NATIONAL HOUSING

FEDERATION LIMITED

FINANCIAL STATEMENTS

For the Year ended

31 March 2018

Company no. 0302132

Company registration number:	0302132
Registered office:	Lion Court 25 Procter Street London WC1V 6NY
Bankers:	Lloyds Kings Cross Branch 344 Grays Inn Road London WC1X 8BX Banking services also provided by: Bank of Scotland 2nd Floor, James's Gate 14-165 Cockspur Street London SW1Y 5BL
Auditor:	Mazars LLP Registered Auditor Chartered Accountants 45 Church Street Birmingham B3 2RT

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KEY FIGURES – GROUP FIVE YEAR SUMMARY

	2017/18 £k	2016/17 £k	2015/16 £k	2014/15 £k	2013/14 £k
Turnover	14,852	15,122	16,653	15,464	
Underlying turnover	13,285	13,976	13,893	14,540	14,130
Change %	-4.9%	n/c	-4.4%	2.9%	-1.8%
Profit after tax (see page 7)	3,011	2,192	751	1,280	
Underlying surplus (see page 7)	444	456	382	293	347
Net assets	11,764	8,753	6,561	5,810	
Net assets pre FRS 102				11,675	10,458
Net cash at year end	1,070	3,015	2,712	2,643	3,375

The Financial Statements for 2015/16 were prepared for the first time under Financial Reporting Statement 102 (FRS 102) and comparative figures for 2014/15 were restated.

Underlying turnover excludes unrealised property revaluation gains on the let part of our main office, Lion Court in Holborn, which is treated as investment property and included under FRS 102 in turnover.

Surplus is the profit after tax on ordinary activities transferred to reserves. Underlying surplus excludes exceptional / one off items, unrealised property revaluation gains on investment property and pension deficit liability movements. It includes the impact of annual pension recovery payments.

Net Assets under FRS 102 reflect pension deficit liabilities and unrealised property revaluation gains on investment property.

All figures reported under FRS 102 reflect full provision for deferred tax.

Further details are provided in the Financial Review section of the Strategic Report and in the Financial Statements and Notes.

Further information on the Federation's financial performance is provided in our separate Annual Financial Review available on our website www.housing.org.uk which also provides extensive information about the Federation's activities generally.

CHAIR'S STATEMENT

This time last year there was a feeling of great uncertainty following the general election and shock from the tragic Grenfell Tower fire. The Brexit process continues to generate a potentially unstable political environment. The ramifications of Grenfell are now somewhat clearer, although still likely to impact on all of us for a long time.

Against this background, it is encouraging that the commitment to solving the housing crisis has been maintained, and even strengthened, across the political spectrum. The Federation was very pleased to play a major role in securing a new social rent settlement of CPI plus 1% for five years from April 2020, replacing four years of 1% reductions. Allied to additional, and more flexible, government funding being made available via Homes England, our members should have additional financial resources to help achieve the massive boost required to housing supply.

We were successful in helping get reversed some of the more negative proposals for welfare reform, particularly not applying the LHA cap to the social housing sector. We continue to push for a comprehensive solution for the funding of supported housing.

As regards the response to Grenfell, the Federation has worked closely with our members, Government and other stakeholders. The Federation represented the sector on the Government's Industry Response Group, and has provided evidence to the Public Inquiry and Hackitt Review of Building regulations and Fire Safety.

It is clear there will be a much stronger focus on what tenants can expect not just as regards safety provision, but also in terms of community support generally. Government is looking at mechanisms to ensure tenants' voices are heard and we have responded with two major initiatives of our own, Our Offer to Tenants and our Great Places Commission, both again working closely with our members.

Our relationships with members are growing ever stronger. In our latest member survey, members satisfied or very satisfied with the Federation grew to over 80%. It was encouraging to see real progress in the extent to which members think the Federation understands their businesses and their key issues.

In 2017/18, the Federation made an underlying surplus of £444k compared to £456k in the previous year. We have continued on a sustained basis to maintain a sound financial position, consistently delivering modest financial surpluses in line with our Reserves Policy, whilst delivering significant, real reductions in the price of membership.

I continue to be very well supported by a high performing Board and hugely effective Federation staff. I thank them all including Cath Purdy who retires from the Board this year.

I particularly though want to say thank you on behalf of the Federation to David Orr, who is leaving after 13 years as Chief Executive. During David's tenure, the Federation has gone from strength to strength. He will be a hard act to follow, but I am very pleased to welcome Kate Henderson as our new Chief Executive.

Baroness Diana Warwick

CHIEF EXECUTIVE'S REVIEW

During the past year, the Federation has continued to be successful on many fronts.

Some of our political successes such as the new social rent settlement, along with the hugely encouraging picture regarding our member satisfaction feedback, are highlighted in the Chair's Statement and elsewhere.

In early 2017, the Federation underwent a major organisational restructure establishing the 'Federation of the Future' and it is encouraging that we have achieved these successes with our new flexible working practices and technology.

Our member services directorate has successfully brought together a previously disparate range of member support activities such as our events portfolio. We now have a clear plan to make even better use of technology, by deepening and personalising our relationships with members. I am particularly excited by our Futures initiative that is seeing the Federation work closely with members to develop solutions to the key social issues affecting the communities at the heart of our members' activities.

All this whilst the Federation continues to be an efficient, effective and well governed body for its members, providing even better value for money from a lower fees and costs base. Whilst we are a Not for Profit organisation, reinvesting any modest surpluses in providing services to members, we recognise the need to have a commercial approach in the way we go about our operations.

The sector is seeing more structural change than ever before with new entrants such as 'for-profit' providers becoming involved in social housing. In principle, we welcome changes that can contribute to the very necessary increase in supply of good quality, affordable housing. The strategies adopted by Federation members to address these changes continue to evolve, but I am confident that they are founded on the long established social purpose that has sustained housing associations for many years.

Personally I am particularly pleased to have been involved in new initiatives to address homelessness and rough sleeping, including representing housing associations on the Government's Homelessness Taskforce and being a member of the government-backed Rough Sleeping Advisory Panel.

As always, I am grateful for the support of our Board and particularly our Chair, Baroness Diana Warwick. Coming up to leaving the Federation after 13 years as Chief executive, I know it would have been much more difficult, if not impossible, to achieve what we've achieved without the support of Diana, her predecessor Matthew Taylor, my other Board colleagues and our members. It would definitely have been impossible without the incredibly talented and committed staff the Federation has been fortunate to have over that time.

I have hugely enjoyed my time as Chief Executive of the Federation and have been privileged to have the opportunity. I wish my successor Kate Henderson and the Federation every success.

David Orr CBE

STRATEGIC REPORT

Overview

The Federation is the representative trade body for organisations in England which provide and manage homes and do not trade for profit. The Federation supports and promotes the work of housing associations and virtually all housing associations of any significant size, in England, are members of the Federation.

The Federation's vision is for a country where everyone can live in a good quality home they can afford and its mission is to create the environment for our members to thrive and deliver on their social purpose.

The Federation focuses on what matters most for housing associations, enabling them to prosper, whatever their business model. It aims to be the body to engage with on housing issues and be regarded by its members as a highly effective trade body.

The Federation exists for its members and they have varying views as to how best we can help them. Our members' success in meeting their challenges, and the Federation's success in providing the right support, ultimately determines levels of Federation membership and income.

The major part of the Federation's income is from members' annual affiliation fees, in return for which members receive a wide range of representation and support.

Supplementing affiliation fees, the Federation's other main source of income is from commercial services that are paid for on a usage basis. These include our highly valued events, publications and bespoke services for housing associations and their tenants.

