Co-operative and Community Benefit Society (FCA) No 19564R

Homes and Communities Agency No L1230

Great Places Housing Association

Report and Financial Statements
For the Year ended 31 March 2016

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2016

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GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2016

ASSOCIATION INFORMATION

Board

Chairman	A. Davison
Deputy Chair	J. Rayner
Other Members	C. Cashman
	J. Fitzgerald
	J. Green
	M. Harrison
	B. Nevin
	D. Robinson
	R. Sear

Executive Officers

Chief Executive	M. Harrison
Company Secretary	P. Elvy

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

HCA No: L1230
Co-operative and Community
Benefit Society No: 19564R

External Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors

PWC
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

The Royal Bank of Scotland plc
P.O. Box 356
38 Mosley Street
Manchester
M60 2BE

REPORT OF THE BOARD

The Board presents its report and the audited financial statements for the year ended 31 March 2016. A fuller review of Great Places Housing Association ("GPHA" or "the Association" is included within the Strategic Report of its parent Great Places Housing Group ("GPHG" or "The Group").

Principal activities
Great Places Housing Association's principal activities include the development and management of social housing properties for the Great Places Housing Group.

Business review
The surplus after tax for the year ended 31 March 2016 was £11,991,000 (2015: £11,138,000). At the year-end revenue reserves amounted to £85,895,000 (2015: £73,799,000). The total comprehensive income for the year ended 31 March 2016 was £9,291,000 (2015: deficit of £10,672,000).

In respect of the year ended 31 March 2016 a gift aid payment of £500,000 (2015: £950,000) was received on 30 March 2016 from Plumlife Homes Limited and further gift aid payments were agreed by Terra Nova Developments Limited at their board meeting on 3 May 2016 of £110,000 (2015: £150,000) and by Cube Great Places Limited at their board meeting on 2 February 2016 of £957,728 (2015: £nil).

Housing property assets
Details of changes to the Association's property assets are shown in note 12 of the financial statements.

Trade creditors
The Association's trade creditors fall into three main categories – contractors engaged under formal contracts, utilities and others. The Association has a policy of paying contractors in accordance with contractual terms, utilities upon receipt of invoice and others by at least the end of the month following the invoice date.

Donations
During the years ended 31 March 2016 and 2015 the Association has made no political contributions and any charitable donations were made during the course of its ordinary activities.

Post balance sheet events
There have been no events since the year-end that have had a significant effect on the Association's financial position.

Equality, diversity and inclusion
We are committed to equal opportunities and in particular we support the employment of disabled people. The Association has, and continually reappraises, a full and comprehensive policy of diversity, inclusion and equal opportunities.

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

REPORT OF THE BOARD

Board members and executive directors

The Board members and the executive directors of the Association at 31st March 2015 are set out on page 1 of these financial statements. Details of all the members and directors that have served during the period from 1st April 2015 up to the date of these statements have been signed are disclosed in note 11.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. In recognition of the increasing challenges and responsibilities facing the Board and the time and effort they put into performing their duties, Great Places remunerates its Board members and formalises these arrangements through individual Board member service contracts.

The Association's executive directors are the members of the Group's senior management team and are remunerated by GPHG. They hold no interest in the Association's shares and act as executives within the authority delegated by the Board. Details of the periods of service and of the emoluments of the executive directors are included in the financial statements of GPHG.

Insurance policies indemnify Board members and officers against liability when acting for the Group.

Other benefits

The executive directors are entitled to other benefits such as the provision of a car (or car allowance) and health care insurance. A bonus arrangement exists for the executive directors, but has not been triggered in either 2014/15 or 2015/16. Further information on the emoluments of the executive directors is included in note 11 to the audited financial statements.

Executive Pensions

The executive directors are members of the Social Housing Pension Scheme. They participate in the scheme on the same terms as all other eligible staff and the Association contributes to the scheme on behalf of its employees.

Staff Pension costs

The Association participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS – 90 staff participate), the Pension Trust Growth Plan (PTGP – 2 staff participate), the South Yorkshire Pension Fund (SYPF – 8 participants) and the Greater Manchester Pension fund (GMPF - 7 participants).

SYPF is a final salary related scheme open to employees that work on the Sheffield stock transfer estates. GMPF is a final salary related scheme open to employees that work on the Oldham PFI.

