareholder of Curo Enterprise Ltd.

Curo Group (Albion) Ltd. is the sole shareholder of Curo Market Rented Services Ltd.

The directors believe that the carrying value of the investments is supported by their underlying net assets.

33) Homes and bed spaces in management

	Group 2017 Number	Group 2016 Number
General needs housing	8,570	8,533
Affordable rent	719	710
Sheltered housing	1,814	1,796
Supported housing	169	165
Shared ownership	489	473
Rent to buy	122	134
Total social housing units	**11,883**	**11,811**
Market renting	213	194
Holiday let	-	5
Leasehold	1,029	982
Total non-social units	**1,242**	**1,181**
Total homes in management	**13,125**	**12,992**

There were 212 social housing properties in the pipeline for development at 31 March 2017 (2016: 290). Curo Places Ltd own 163 housing properties that are managed by external organisations (2016: 167).

34) Net cash inflow from operating activities

	2017	2016
	£000	£000
Operating surplus	22,179	16,676
Depreciation of tangible fixed assets	9,949	9,839
Amortisation of grant	(1,315)	(1,296)
Impairment of tangible fixed assets	369	1,851
Decrease/(increase) in stocks	7,215	(1,351)
Decrease/(increase) in debtors	1,055	(703)
Decrease in trade creditors	(587)	(15,563)
Increase/(decrease) in accruals and provisions	611	(11,943)
Cash inflow/(outflow) from operations	**39,476**	**(2,490)**