Commercial services are provided primarily for members, although some such as events are available to non-members, at a higher price. Income from commercial services is dependent on the quality and pricing of the services, demand and a range of underlying economic factors.

Commercial services are undertaken when they provide value to members and enhance the Federation's reputation. The Federation aims within these criteria to maximise the financial contribution from commercial services, helping to keep down affiliation fees and thus provide maximum value for money to members.

Risks & Uncertainties

As a trade body the Federation is impacted by the risks and uncertainties applying to its members and those applying to its own business operations.

The Federation has identified as inherently high risk, the political, economic and regulatory aspects of its wider operating environment and the linked reputational risks relating to the activities of its members. These factors may impact in ways that are inherently unpredictable, particularly in the uncertain political environment generated by the Brexit process, and the various inquiries and other initiatives responding to the tragic Grenfell fire in 2017.

STRATEGIC REPORT

Risks & Uncertainties (continued)

Key risks and uncertainties for our members include:

- The continued potential reputational and financial consequences of the Grenfell fire tragedy and the responses to it, from housing associations themselves, government and other parties. Whilst there will be specific outcomes from the Public Inquiry, the Hackitt Review of Building Standards & Fire Safety etc. there are likely to be consequences from a broader intensified focus on what tenants should expect, both as regards safety and other community support.
- The extent to which housing associations can increase the supply of housing in line with Government objectives. Housing associations are independent businesses, with their own individual strategies and plans, but government is likely to be focussed on the extent to which the sector as a whole is maximising its potential to increase delivery. Success is likely to be key to continuing a positive relationship with government on the broader front.
- The impact of new entrants to the social housing sector, including for-profit providers. In principle, the Federation welcomes changes that can contribute to the very necessary increase in supply of good quality, affordable housing, but the overall impact of these structural changes is as yet unclear.
- Ongoing effects from government's welfare and benefit reform measures. Whilst some of the negative proposals have been dropped such as that to apply the LHA cap to social housing, there is still a need for a comprehensive stable funding base for supported housing. The roll out of Universal Credit will continue to present challenges for both tenants and housing associations.
- Longer term impacts from the restructuring of the regulator's role, the splitting of regulatory and funding responsibilities. Homes England, the new body overseeing government funding in housing has signalled greater flexibility and a more strategic focus in how funding is deployed, but this has yet to be evaluated in practice.
- All of the above will influence how housing associations are viewed by stakeholders, including funders and government. The future approach of government is subject to significant political uncertainty associated with pressures from the Brexit process. The nature of government will also be affected by the ongoing devolution process. The Federation has extensively engaged with devolved authorities.

Key risks for the Federation as regards its own activities are:

- Failure to engage effectively with and provide leadership for members
- Inability to achieve policy outcomes on behalf of members
- Failure to deliver sufficiently attractive commercial services
- Failure to operate efficiently and provide members with value for money

All of the above depend on the ability of the Federation to recruit, direct and motivate high quality staff, who successfully implement our strategy and business plans, both as regards outward facing and internal support services.

In 2017, the Federation underwent an organisational restructure to establish the 'Federation of the Future'. Whilst excellent progress has been made, the full impact will only be fully apparent over the next few years.

STRATEGIC REPORT

Risks & Uncertainties (continued)

The successful appointment of a new Chief Executive will be key to the Federation's future success.

There is ongoing merger activity within the sector. This could reduce the Federation's income from affiliation fees under our current charging structure and will require the Federation to keep under review its service offers to members with differing characteristics.

Financially, the major cost outside the Federation's direct control is its deficit recovery payments to the Social Housing Pension Fund (SHPS). These costs relate to historic pension entitlements. They are subject to regular valuations of the fund and ultimately a wide range of valuation assumptions. The Federation has limited its exposure to cost increases in the long term by moving its pensions provision from a defined benefit to a defined contribution basis.

If any combination of the above risks for our members and the Federation were to negatively materialise on a significant scale, then members may become unable or unwilling to pay their affiliation fees or for commercial services. This could then result in there being insufficient funding for the Federation to operate in its current manner. We closely monitor member sentiment and could respond quickly to any indication of fee non-payment.

The Federation's Risk Management Procedures are detailed in the Report of the Directors. Extensive risk mitigation actions are taken, reviewed and further developed.

The Federation leads the sector in anticipating and analysing different scenarios and how to deal with them. There are operating policies, procedures and protocols in place controlling all public and private Federation pronouncements. Positioning is determined by the Board informed by widespread consultation with members.

Regarding commercial services, strong market intelligence means event programmes are constantly adjusted in line with market demands. Sophisticated and targeted marketing strategies are employed, and our in-house managed sponsorship opportunities are proving successful as regards both quality and income.

Financial Review

The Federation sets affiliation fees with the aim that members pay each year for the level of services they receive and budgets for an underlying break even position. We aim by operating efficiently to in practice make a small underlying surplus (profit after tax), which unless specifically decided otherwise by the Board, is added to reserves.

The Board regularly reviews its financial objectives and Reserves Policy. This requires the Federation to have at least six months operating expenditure covered by reserves and a cash flow profile which would support continued operations in the event reserves have to be realised, either in the short or longer term. The Board has concluded that given their nature, reserves are adequate but not excessive, and therefore the addition to reserves of annual surpluses including small annual underlying surpluses is appropriate.

STRATEGIC REPORT

Financial Review (continued)

Reserves for this purpose comprise net assets shown in the consolidated balance sheet plus the unrecognised unrealised property revaluation gain on property held for the Federation's own use.

The underlying surplus for 2017/18 was £444k compared to £456k for the previous year, which was in line with our financial objectives and Reserves Policy. Under FRS 102 our reported, headline, profit after tax was £3,011k (2017 £2,192k).

The headline figures include unrealised property revaluation gains on investment property. They do not reflect pension deficit recovery payments which are negative cash flows and reduce the pension deficit liability on the balance sheet. The movements in the pension deficit itself, excluding recovery payments in each year, impact on the headline surpluses. All figures reported under FRS 102 reflect full provision for deferred tax.

A full analysis of the differences between the underlying and headline surpluses for 2017/18 and 2016/17 is as follows:

	2017/18	2016/17
	£k	£k
Headline profit after tax under FRS 102	**3,011**	2,192
Unrealised property revaluation gain on investment property	**-1,567**	-1,146
Pension deficit recovery payments	**-1,044**	-1,008
Increase in pension deficit NPV excluding annual payments	**-**	401
Deferred tax and other FRS 102 adjustments	**44**	17
Underlying surplus	**444**	456

The changes in reported results under FRS 102 do not affect the underlying financial performance and the surplus for the year will be taken to reserves, in accordance with the Reserves Policy.

Net assets reported under FRS 102 include pension deficit and unrealised property revaluation gain on investment property. Net assets at the end of 2018 were £11.8m (2017 £8.8m).

Total turnover under FRS 102 was down by 1.8% to £14.9m. Excluding the unrealised property revaluation gain on investment property, underlying turnover was down 4.9% at £13.3m.

Gross income from affiliation fees was 5% below the previous year, reflecting a further 4% reduction in the price of membership and the impact of mergers amongst members. The price of membership has been left unchanged for the current year and is still 5% lower than it was in 2011/12.

Our commercial services had another good year with net income showing a 4% increase on 2016/17. This reflected a 4% increase in net income from our events programme, itself from a continuing combination of higher sales and lower direct costs through focussed procurement. Our Finance Conference & Exhibition in March had yet another record year and our GDPR related events were very well received.