Up to 31st March 2016, SHPS provided a final salary related scheme for staff employed prior to April 2007 and a career average salary related scheme for staff employed after that date. The Association has contributed to the schemes in accordance with levels, set by the actuaries, of between 4.4% and 8.2%, together with further lump sum payments to address the historic deficit.

The most recent formal actuarial valuation of SHPS was undertaken as at 30 September 2014, at which date the scheme has reported a deficit of £1,323M (70% funded) compared to £1,035M (67% funded) at September 2011.

Following an independent review of potential pension benefit options, proposals were considered by Board and all staff were consulted regarding the proposals during the late summer of 2015. Following the consultation, it was agreed that from 1st April 2016, the SHPS Final salary and Career Average (60ths) schemes would be closed to existing members and those staff would be switched to the SHPS Career Average (80ths) scheme from that date.

REPORT OF THE BOARD

The Association pays deficit reduction contributions over periods that will end between October 2020 and October 2026. From March 2015, as a result of the introduction of new UK GAAP, these payments will be disclosed as a liability, reducing to nil over the period to October 2026. These payments and liabilities reflect the deficit reduction plans implemented by SHPS. See notes 27 and 35.

A SHPS defined contribution scheme is also available (121 participants) – this is also open to all new employees as well as having formed the basis for auto-enrolment in November 2013. The scheme requires contributions of either 3% or 5% from both employee and employer. The Association is pleased that the introduction of the lower cost 3% option has helped membership of this scheme increase by 70% in the year.

Internal controls assurance

The Board of Great Places is the ultimate governing body and is responsible for the system of internal control. The Board is answerable for ensuring that its business is conducted in accordance with the law and proper standards, that public assets and money are safeguarded and properly accounted for, and that they are being used economically, efficiently and effectively.

A wide range of internal control mechanisms are in place and being operated to help the organisation meet its strategic objectives. These controls provide assurance to Board that an effective system of internal controls is in place. The most significant sources of assurance are:

- Our approach to combined assurance, based around the 3 lines of defence model;
    - An independent internal audit function;
    - The existence of the Audit and Assurance Committee, with appropriate terms of reference;
    - The external auditors;
- Financial and non-financial performance monitoring and management;
- Effective tenant scrutiny arrangements; and
- External stakeholders, including the regulator and accreditation bodies such as Investors in People, Investors in Excellence and OHSAS 18001.

Internal controls framework

To assess the effectiveness of the internal control system, a comprehensive framework is in place consisting of sources of assurance that bring together information from all key parts of the business.

The primary forms of assurance include:

- A new Risk and Assurance Strategy is supported by an embedded framework of risk registers at strategic, operational and project level, including articulation of risk appetite, tolerance levels and risk targets. These are monitored at high level at every Board meeting, with detailed 6 monthly reviews, and additional scrutiny provided by the Audit and Assurance Committee.
- Effective recruitment and selection processes are in place.
- The scheme of delegation sets out levels of financial approvals across the organisation, and these are replicated in our invoicing system to ensure that authorisation levels are adhered to.
- A range of strategic documents are "owned" at Board level, whilst the intranet ensures that all documents are regularly reviewed and approved at the appropriate management level.

REPORT OF THE BOARD

- Both the internal and external auditors have the opportunity to meet the members of the Audit and Assurance committee without officers present to allow them to raise any concerns.
- Compliance reports and regulatory judgements issued by the HCA, other regulatory bodies and the Group's credit rating agencies.
- A full range of insurances are in place to safeguard assets. These are regularly reviewed to ensure they are fit for purpose.
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives or investments are subject to formal authorisation procedures by the Executive Team, the Board or its Committees.
- A range of surveys including customer satisfaction and employee satisfaction, including detailed analysis of the results and actions taken to address areas of concern.
- Whistleblowing and anti-fraud policies, and a register of all actual or potential fraud which is reported to the Audit and Assurance Committee, and to the regulator via an annual report.
- Appropriate tenant involvement structures to ensure the customers voice is taken into account, including our tenant scrutiny group "Insight" and our mystery shoppers.
- A risk based assurance system which ensures checks are carried out at a local level on key procedures to ensure processes are being followed and risks are minimised.
- Supported housing scheme audits conducted to monitor the quality of outcomes at a local level in order to identify trends, training requirements, policy limitations, etc.