STRATEGIC REPORT

Financial Review (continued)

Administrative expenses were 4% below the previous year, reflecting savings from our major organisational restructure 'Federation of the Future' I 2016/17.

Three floors of our main office, Lion Court in Holborn, London continued to be let on a ten-year commercial lease and in January 2018 the Federation consolidated its own operations on to only one floor, releasing a fourth floor for letting. The relevant portion of freehold property is treated as investment property and included at valuation in the accounts. At 31 March 2018 the relevant proportion increased to 79.8% from 61.6% at 31 March 2017. The portion of the property used by the Federation for operational purposes is held at original cost less depreciation. At 31 March 2018 the whole property was independently valued at £26.3m (a decrease of £1.5m) but this was more than offset by the increased proportion treated as investment property and the combined impact increased consolidated net assets shown in the Financial Statements by £1.6m.

To ensure that members are fully informed about our financial performance, particularly given the continuing differences between headline and underlying figures, we have again produced a Financial Review for the year. This will be available to all members as a hard copy and on our website.

Business Review

During the past year, we have focussed particularly on helping members respond appropriately to the Grenfell fire tragedy. Our key objectives have been:

- Support our members in their work to ensure residents' safety following the fire at Grenfell Tower
- Maintain good relationships with our existing stakeholders, including the renamed Ministry for Housing, Communities and Local Government
- Shape the public and policy debate around housing in the context of the fire at Grenfell Tower
- Communicate necessary information to the right contacts within the affected parts of our membership at the most useful time

When the Government announced an Independent Review of Building Regulations and Fire Safety and issued a call for evidence, the timescales for submitting evidence were very short. We received a fantastic response from members who were keen to contribute their ideas and experience in order to contribute to a more effective and robust regulatory approach going forward.

As regards a broader response to tenants' needs, we have responded with two major initiatives of our own, Our Offer to Tenants and Great Places Commission, both working closely with a wide range of our members. This work has already helped inform our input to the Labour Party's and the Government's green papers on Social Housing.

We have continued to focus, with our members, on boosting housing supply, we have held a number of round tables across the country, to discuss new ways of working and establishing strategic partnerships with Homes England.

STRATEGIC REPORT

Business Review (continued)

As described under the Risks & Uncertainties section of this Strategic Report, we continue to focus on ensuring the success of our 2017 organisational restructure 'Federation of the Future'. Key is to develop a more flexible culture and working environment and we have put in place initiatives to increase the diversity of our workforce, particularly from a BME perspective. We have publically endorsed and support the recommended five-point plan of the Altair sector-wide review into ethnically diverse leadership. Whilst not required to publish a gender pay gap review, as it has less than 250 employees, the Federation has undertaken to do this for the current year.

Our exciting Futures initiative, 'Creating our Future' has gone from strength to strength. It is focussed on developing practical ideas to address major social issues. Over 300 people from 150 housing associations were involved in identifying the five most promising ideas and detailed work is now underway working towards funding and implementation from autumn this year.

The Federation continues to achieve its financial objectives and is in robust financial health, underpinning our ability to provide value for money to our members. Levels of member satisfaction are excellent. We are grateful to members for their prompt payment of fees that aids our cash flow and helps keep down fee levels.

Commercial Services

Sponsorship sales were brought in-house in late 2016 with the objective of facilitating closer sponsor collaboration, maximising income and developing new services. The move is now showing significant benefits as regards the quality of our sponsorship and income generation.

This is allied to an ambitious programme of event development, focussing on member needs, revitalising content and format for established events and the introduction of new events. We are excited about the prospects for our Housing Summit in London in September this year, replacing the Annual Conference that has been held in Birmingham for many years.

Highlights during the past year were yet another record Housing Finance Conference & Exhibition in Liverpool and our GDPR events.

Future Plans

We are now in the final year of our three-year business plan through to March 2019. Details can be found on our website at www.housing.org.uk.

We focus on 3 themes.

- Being the Leading Voice. We use our collective voice to inspire confidence in housing associations, creating an environment that enables them to provide homes of all types and tenure and contribute to economic growth.
- Strengthening our sector. We work with policy makers and housing associations to create a coherent new economic model of delivery, within a new contractual relationship with Government. This will enable our members to be independent, diverse and efficient organisations, equipped to deliver the outcomes that strengthen their business and work for their communities.

STRATEGIC REPORT

Future Plans (continued)

- Customer focused, relevant Federation. We will retain in material terms full membership by demonstrating a sophisticated and nuanced understanding of our members and, by being fully aware of the external environment, we will add value to our members' businesses. We will ensure customer service runs through everything we do, every pound we spend and where we choose to focus our resources to achieve best outcomes for our members.

We have identified a number of strategic drivers for 2018/19:

- Securing our sector reputation and winning for our members in a period of extreme cross-party political instability and unpredictability.
- The expectation that our members will deliver against theirs and the Government's housing priorities.
- Members are changing at pace and the Federation needs to demonstrate ever better understanding, connecting with them more effectively and relevantly through improved intelligence and reach.
- An expectation from the public and tenants for greater accountability, with the sector responding appropriately to the challenges highlighted by the Grenfell tragedy.
- Demonstrating and supporting innovation in the sector in response to increasing disruption, competition and change.
- With a changing membership shape, we need to focus on delivering great value, service and products for our members, working efficiently and with a commercial mind-set within our budgets.

Work is well underway on developing our next business plan for the three years through to March 2022. Content has been informed by a Board Away Day in May 2018, a Staff Away Day in June and involves extensive discussion with members to ensure we fully understand their priorities.

Our longer-term plans continue to be underpinned by our vision 'An ambition to deliver – housing associations unbounded'. This highlights the aspirations of and potential for Federation members to play a major role in addressing the housing crisis through to 2035.

Our aim is that our members are independent, private businesses that exist for social good, taking charge of their own destiny and providing the homes the country needs. We will achieve this by keeping housing associations interests central to housing policy development as trusted and respected partners with key decision makers.

In carrying out our activities, we continue to work with key partners including the Chartered Institute of Housing, The National Federation of ALMOs, Housing Europe, the three other UK housing federations and others as appropriate. Wherever possible we ensure that Federation resources are applied in such ways that add to and don't unnecessarily duplicate the input of our partners.

STRATEGIC REPORT

Future Plans (continued)

Our objective continues to be that wherever members are based, or wherever they require support, they have access to the full range of Federation staff and resources wherever these are based.

We will continue to review and revitalise our portfolio of events, introducing new ones, or changing established ones, where there is a need. We will also continue to develop new commercial services where they help members and are aligned with their social purpose.

Our financial objectives will continue to be aligned to our Reserves Policy described above in the Financial Review and performance will be monitored as set out in the Planning and Reporting section of the Report of the Directors.

ON BEHALF OF THE BOARD

Jackie Cunningham
Company Secretary

3 July 2018

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2018.

Further information can be found in the Chair's Statement, Chief Executive's Review and Strategic Report.

Principal activities

National Housing Federation Limited is the representative trade body for organisations in England which provide and manage homes and do not trade for profit.

The Federation's mission is to create the environment for our members to thrive and deliver their social purpose.

Corporate Governance

The National Housing Federation Limited is a private company limited by guarantee, with no share capital or dividend. The Federation is governed by its Articles of Association.

The Board adopts the Federation's code of governance, updated and republished in February 2015, and carries out an annual compliance review to satisfy itself that it complies with the main principles and provisions in the code.

Reserves

A Surplus (Profit after Tax) of £3,011k (2017: £2,192k) has been transferred to reserves as described in the Financial Review within the Strategic Report.

Fixed Assets

Movements on fixed assets are disclosed in note 6 to the Financial Statements. Freehold property for the Federation's own use is carried at original cost less depreciation. Investment Property is included at valuation.

REPORT OF THE DIRECTORS

Directors

The following table shows Directors of the company between 1 April 2017 and 3 July 2018. Details are also shown of membership to Board Committees, and position where applicable, as at 3 July 2018. Attendance at Board meetings is shown as meetings attended out of meetings eligible to attend.

Name / Board Meeting Attendance	**Remuneration & Governance Committee**	**Audit & Risk Management Committee**	**Nominations Committee**
Baroness Diana Warwick (Chair) 8/8	Member		Member
Jane Ashcroft CBE (Vice Chair) 6/8	Chair		Chair
Mark Washer (Vice Chair) 1/2 (resigned 19 Sep 2017)			
Sean Anstee 5/8			
Elizabeth Austerberry 7/8		Member	
Suzanne Fitzpatrick 6/8			
Mark Henderson 6/8		Member	
Mervyn Jones 7/8			Member
Isobel Leaviss 7/8			
David Montague CBE 6/8	Member	Chair	
Geeta Nanda 4/5 (appointed 19 Sep 2017)			
David Orr CBE (Chief Executive) 8/8	Member		
Cath Purdy OBE 8/8		Member	

Background information on Directors is available on the Federation's web site, www.housing.org.uk

Jack Stephen, who is not a Board member, is a co-opted member of the Audit & Risk Management Committee. Sinead Butters MBE and Mark Washer (who has replaced Victoria Stark CBE), who are also not Board members, are co-opted members of the Nominations Committee.

The Federation is grateful for the support of all Board members and those co-opted on to committees, for the service given to the organisation and the sector.

REPORT OF THE DIRECTORS

Board and Officers' Liability Insurance

During the year the Federation continued to maintain insurance cover to provide indemnity to the members of the Board and officers of the company in respect of losses arising from any claim or claims made against them jointly or severally by reason of any wrongful act committed or alleged to have been committed by them in connection with the performance of their duties as the Board or officers of the company.

The Board

Unless there are temporary vacancies, the Board comprises twelve members. The fiduciary duties are the same as any other director under company law. New Board members are elected by the membership of the Federation at the Annual General Meeting (AGM) following an open recruitment led by the Nominations Committee who then seek agreement by the Board. The Board may co-opt Board members between AGMs.

The Board deals with the policy, strategy and business effectiveness of the organisation.

The Board is committed to integrity and accountability in the management of the Federation's affairs and ensures that members receive regular communication about the Federation's activities.

The Federation's main formal mechanism for accountability by the Board to its members is the AGM. The AGM gives members the opportunity to hear about how we have performed in the year, both in the work carried out on behalf of members and financially. It also gives an opportunity for members to raise any resolutions as well as voting on those on the agenda.

The Audit and Risk Management Committee continues to provide detailed scrutiny of the Federation's finances. It has focussed on the risks the Federation faces, and continues to oversee further strengthening of the Federation's risk management procedures. Following a review in 2016/17 of the arrangements for internal audit and an external assurance mapping exercise, the Federation adopted a revised Corporate Risk Register reflecting updated assessments of risk appetite, potential risk impacts and assurances. Embedding of the revised processes has progressed well.

Under the more project based internal audit regime, also introduced in 2016/17 to maintain assurance but provide better value for money, the committee has reviewed the impacts of the 'Federation of the Future' organisational restructure and new strategy for commercial services. More details of these strategies are provided in the Strategic Report.

The committee closely monitors projects that have a significant cost to ensure the money is being spent wisely in accordance with a robust business case.

The Board has a register for declarations of interest. There is a similar register for the Federation's officers as part of the organisation's employee code of conduct.

REPORT OF THE DIRECTORS

Responsibilities of the Board

The directors are responsible for preparing the Strategic Report, Report of the Directors 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including FRS 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

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 and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

REPORT OF THE DIRECTORS

Responsibilities of the Board (continued)

The Board delegates some areas of its work to committees:

- **Remuneration & Governance Committee**

  This comprises the Chair, Vice Chair, Chair of the Audit and Risk Management Committee and the Chief Executive. It fulfils the role of the Executive Committee specified in the Federation's Articles. It deals with the performance appraisal and remuneration of the Chief Executive and Leadership Team, Board appraisal and any key or urgent governance issues relating to the Federation itself. The Chair and Chief Executive do not attend for any matters relating to their own performance or remuneration.

- **Audit and Risk Management Committee**

  The Audit and Risk Management Committee oversees standards of internal control and risk management. It agrees the internal audit arrangements, reviews the corporate risk register and is the primary point of Board contact for the external auditors. It reviews the Federation's financial plans, budgets and results. The Committee reports to all Board meetings and formally on an annual basis.

- **Nominations Committee**

  The Nominations Committee leads board member recruitment, shortlisting and interviewing applicants, making recommendations to the board for agreement and final ratification at the AGM.

Federation Staff

The Federation employed an average of 112 staff during the year to 31 March 2018. All staff are responsible to and governed by the Board through the Chief Executive. Key management personnel comprises the Chief Executive and other Leadership Team members.

Audit

The Audit and Risk Management committee continue to keep under review the arrangements for internal audit. Following a review in 2016/17 of the arrangements for internal audit and an external Assurance Mapping exercise, the Federation adopted a revised Corporate Risk Register reflecting updated assessments of risk appetite, potential risk impacts and assurances. Embedding of the revised processes has progressed well.

Internal and external auditors have direct access to the Audit & Risk Management Committee and have met with the committee without Federation staff present.

REPORT OF THE DIRECTORS

Planning and Reporting

The Federation works to a three-year business plan which is reviewed and updated each year and agreed by the Board. Annual budgets are also prepared and approved by the Board. Financial performance against budget and forecast out-turn for the year is reported in comprehensive monthly management accounts. Operational and financial performance is reviewed continuously during the year by the Chief Executive, the Leadership Team and senior management.

Financial performance is reviewed by the Audit and Risk Management committee at each meeting. The Board receives reports on performance against the business plan and key financial figures at each of its meetings.

Risk Management Procedures

The Federation has continued to strengthen its risk management procedures.

The Chief Executive and Leadership Team assess the risk of decisions they make at their regular meetings. Papers produced for committees and the Board consider the risks involved and actions taken to reduce such risks. Regular reviews of controls and systems are carried out by each operational area.

Our Corporate Risk Register distinguishes between strategic and operational risks, and captures risk from all parts of the organisation. It is updated and reviewed regularly at departmental, directorate and Leadership Team levels, reviewed by the Audit and Risk Management Committee and by the Board itself on a regular basis.

Key risks are carefully reviewed when setting business strategy for the succeeding year. The Risk Register is directly linked to our strategic objectives and business plans, and contains detail on mitigating actions taken and planned.

Further information on the risks faced by the Federation are described in the Risks and Uncertainties section of the Strategic Report.

Auditor

Mazars LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notification under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Jackie Cunningham
Company Secretary

3 July 2018

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL HOUSING FEDERATION LIMITED

Opinion

We have audited the financial statements of National Housing Federation Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2018 which comprise the Group and the parent company Statements of Comprehensive Income and Retained Earnings, the Group and the parent company Balance Sheets, the Group Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's and the parent company's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specific by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the directors' responsibilities statement set out on pages 15 and16, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of the audit report

This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

Lee Cartwright (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

45 Church Street

Birmingham

B3 2R

Date: 12 July 2018

PRINCIPAL ACCOUNTING POLICIES

Status

National Housing Federation Limited is a company limited by guarantee incorporated in England and Wales. The liability of members, of whom there are 890 (2017: 919) is limited to £1 per member. The Federation's group comprises two wholly owned subsidiaries, National Housing Federation Investments Limited and NHF Property & Services Limited.