Specific progress during 2015/16

- In April 2015, a new Corporate Plan was launched which identified 6 corporate priorities – customers and communities, growth, assets, financial viability, people and good governance.
- Ten Critical Success Factors (CSF's), which are clearly linked to the Corporate plan and the 6 priorities, ensure the performance management framework is clearly focused.
- Annual business plans with detailed supporting budgets allow careful monitoring of financial performance in the short, medium and long term, with a view to update if there is material change. Precisely this happened following the announcement of the 4 year rent reduction – the business plan was reviewed and resubmitted to the regulator.
- In the spring of 2015 Great Places were reviewed by the HCA as a pilot for the new In Depth Assessment (IDA) programme. The feedback from the HCA was positive and subsequently confirmed our G1/V1 status. A limited number of areas for improvement were identified and the following progress has been made that has improved our internal control environment:
    - Enhancements to our stress testing environment;
    - An enhanced focus on the completion of stock condition surveys with a target in place to have 100% of data by March 2018.
- Appointment of a new senior post – "Head of Business Assurance" – with specific responsibilities around risk management, assurance and regulatory compliance.

Audit work in 2015/16

Our new internal auditors, PWC, carried out 4 advisory reviews, and 10 compliance audits across a broad range of service areas. The 10 compliance audits produced 2 x low risk areas (fire risk assessments and safeguarding), 6 x medium risk areas (gas safety, performance reporting, leasehold management, payroll, financial controls and development) and 2 x high risk areas (ghost tenancies and software development). There were no critical risk areas.

REPORT OF THE BOARD

In their annual report for 2015/16 PwC conclude "…there are adequate and effective governance, risk management and control processes to enable the related risks to be managed and objectives to be met".

Our external auditors, BDO, have also confirmed that they have not identified any significant deficiencies in internal control during their audit and have delivered an unmodified audit opinion.

Internal controls assurance conclusion
To assist the Audit and Assurance Committee in the review process, it has received the Chief Executive's report regarding the effectiveness of the system of internal control for the Group. The Chief Executive's report concludes:

- That there is sufficient evidence to confirm that adequate systems of internal control have existed and have operated throughout the year;
- That those systems are aligned to the management of significant risks facing the organisation.
- That the organisation has suitable internal controls for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.
- That no weaknesses have been identified which would have resulted in material misstatement or loss and which would have required disclosure in the financial statements.

The system of internal control is a significant part of Great Places' governance arrangements and is designed to manage risk to a reasonable level rather than to eliminate all risk. It can, therefore, only provide reasonable rather than absolute assurance.

The Audit and Assurance Committee has conducted its own review of the effectiveness of the systems currently in place, has reported its findings to the Board and has confirmed that all necessary actions have been taken to remedy any significant failings or weaknesses.

The Board is therefore able to confirm that the system of internal controls is ongoing and has been in place for the year to 31st March 2016 and up to the date of the approval of these financial statements.

The Board also confirms that it is satisfied that there are ongoing processes in place to identify, evaluate, control and manage any significant risks faced by the organisation. These processes have been in place during the year under review, up to the date of the annual report and accounts and they are regularly reviewed by the Board.

The Board confirms that no weaknesses were found in the internal controls for the year ended 31st March 2016 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Strategic Report
The Association has decided not to include a Strategic Report, however a Group Strategic Report as been included in the financial statements of its parent company Great Places Housing Group Limited.

REPORT OF THE BOARD

Going concern
After making enquiries, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Group's latest business plan (approved April 2016) which demonstrates that the Group has funding facilities in place that will last for over three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore the Board continues to adopt the going concern basis in the financial statements.

Annual general meeting
The annual general meeting will be held on 8th September 2016 at Southern Gate, Manchester.

External auditors
A resolution to re-appoint BDO LLP will be proposed at the AGM on 8th September 2016.

Statement of compliance
In preparing this Board report, the Board has complied with the HCA's Governance and Financial Viability Standard as set out in the Accounting Direction 2015.

Statement of the responsibilities of the Board for the report and financial statements
The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

REPORT OF THE BOARD

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

In so far as each of the Board members is aware:

- There is no relevant audit information of which the Association's auditors are unaware; and
- The Board has taken all steps that it ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information.

The report of the Board was approved by the Board on 28th July 2016 and signed on its behalf by:

Phil Elvy
Company Secretary

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

We have audited the financial statements of Great Places Housing Association for the year ended 31 March 2016 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in reserves and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2016 and of the association's surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the association; or

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GREAT PLACES HOUSING ASSOCIATION

- a satisfactory system of control has not been maintained over transactions; or
- the association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, Statutory Auditor
Manchester
United Kingdom
Date: 2/08/2016.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2016

STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 £'000	2015 restated £'000
Turnover		**81,214**	77,347
(excluding amortisation of government grants and first tranche sales)			
Amortisation of government grants	4	**5,223**	5,106
First tranche sales	4	**8,496**	3,650
Total turnover	4	**94,933**	86,103
Operating costs	4	**(61,494)**	(54,127)
Cost of sales	4	**(7,323)**	(2,938)
Operating surplus	5	**26,116**	29,038
Surplus on sale of fixed assets – housing properties	6	**5,123**	2,381
Interest receivable	7	**551**	268
Interest and financing costs	8	**(21,721)**	(20,697)
SHPS pension discount rate remeasurements	27	**49**	(274)
Movement in fair value of financial instruments	8	**(75)**	(696)
Movement in fair value of investment properties	13	**380**	-
Surplus on ordinary activities before taxation		**10,423**	10,020
Gift aid receipt	9	**1,568**	1,118
Tax on surplus on ordinary activities	10	**-**	-
Surplus for the financial year		**11,991**	11,138
Actuarial gains/(losses) on defined benefit pension schemes	35c	**221**	(422)
Movement in fair value of hedged financial instruments	8	**(2,921)**	(21,388)
Total other comprehensive income		**(2,700)**	(21,810)
Total comprehensive income for the year		**9,291**	(10,672)

All amounts relate to continuing activities.

The accompanying notes on pages 15 to 55 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board of Directors on 28th July 2016.

Board member	Board member	Secretary
J. Rayner	J. Fitzgerald	P. Elvy

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2016

BALANCE SHEET

	Note	2016 £'000	2015 restated £'000
Tangible fixed assets			
Housing properties	12	**1,136,067**	1,089,778
Less: depreciation	12	**(134,154)**	(123,968)
Investment properties	13	**13,085**	12,705
Other tangible fixed assets	14	**5,134**	5,185
		1,020,132	983,700
Fixed asset investments			
Homebuy loans	15	**8,796**	9,586
Fixed asset investment	16	**548**	57
Investment in joint venture	16	**10**	10
Total fixed asset investments		**9,354**	9,653
Total fixed assets		**1,029,486**	993,353
Debtors: Amounts falling due after more than one year	18	**3,868**	3,285
Current assets			
Stock and work in progress	17	**10,484**	4,007
Debtors	18	**36,239**	40,306
Investments	19	**2,704**	1,602
Cash and cash equivalents		**26,401**	20,538
		75,828	66,453
Creditors: Amounts falling due within one year	20	**(47,633)**	(43,003)
Net current assets		**28,195**	23,450
Total assets less current liabilities		**1,061,549**	1,020,088
Creditors:			
Deferred capital grant due after more than one year	21	**(471,781)**	(473,159)
Other creditors falling due after more than one year	21	**(540,290)**	(508,675)
Provisions for liabilities	27	**(7,619)**	(5,529)
Pension liability	35c	**(577)**	(734)
Net assets		**41,282**	31,991
Capital and reserves			
Non-equity share capital	28	**-**	-
Cash flow hedge reserve		**(46,765)**	(43,844)
Designated reserve		**153**	175
Revaluation reserve		**1,999**	1,861
Income and expenditure reserve		**85,895**	73,799
Association's funds		**41,282**	31,991

The accompanying notes on pages 15 to 55 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 28th July 2016 and signed on its behalf by:

Board member	Board member	Secretary
J. Rayner	J. Fitzgerald	P. Elvy

GREAT PLACES HOUSING ASSOCIATION
Year ended 31 March 2016

STATEMENT OF CHANGES IN RESERVES

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2015	**(43,844)**	**1,861**	**175**	**73,799**	**31,991**
Surplus for the year	**-**			**11,991**	**11,991**
Actuarial gains on defined benefit pension scheme	-	-	-	221	221
Movement in fair value of hedged financial instruments	(2,921)	-	-	-	(2,921)
Other comprehensive income for the year	**(2,921)**	**-**	**-**	**221**	**(2,700)**
Reserves Transfers:					
Transfer to revaluation reserve from fair value movement on investment properties (note 13)	-	138	-	(138)	-
Transfer of expenditure from income and expenditure reserve	-	-	(25)	25	-
Interest credited from income and expenditure reserve	-	-	3	(3)	-
Balance at 31 March 2016	**(46,765)**	**1,999**	**153**	**85,895**	**41,282**