Basis of Preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and with the Companies Act 2006.

The functional currency of the Financial Statements is Pounds Sterling.

The principal accounting policies are set out below.

The directors have assessed the company's future activities and commitments against the working capital in place and access to funds. The directors view the level of net current assets as sufficient to ensure future operations and the company has the ability to reduce operational expenditure if necessary. Accordingly, the directors are satisfied that it is appropriate to apply the going concern principle.

Significant Judgements and estimates

Preparation of the financial statements requires management to make judgements and estimates. These are evaluated continually and based on historical performance and any other relevant factors. The only judgements or estimates in these accounts which are considered significant are:

- Valuation of Investment Properties - the company has re-valued its investment property to fair value based on advice from independent experts as detailed in note 6.
- Pension Deficit Liability – the company has recognised a liability for the deficit based on the net present value of the deficit reduction contributions discounted at a rate which gives the same results as using a full corporate AA bond yield curve as detailed in note 21.

PRINCIPAL ACCOUNTING POLICIES

Basis of Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2018. Acquisition of subsidiaries are dealt with by the acquisition method of accounting.

The financial statements present information about the group as a whole. The group owns 49% of the issued share capital of HouseMark Limited, which is shown separately from the group's information as a joint venture as required by section 15 of FRS 102.

Income

Turnover includes:

- affiliation fees received from members;
- the total amount receivable by the company for goods supplied and services provided, excluding VAT.

All income is accounted for on a receivable basis.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment.

Depreciation is provided at rates which are calculated to write off the cost of tangible fixed assets by equal annual instalments over the following estimated useful lives.

Freehold buildings	10-50 years
Improvements to leasehold	Term of lease
IT hardware and software	3-4 years
Office equipment and furniture	7 years
Plant and machinery	14 - 20 years

No depreciation is provided on freehold land. Depreciation is charged monthly from the period of acquisition or commencement of use, up until the period of disposal.

Investment Properties

No depreciation is provided for in respect of investment properties. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006 which requires all properties to be depreciated and the directors consider that to depreciate them would not enable the financial statements to give a true and fair view.

Goodwill

Amortisation of purchased goodwill is provided at a rate which will write off the entire value of the asset over 20 years.

PRINCIPAL ACCOUNTING POLICIES

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes materials and production overheads. Net realisable value is based on selling price less relevant marketing, selling and distribution costs.

Investments

Investments are held as fixed assets and are stated at cost less provision for any impairment.

Pensions

National Housing Federation Limited provides pensions for its employees through participation in the Social Housing Pension Scheme (SHPS). The Scheme has defined benefit and defined contribution elements.

The company contributed during the year to the defined contribution scheme.

The defined benefit scheme is a multi-employer scheme which provides benefits to other companies. The scheme is currently in deficit and the company has agreed 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. The unwinding of the discount rate is recognised as a finance cost.

Payments made to the defined contribution scheme are recognised as an expense and charged to the comprehensive income and retained earnings account as incurred.

Operating Leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Taxation

Provision is made for taxation on rents received, interest and on the trading surplus arising from non-mutual trading.

Deferred tax is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The deferred tax balance has not been discounted.

PRINCIPAL ACCOUNTING POLICIES

Taxation (continued)

VAT recovery is accrued on the basis of a partial exemption formula agreed with HM Customs and Excise on 23 August 2004 which was effective from 28 January 2004. Amounts are included in the income and expenditure account and in the balance sheet gross of VAT where the VAT is reclaimable under this formula. The company is in a VAT grouping with its subsidiary company, NHF Property & Services Limited.

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

Basic financial liabilities, including trade and other payables, bank loans and loans from fellow Group companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

The Company has not issued and is not in receipt of any compound financial instruments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2018 £'000	2017 £'000
Turnover			
Continuing operations	1	**12,614**	13,304
Other operating income:			
rental income		**671**	672
revaluation gain		**1,567**	1,146
Total turnover		**14,852**	15,122
Administrative expenses	1	**(11,703)**	(12,730)
Group operating profit before share of joint venture		**3,149**	2,392
Share of operating profit in joint venture	2	**97**	19
Group operating profit		**3,246**	2,411
Interest payable	3	**(186)**	(213)
Interest receivable and similar income	3	**8**	11
Profit on ordinary activities before taxation		**3,068**	2,209
Tax on profit on ordinary activities	5	**(44)**	(28)
Share of tax on profit on ordinary activities in joint venture	2	**(13)**	11
Profit for the financial year		**3,011**	2,192
Retained profits at 1 April		**8,753**	6,561
Retained profits at 31 March		**11,764**	8,753

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The principal accounting policies on pages 21 to 24 and the notes on pages 29 to 48 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2018 £'000	2017 £'000
Turnover			
Continuing operations	1	**12,614**	13,304
Other operating income:			
Rental income		**671**	672
Total turnover		**13,285**	13,976
Administrative expenses	1	**(12,292)**	(13,524)
Operating profit		**993**	452
Interest receivable and similar income		**6**	9
Profit on ordinary activities before taxation		**999**	461
Tax on profit on ordinary activities	5	**(150)**	172
Profit for the financial year		**849**	633
Retained profits at 1 April		**3,308**	2,675
Retained profits at 31 March		**4,157**	3,308

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The principal accounting policies on pages 21 to 24 and the notes on pages 29 to 48 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Fixed assets					
Goodwill	8	**136**	**-**	168	-
Investments	7	**-**	**531**	-	531
Tangible fixed assets	6	**24,740**	**1,009**	22,722	468
		24,876	**1,540**	22,890	999
Current assets					
Stocks – publications	9	**19**	**19**	29	29
Debtors	10	**2,285**	**8,942**	1,963	8,433
Cash at bank and in hand		**1,070**	**1,024**	3,015	2,968
		3,374	**9,985**	5,007	11,430
Creditors: amounts falling due within one year	11	**(7,069)**	**(6,325)**	(7,911)	(7,186)
Net current (liabilities) / assets		**(3,695)**	**3,660**	(2,904)	4,244
Debtors: amounts falling due after more than one year	10	**1,015**	**5,207**	1,059	5,357
Total assets less current liabilities		**22,196**	**10,407**	21,045	10,600
Creditors: amounts falling due after more than one year	12	**(10,275)**	**(6,128)**	(12,083)	(7,205)
Provisions for liabilities	14	**(122)**	**(122)**	(87)	(87)
Share of net assets in joint venture	24	**(35)**	**-**	(122)	-
Net assets		**11,764**	**4,157**	8,753	3,308
Capital and reserves					
Profit and loss reserve		**11,764**	**4,157**	8,753	3,308
		11,764	**4,157**	8,753	3,308

The financial statements were approved by the Board of Directors on 3 July 2018 and signed on their behalf on 3 July 2018.

Baroness Diana Warwick
Chair

David Montague CBE
Director

Company registration no: 302132

The principal accounting policies on pages 21 to 24 and the notes on pages 29 to 48 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2018 £'000	2017 £'000
Cash from operations	17	**(143)**	1,232
Interest received		**8**	9
Interest paid		**(189)**	(216)
Net cash generated from operating activities		**(324)**	1,025
Cash flows from investing activities			
Payments to acquire fixed assets and investments	6	**(912)**	(36)
Proceeds from sale of fixed assets		**-**	-
Net cash from investing activities		**(912)**	(36)
Repayment of borrowings		**(709)**	(686)
(Decrease)/Increase in cash and cash equilavents	18	**(1,945)**	303
Cash and cash equivalents at the beginning of the year		**3,015**	2,712
Cash and cash equivalents at the end of year		**1,070**	3,015

The principal accounting policies on pages 21 to 24 and the notes on pages 29 to 48 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable as follows:

	2018	2017
	£'000	£'000
Affiliation fees	**8,269**	8,706
Grants	**7**	218
Conferences, publications and business development	**3,562**	3,581
Other income	**776**	799
Company and Group	**12,614**	13,304

All income in the current and preceding year is derived from United Kingdom operations.