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2014	**(22,456)**	**1,861**	**175**	**63,083**	**42,663**
Surplus for the year	**-**	**-**	**-**	**11,138**	**11,138**
Actuarial losses on defined benefit pension scheme	-	-	-	(422)	(422)
Movement in fair value of hedged financial instruments	(21,388)	-	-	-	(21,388)
Other comprehensive income for the year	**(21,388)**	**-**	**-**	**(422)**	**(21,810)**
Balance at 31 March 2015	**(43,844)**	**1,861**	**175**	**73,799**	**31,991**

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a social housing provider.

2 Accounting policies

Major accounting policies are detailed within the relevant note from note 4 onwards.

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Great Places Housing Association included the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015. Information on the impact of first-time adoption of FRS 102 is given in note 36.

The association is a Public Benefit Entity (PBE) and has applied the provisions for FRS102 specifically applicable to PBE's.

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Basic Financial Instruments;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Great Places Housing Group Limited as at 31 March 2016 and these financial statements may be obtained from their registered office.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires the Association management to exercise judgement in applying the Association’s accounting policies.

Value Added Tax (VAT)

GPHA is VAT registered as part of the GPHG registration. A large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (continued)

Reserves (continued)
The Association designates those reserves which have been set aside for uses which, in the judgement of the Directors, prevent them from being regarded as part of the free reserves of the Association as designated reserves. The Association has a reserve that is designated for use in the support, training and development of apprentice maintenance employees.

The revaluation reserve is created from surpluses on the revaluation of investment properties held by the Association.

Service charges
The Association has both fixed and variable service charges for its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Liquid resources
Liquid resources are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, that can only be withdrawn without penalty on maturity, or by giving notice of more than one working day.

3 Judgements in applying accounting policies and key sources of estimation uncertainty

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

- whether there are indicators of impairment of the Association's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

NOTES TO THE FINANCIAL STATEMENTS

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

- whether leases entered into by the Association either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- the exemptions to be taken on transition to FRS 102.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 14)
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

Investment properties are professionally valued annually by an external firm of chartered surveyors on the basis of either Market Value – Vacant Possession (MV-VP) or Market Value – Subject to Tenancies (MV-ST). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing Market Value with Vacant Possession established needs to be made.

Rental and other trade receivables (debtors) (see note 18)
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

NOTES TO THE FINANCIAL STATEMENTS

3 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

Financial instruments – borrowings – Negative compensation and funding indemnity clauses
The Association's loan facilities have been assessed as basic financial instruments. The Association's fixed rate loan facilities allow early payment of the principal and accrued interest in relation to fixed interest tranches. There is an indemnity clause that requires the borrower to pay a compensation premium to the lender if market rates have fallen since the inception of the loan. There is also a clause that means that if market rates have increased, the borrower (i.e. the Association) would benefit from a compensation premium.

The Association does not consider that the clause allowing the Association to potentially receive a compensation premium upon early repayment of some or all of the fixed rate loan liability makes this financial instrument 'non-basic' or 'other' as outlined in FRS 102 section 11. The Association considers that this particular loan clause is specifically compliant with section 11.9b) and 11.9c) of FRS 102 and that the substance of this loan arrangement was always that it was always intended to be a simple fixed rate loan arrangement.

4 Particulars of turnover, cost of sales, operating costs and operating surplus

Policies

Income
Income is measured at the fair value of the consideration received or receivable. The Association generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting),
- First tranche sales of Low Cost Home Ownership housing properties developed for sale.
- Service charge receivable,
- Revenue grants,
- Proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion and are formally let, income from first tranche sales is recognised at the point of the legal completion of the sale.

Grants
Grants in respect of revenue expenditure are credited to the income statement when the conditions for receipt of agreed grant funding are met.