The surplus on ordinary activities before taxation is stated after administrative expenses of:

	Group	**Company**	Group	Company
	2018	**2018**	2017	2017
	£'000	**£'000**	£'000	£'000
Staff costs (note 4)	**6,226**	**6,226**	6,634	6,634
Depreciation	**391**	**302**	874	784
Auditors' remuneration:				
- audit services	**26**	**26**	32	32
- non-audit services	**5**	**5**	6	6
Charges on operating leases	**89**	**89**	83	83
Change in pension deficit NPV	**-**	**-**	401	401
Other operating charges	**4,966**	**5,644**	4,700	5,584
Company and Group	**11,703**	**12,292**	12,730	13,524

NOTES TO THE FINANCIAL STATEMENTS

2. Share of joint venture's results

Further information on the Federation's joint venture, HouseMark Limited is disclosed at notes 7 and 24.

HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2017. These have been used in compiling the Federation's group financial statements.
Summary income and expenditure information for HouseMark is:

	Year ended 31 December 2017 £'000	**Group share (50%) 2017 £'000**	Year ended 31 December 2016 £'000	Group share (50%) 2016 £'000
HouseMark turnover	**5,308**	**2,654**	**5,464**	2,732
HouseMark operating costs	**(5,113)**	**(2,557)**	**(5,426)**	(2,713)
Operating profit	**195**	**97**	**38**	19
Interest receivable	**3**	**2**	**3**	2
Profit on ordinary activities before tax	**198**	**99**	**41**	21
Tax on profit on ordinary activities	**(25)**	**(13)**	**22**	11
Net profit	**173**	**86**	**63**	32

3. Interest payable and similar charges

	2018 £'000	2017 £'000
Interest payable		
On bank loans and overdrafts	**186**	213
Interest receivable		
Bank	**8**	11

NOTES TO THE FINANCIAL STATEMENTS

4. Directors and employees

Staff costs during the year were as follows:

	2018 £'000	2017 £'000
Wages and salaries (leadership team)	**642**	585
Wages and salaries (other staff)	**4,660**	4,846
Social security costs (leadership team)	**82**	75
Social security costs (other staff)	**519**	553
Other pension costs (leadership team)	**52**	57
Other pension costs (other staff)	**255**	313
Termination costs	**16**	205
	6,226	6,634

Key management personnel comprises the Chief Executive and other Leadership Team members.

The average number of employees of the company during the year was:

	2018 Number	2017 Number
Leadership team	**5**	4
Other staff	**107**	116
	112	120

All employees were employed in the Federation's principal activity.

The amounts set out above include remuneration (excluding pension contributions) in respect of the highest paid officer, the Chief Executive, who is a board director as follows:

	2018 £'000	2017 £'000
Salary	**191**	186

The Chief Executive and the leadership team are ordinary members of the Social Housing Pension Scheme and participate in the scheme on the same basis as all other staff.

The fee paid for the services of the Chair was £21k (2017: £21k). No remuneration was paid to any other member of the Board other than the Chief Executive.

NOTES TO THE FINANCIAL STATEMENTS

5. Tax on profit on ordinary activities

Analysis of the tax charge / (credit) for the year

The tax charge / (credit) is based on the profit / (loss) for the year and represents:

	Group 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'000
UK Corporation tax	**-**	**-**	-	-
Deferred tax	**44**	**150**	28	(172)
Current tax charge for period	**44**	**150**	28	(172)

The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 19% (2017-20%). The differences are explained below:				
Profit/ (loss) on ordinary activities before tax	**3,068**	**999**	2,209	461
Profit/ (loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 19% (2017-20%).	**583**	**190**	442	92
Effect of:				
Expenses not deductible for tax purposes	**2,158**	**1,864**	1,921	1,921
Income not taxable for tax purposes	**(2,144)**	**(2,139)**	(2,687)	(2,289)
Fixed asset timing differences	**8**	**8**	22	22
Chargeable (loss)/gain	**(739)**	**-**	166	-
Group relief	**-**	**93**	-	26
Difference in deferred tax	**178**	**134**	164	56
Current tax charge for period	**44**	**150**	28	(172)

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets

Group

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	*Computer equipment £'000	Office equipment and furniture £'000	Improve-ments to leasehold premises £'000	Total £'000
Cost:							
At 1 April 2017	17,150	6,321	615	1,763	550	52	26,451
Transfers	2,677	(2,677)		-	-	-	-
Revaluation	1,168	-	-	-	-	-	1,168
Additions	-	705	-	155	52	-	912
Disposals	-	(466)	-	(696)	(316)	-	(1,478)
At 31 March 2018	**20,995**	**3,883**	**615**	**1,222**	**286**	**52**	**27,053**
Depreciation:							
At 1 April 2017	-	1,429	390	1,378	510	22	3,729
Transfers	**399**	(399)	-	-	-	-	-
Revaluation	**(399)**	-	-	-	-	-	(399)
Provided in the year	-	80	28	260	19	4	391
Disposals	-	(462)	-	(643)	(303)	-	(1,408)
At 31 March 2018	**-**	**648**	**418**	**995**	**226**	**26**	**2,313**
Net book amount at 31 March 2018	**20,995**	**3,235**	**197**	**227**	**60**	**26**	**24,740**
Net book amount at 31 March 2017	17,150	4,892	225	385	40	30	22,722

On 27 February 2014 three floors of the freehold property Lion Court were let on a ten-year commercial lease and the relevant portion of property cost was moved to investment property and included at valuation. A further floor was made available to let in January 2018 and a further amount was moved to investment property. Heads of terms for a ten year commercial lease on the additional floor were agreed in June 2018.

The whole property was independently valued at 31 March 2018 at £26.32m by BNP Paribas Real Estate, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Global Standards 2017.

The basis of valuation was market value of the freehold interest in the property (as defined in the RICS Valuation Professional Standards), subject to any external tenancies. 79.8% (2017-61.6%) of the building is let and is therefore included at a valuation of £21m i.e. 79.8% of the whole valuation.

Included in freehold property is an amount of £2.66m in respect of freehold land which is not subject to depreciation.

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical

NOTES TO THE FINANCIAL STATEMENTS

6. Tangible fixed assets (continued)

Costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

Company

	*Computer equipment £'000	Office equipment and furniture £'000	Improvements to leasehold premises £'000	Total £'000
Cost				
At 1 April 2017	1,763	550	712	3,025
Additions	155	52	705	912
Disposals	(697)	(316)	(464)	(1,477)
At 31 March 2018	**1,221**	**286**	**953**	**2,460**
Depreciation				
At 1 April 2017	1,378	509	670	2,557
Provided in the year	260	19	23	302
Disposals	(642)	(303)	(463)	(1,408)
At 31 March 2018	**996**	**225**	**230**	**1,451**
Net book amount at 31 March 2018	**225**	**61**	**723**	**1,009**
Net book amount at 31 March 2017	385	41	42	468

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

7. Investments

The Federation owns 100% of National Housing Federation Investments Limited, which itself owns a 49% ordinary shareholding in HouseMark Limited. The total value of the investment is £531k in the company's balance sheet.