NOTES TO THE FINANCIAL STATEMENTS

4 Particulars of turnover, cost of sales, operating costs and operating surplus

Policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The assets leased by the Association under finance leases are Investment Properties and are therefore accounted for under FRS 102 as Investment Properties. The corresponding leasing commitments are shown as amounts payable to the lessor.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the income statement over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduce the amounts payable to the lessor.

All other leases are treated as operating leases. The annual rentals are charged to the income statement on a straight-line basis over the term of the lease.

Property managed by agents

Where the Association carries the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the income and expenditure account of the Association.

Where the agency carries the financial risk, the income statement includes only that income and expenditure which relates to the Association.

In both cases, where revenue grants are claimed by the Association, these are included as income in the income statement and expenditure to the extent that they are passed to the agent.

NOTES TO THE FINANCIAL STATEMENTS

4 Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

	2016			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	**82,110**	**-**	**(53,892)**	**28,218**
Other social housing activities				
Supporting people	2,640	-	(4,121)	(1,481)
Properties managed but owned by other organisations	945	-	(579)	366
First tranche shared ownership sales	8,496	(7,323)	-	1,173
SHPS Pension deficit remeasurement (note 27)	-	-	(2,641)	(2,641)
Other	489	-	(102)	387
	12,570	**(7,323)**	**(7,443)**	**(2,196)**
Non-social housing activities				
Commercial property income	253	-	(159)	94
	253	-	(159)	94
	94,933	**(7,323)**	**(61,494)**	**26,116**

	2015 - restated			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus / (Deficit)
	£'000	£'000	£'000	£'000
Social housing lettings	**77,586**	**-**	**(48,543)**	**29,043**
Other social housing activities				
Supporting people	3,226	-	(4,540)	(1,314)
Properties owned but managed by other organisations	933	-	(824)	109
First tranche shared ownership sales	3,650	(2,938)	-	712
Other	438	-	(133)	305
	8,247	**(2,938)**	**(5,497)**	**(188)**
Non-social housing activities				
Commercial property income	270	-	(87)	183
	270	-	(87)	183
	86,103	**(2,938)**	**(54,127)**	**29,038**

NOTES TO THE FINANCIAL STATEMENTS

4. Particulars of turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings

	2016					2015
	General needs housing	Supported housing and housing for older people	Key worker housing	Low cost home ownership	Total	Total restated
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	57,672	7,838	952	2,168	68,630	63,883
Service charge income	2,096	3,346	-	174	5,616	5,835
Charges for support services	-	346	-	-	346	380
Net rental income	**59,768**	**11,530**	**952**	**2,342**	**74,592**	**70,098**
Amortisation government grants	4,123	760	1	339	5,223	5,106
Other income	1,626	580	89	-	2,295	2,382
Turnover from social housing lettings	**65,517**	**12,870**	**1,042**	**2,681**	**82,110**	**77,586**
Management	14,853	616	27	-	15,496	13,637
Services	2,437	2,851	273	178	5,739	6,148
Routine maintenance	8,952	1,083	106	23	10,164	10,067
Planned maintenance	378	40	1	-	419	242
Major repairs expenditure	6,146	251	16	(6)	6,407	4,231
Bad debts	412	34	(8)	1	439	70
Property lease charges	211	116	-	-	327	374
Depreciation of housing properties:						
-annual charge	11,346	1,588	64	767	13,765	12,490
-accelerated on disposal of components	828	64	-	-	892	1,112
Impairment of housing properties	222	-	-	-	222	150
Other costs	21	1	-	-	22	22
Operating expenditure on social housing lettings	45,806	6,644	479	963	53,892	48,543
Operating surplus on social housing lettings	**19,711**	**6,226**	**563**	**1,718**	**28,218**	**29,043**
Void losses	304	392	110	3	809	1,109

NOTES TO THE FINANCIAL STATEMENTS

5 Operating surplus

This is arrived at after charging:	2016	2015 restated
	£'000	£'000
Depreciation of housing properties	13,842	12,549
Accelerated depreciation on component disposal	892	1,133
Depreciation of other tangible fixed assets	51	69
Impairment of housing properties	222	150
Amounts paid under operating leases – land and buildings	241	238
Auditors' remuneration (excluding VAT):		
- for the audit of the financial statements	36	29
- for other services relating to taxation	3	1

6 Surplus on sale of fixed assets – housing properties

	Shared Ownership 2016	Other housing properties 2016	Total 2016	Total 2015 restated
	£'000	£'000	£'000	£'000
Disposal proceeds	2,714	12,687	15,401	10,684
Carrying value of fixed assets	(1,586)	(3,406)	(4,992)	(5,158)
	1,128	9,281	10,409	5,526
Capital grant recycled (note 24)	(682)	(4,135)	(4,817)	(2,705)
Disposal proceeds fund (note 25)	-	(469)	(469)	(440)
	446	4,677	5,123	2,381

7 Interest receivable and other income

Policy
Interest receivable is credited to the income statement in the year.