The Federation owns 100% of NHF Property & Services Limited which owns Lion Court, the Federation's head office.

The registered office of both subsidiaries is Lion Court, Procter Street, London, WC1V 6NY

The Federation owns one £1 ordinary share in The Housing Finance Corporation Limited (registered under the Co-operative and Communities Benefit Societies Act 2014),

NOTES TO THE FINANCIAL STATEMENTS

7. Investments (continued)

representing one-seventh of the nominal value of the issued share capital. The Housing Finance Corporation Limited assists housing associations and related charities in raising funds for capital projects and is incorporated in Great Britain.

The Federation holds a £10k investment in Third Sector Consortia Management LLP a company delivering and managing public and community services during the year. The value of this investment has previously been reduced to £1. The Federation's liability is limited to its investment. No provision has been made in these statements in respect of any tax refund due in respect of losses available to be carried back.

Investments summary:

National Housing Federation Investments Limited	Investment company	100%
NHF Property & Services Limited	Property owning and office space provider	100%
HouseMark Limited (note 24)	Provider of benchmarking and consultancy services to Housing Sector	49%
Third Sector Consortia Management LLP	Company delivering and managing public and community services	17%

	2018 £'000	2017 £'000
NHF Property & Services Ltd	-	-
Third Sector Consortia Management LLP	-	-
Other	-	-
Group		
National Housing Federation Investments Limited	**531**	531
Company	**531**	531

NOTES TO THE FINANCIAL STATEMENTS

8. Goodwill

A fair value review of the gross assets and liabilities of HouseMark Limited was carried out; these have been restated under FRS 102 which has resulted in HouseMark Limited accounts showing net liabilities. However, management has considered HouseMark's performance against its business plan since the acquisition date together with the licence fee received each year and is content that no impairment has occurred therefore none of the carrying values of the assets or liabilities were altered for the goodwill calculation. No other circumstances have arisen which would indicate that the carrying amount of the goodwill (in the group's balance sheet) or the investment (in the balance sheet of National Housing Federation Investments Limited) are impaired.

As set out in the accounting policies, purchased goodwill is amortised over a period of twenty years. Management is of the opinion that such a period realistically reflects the expected useful economic life of the goodwill, given the nature of HouseMark's business, the environment in which it operates and the scope and plans for future developments. Amortisation costs are charged to the income and expenditure account monthly. The following reconciliation of movements in goodwill is disclosed.

	£'000
Cost	
At 1 April 2017 and at 31 March 2018	**639**
Accumulated amortisation:	
At 1 April 2017	471
Charge for the period	32
At 31 March 2018	**503**
Net book amount at 31 March 2018	**136**
Net book amount at 31 March 2017	168

9. Stocks

	Group 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'000
Stock for resale	**19**	**19**	29	29

NOTES TO THE FINANCIAL STATEMENTS

10. Debtors

Amounts due in less than one year:

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Trade debtors	795	795	433	433
Other debtors	220	222	230	231
Prepayments and accrued income	1,270	1,270	1,300	1,300
Amounts due from group undertakings	-	6,655	-	6,469
	2,285	8,942	1,963	8,433

Amounts due in more than one year:

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Deferred tax (note 15)	1,015	1,707	1,059	1,857
Amounts due from group undertakings	-	3,500	-	3,500
	1,015	5,207	1,059	5,357

A non-interest bearing deferred loan was made to the company's subsidiary undertaking, NHF Property & Services Limited in January 2004 to assist in the financing of the purchase of Lion Court, a property owned by NHF Property & Services Limited. At 31 March 2018 the amount outstanding on the loan was £3.5m (2017: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £6,655k for twelve months from the date of signing these accounts unless NHF Property & Services Limited has the available funds to make the payment.

11. Creditors: amounts falling due within one year

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Bank loan (note 13)	731	-	708	-
SHPS past service obligation (note 21)	1,080	1,080	1,045	1,045
Trade creditors	523	523	133	133
Other tax and social security	55	55	69	69
Other creditors	248	127	190	190
Accruals and deferred income	4,432	4,540	5,766	5,749
	7,069	6,325	7,911	7,186

NOTES TO THE FINANCIAL STATEMENTS

12. Creditors: amounts falling due after more than one year

	Group 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'000
Other creditors	**205**	**205**	202	202
Bank loan (note 13)	**4,147**	**-**	4,878	-
SHPS past service obligation (note 21)	**5,923**	**5,923**	7,003	7,003
	10,275	**6,128**	12,083	7,205

Other creditors comprises a three month rent deposit held in respect of the lease of floors 1-3 Lion Court and is repayable in more than five years.

13. Creditors: Capital borrowings

Creditors include bank loans (see note 22) which are due for repayment as follows:

	Group 2018 £'000	**Company 2018 £'000**	Group 2017 £'000	Company 2017 £'000
Amounts repayable:				
In one year or less or on demand	**731**	-	708	-
In more than one year, but not more than two years	**750**	-	730	-
In more than two years, but not more than five years	**2,289**	-	2,272	-
In more than five years	**1,108**	-	1,876	-
	4,878	-	5,586	-

14. Provisions for liabilities

Group and company

	Leave pay £'000
At 1 April 2017	87
Additions	122
Utilised	(87)
At 31 March 2018	122

The leave pay provision represents holiday and flexi time balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured at the salary cost payable for the period of absence.

NOTES TO THE FINANCIAL STATEMENTS

15. Deferred taxation

Group and Company

Deferred taxation debtor (note 10) consists of the tax effect of timing differences in respect of:

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Property revaluation	(547)	-	(654)	-
Pension deficit	1,171	1,171	1,367	1,367
Fixed asset timing differences	(35)	110	(19)	125
Losses and other deductions	426	426	365	365
	1,015	1,707	1,059	1,857

Deferred taxation credit/(charge) in the year consists of the tax effect of timing differences in respect of:

	Group 2018 £'000	Company 2018 £'000	Group 2017 £'000	Company 2017 £'000
Property revaluation	(107)	-	(110)	-
Pension deficit	196	196	(324)	(324)
Fixed asset timing differences	16	15	190	184
Losses and other deductions	(61)	(61)	216	312
	44	150	(28)	172

Balance at 1 April 2016	1,087	1,685
Charge for the year	(28)	172
Balance at 1April 2017	1,059	1,857
Charge for the year	(44)	(150)
Balance at31 March 2018 (note 10)	1,015	1,707

16. Reserves

Statement of Comprehensive Income and Retained Earnings includes all current and prior period retained profits and losses.

NOTES TO THE FINANCIAL STATEMENTS

17. Cash from operations

	2018 £'000	2017 £'000
Operating surplus	**3,149**	2,393
Depreciation	**391**	874
Loss on disposal of tangible fixed assets / investments	**68**	-
Amortisation charges	**32**	32
Revaluation gain	**(1,567)**	(1,146)
Decrease in stock	**10**	3
(Decrease)/Increase in debtors	**(322)**	(73)
(Decrease)/Increase in creditors	**(1,904)**	(851)
Net cash (outflow)/inflow from operating activities	**(143)**	1,232

18. Analysis of changes in net debt

	At 1 April 2017 £'000	Cash flow £'000	At 31 March 2018 £'000
Cash in hand	3,015	(1,945)	**1,070**
Liquid resources	(5,587)	709	**(4,878)**
	(2,572)	(1,236)	**(3,808)**

19. Capital commitments

The company had no capital commitments at 31 March 2018 or 31 March 2017.

20. Contingent assets / liabilities

There were no contingent assets or liabilities at 31 March 2018 or 31 March 2017.

21. Retirement benefit schemes

National Housing Federation Limited participates in the Social Housing Pension Scheme (SHPS) and the Growth plan. Both schemes are multi-employer schemes which provide benefits to some 500 non-associated employers. The schemes are defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the schemes as defined benefit schemes. Therefore it accounts for the schemes as a defined contribution schemes.

The schemes are 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 schemes are classified as 'last-man standing arrangements'. 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.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

SHPS

A full actuarial valuation for the scheme was carried out with an effective date of 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

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4 From 1 April 2017 to 30 September 2026:	£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 company 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.

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	6,890	7,921	8,519

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	**Period Ending** 31 March 2017 (£000s)
Provision at start of period	7,921	8,519
Unwinding of the discount factor (interest expense)	98	164
Deficit contribution paid	(1,031)	(993)
Remeasurements - impact of any change in assumptions	(98)	231
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	6,890	7,921

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£000s)	**Period Ending** 31 March 2017 (£000s)
Interest expense	98	164
Remeasurements – impact of any change in assumptions	(98)	231
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company.

ASSUMPTIONS

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

The discount rates shown 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.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	1,070	1,031	993
Year 2	1,111	1,070	1,031
Year 3	984	1,111	1,070
Year 4	847	984	1,111
Year 5	877	847	984
Year 6	771	877	847
Year 7	656	771	877
Year 8	676	656	771
Year 9	348	676	656
Year 10	-	348	676
Year 11	-	-	348

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

Growth Plan

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	£12,945,440 per annum (payable monthly and increasing by 3% each on 1st April)
From 1 April 2017 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1st April)

Unless a concession has been agreed with the Trustee the term to 30 September 2025 applies.

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

Where the scheme is in deficit and where the company 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.

PRESENT VALUES OF PROVISION

	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Present value of provision	113	127	135

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Provision at start of period	127	135
Unwinding of the discount factor (interest expense)	2	2
Deficit contribution paid	(14)	(14)
Remeasurements - impact of any change in assumptions	(2)	4
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	113	127

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2018 (£000s)	Period Ending 31 March 2017 (£000s)
Interest expense	2	2
Remeasurements – impact of any change in assumptions	(2)	4
Remeasurements – amendments to the contribution schedule	-	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes. To be completed by the company

NOTES TO THE FINANCIAL STATEMENTS

21. Retirement benefit schemes (continued)

ASSUMPTIONS

	31 March 2018 % per annum	31 March 2017 % per annum	31 March 2016 % per annum
Rate of discount	1.71	1.32	2.07

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.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2018 (£000s)	31 March 2017 (£000s)	31 March 2016 (£000s)
Year 1	15	14	14
Year 2	15	15	14
Year 3	15	15	15
Year 4	16	15	15
Year 5	16	16	15
Year 6	17	16	16
Year 7	17	17	16
Year 8	9	17	17
Year 9	-	9	17
Year 10	-	-	9

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

The total pension cost for the Federation for the year including pension deficit contributions was £1,352k (2017: £1,377k).

NOTES TO THE FINANCIAL STATEMENTS

22. Financial commitments

On 29 January 2004, the group purchased Lion Court in Holborn for the sum of £13.74m The purchase was financed by a 25-year loan from the Bank of Scotland of £11.74m at an interest rate of 1.5% plus base. At 31 March 2018 the amount outstanding was £4.88m (2017: £5.59m).

The loan is secured by mortgage charge over the building known as Lion Court.

On 11 June 2004, the company elected to fix the interest rate on £4m of the loan for 5 years at 7.315%, this then reverted to a base rate loan and on 29 July 2011 the outstanding amount of £2.04m was changed to a LIBOR loan repayable at 1.5% over LIBOR. On 11 June 2004 the interest rate on a further £4m of the loan was fixed for 10 years at 7.295% which reverted back to a base rate loan on 11 June 2015. On 22 February 2010, the company elected a further interest fix at 5.595% for 10 years, £3.32m to run from 11 March 2010 and £0.79m to run from 29 April 2010.

National Housing Federation Limited had an overdraft facility with its bankers Lloyds Bank Plc amounting to £1m, which expired at the end of June 2018. The overdraft was £nil at 31 March 2018 (2017: £nil).

The group and company's future operating lease payments are as follows:

	Group and Company 2018 £'000	Group and Company 2017 £'000
Amounts repayable:		
In one year or less on demand	**69**	88
In more than one year, but not more than two years	**32**	75
In more than two years, but not more than five years	**75**	80
In more than five years	**73**	97
	249	340

NOTES TO THE FINANCIAL STATEMENTS

23. Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2017: £nil) to HouseMark for services and received licence income from HouseMark amounting to £320k (2017: £306k).

National Housing Federation Limited paid rent of £1.709m (2017: £1.709m) to NHF Property & Services Limited. NHF Property & Services Limited paid fees in respect of rents, rates and service charges to National Housing Federation Limited for the 1st, 2nd and 3rd floors of Lion Court amounting to £801k (2017: £793k).

In the normal course of business Housing Associations to which some directors are connected, pay affiliation fees, acquire publications and attend conferences of National Housing Federation Limited. All of these transactions are at arm's length other than attendance at conferences where the Director's attendance is required by virtue of being a Director. Affiliation fees received from members during the year ended 31 March 2018 were £8.27m (2017: £8.71m).

There are no other related party transactions.

24. Group and joint venture disclosures

The group and company have a 49% shareholding in HouseMark Limited. HouseMark's only other shareholder is the Chartered Institute of Housing. National Housing Federation Limited has 50% of voting rights and therefore 50% of the results of HouseMark Limited are treated as a joint venture.

a) There are no intercompany loans or other balances due between National Housing Federation Limited and HouseMark Limited.
2) HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2017. These have been used in compiling the Federation's group financial statements.

NOTES TO THE FINANCIAL STATEMENTS

24. Group and joint venture disclosures (continued)

	2017 £	2016 £
Profit and loss account		
Turnover	**5,308,068**	5,464,415
Profit after tax	**172,968**	63,171
Balance sheet		
Fixed assets	**449,346**	266,577
Current assets	**1,701,884**	2,165,691
Creditors: amounts falling due within one year	**(1,122,775)**	(1,428,015)
Provision for liabilities	**(1,098,051)**	(1,246,817)
Net assets	**(69,596)**	(242,564)
Called-up share capital	**100**	100
Profit and loss account	**(69,696)**	(242,664)
	(69,596)	(242,564)

HouseMark Limited's registered address is 8 Riley Court, Millburn Hill Road, University of Warwick Science Park, Coventry CV4 7HP.

25. Financial risk management

The company has exposure to three main areas of risk:

Reputational risk
The company has identified as inherently high risk, the political, economic and regulatory aspects of its wider operating environment and the linked reputational risks relating to the activities of its members. These factors may impact in ways which are inherently unpredictable, but the company leads the sector in anticipating a range of scenarios and planning to deal with them. It does not involve itself directly in issues relating to an individual member, although offering advice and support where appropriate.

Customer credit exposure
The company has leased three floors of its freehold property to a serviced office provider for ten years with no break clause. In June 2018 heads of terms were agreed with the same office provider for a new lease of the additional floor and to extend their other leases for a further four years so that all four leases will run for ten years from the date the lease is signed with no break clause. There is a risk that the serviced office provider may default on the rent however this is mitigated by holding a £200k rent deposit.

Interest rate risk
The company financed the purchase of its freehold property by way of a term loan from the Bank of Scotland and is therefore subject to interest rate changes. This is mitigated by fixing the interest on a portion of the loan as disclosed in note 22.