	2016	2015
	£'000	£'000
Interest receivable and similar income	248	167
Intercompany interest receivable	303	101
	551	268

8 Interest and financing costs

Policies

Interest payable
Interest is capitalised on borrowings to finance developments up to the date of practical completion if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
b) interest on borrowings of the Association as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income statement in the year.

NOTES TO THE FINANCIAL STATEMENTS

8 Interest and financing costs (continued)

Policies (continued)

Leased assets
The interest element of rental obligations is charged to the income statement over the period of the lease in proportion to the balance of capital repayments outstanding.

	2016	2015 restated
	£'000	£'000
Finance leases	178	141
Loans and bank overdrafts	3,769	3,935
Intercompany loans	18,139	17,230
Unwinding of pension discount cost (note 27)	100	162
Other finance costs including non-utilisation and commitment fees and arrangement fees amortised or written off	933	932
	23,119	22,400
Interest payable capitalised on housing properties under construction	(1,398)	(1,703)
	21,721	**20,697**
Other financing costs		
Loss on fair value of non-hedged derivative instruments	75	696
Other financing costs through other comprehensive income		
Loss on fair value of hedged derivative instruments	2,921	21,388
	24,717	**42,781**

Capitalised interest was charged at rates of 0.50% (2015: 0.50%) receivable and 4.9016% (2015: 5.113%) payable.

9 Gift aid

	2016	2015
	£'000	£'000
Payment received as a gift aid in accordance with s339 (7AA) of the Income and Corporation Taxes Act 1988	1,568	1,118

A gift aid payment of £500,000 (2015: £950,000) was received on 30 March 2016 in respect of the period ended 31 March 2016 from Plumlife Homes Limited.

Two further gift aid payments were declared by the Boards of Terra Nova Developments Limited (Terra Nova) and Cube Great Places Limited (Cube) of £110,000 (2015: £150,000) on 3 May 2016 and of £957,728 (2015: £nil) on 2 February 2016 respectively. It is therefore deemed for the purposes of s338 of the Income & Corporation Taxes Act 1988 to be a charge on income in the respective accounting period. In 2015 two further gift aid payments were made: Payments to GPHA of £11k by Terra Nova and £7k by Cube were made to reduce the corporation tax for those entities for the March 2014 year end.

NOTES TO THE FINANCIAL STATEMENTS

10 Tax on surplus on ordinary activities

Policy

Taxation
The Association has been granted exemption from taxation under the provision of Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status.

11 Directors and members

The Chief Executive of Great Places Housing Group is a member of the Board, no other directors of the Association are members of the Board.

The senior executive officer who served during the year was the Chief Executive who is an employee of Great Places Housing Group Limited and there were no emoluments paid to him by Great Places Housing Association (2015: £nil). The senior executive officer's emoluments are disclosed in the accounts of Great Places Housing Group Limited.

No emoluments were paid to the members of the Board during the year by Great Places Housing Association Limited (2015: £nil).

Note: The Great Places Housing Association Board received remuneration of £18,080 (2015: £21,266) from Great Places Housing Group Limited, the Association's parent company. Detail of that remuneration is included in the accounts of Great Places Housing Group Limited.

The full time equivalent number of staff whose remuneration is £60,000 or more (including pension contributions) is disclosed below:

	Association	
	2016	**2015**
	No.	**No.**
£60,001 to £70,000	-	1
£70,001 to £80,000	2	1

12 Tangible fixed assets – housing properties

Policies

Housing properties
Housing properties are principally properties which are available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised. Works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Policies (continued)

Shared ownership properties and staircasing
Under low cost home ownership arrangements, the Association disposes of a long lease on low cost home ownership units for a share ranging between 35% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset. The remaining element, is classed as Property Plant and Equipment (PPE) and included in completed housing properties at cost, less any provisions needed for depreciation or impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Donated land
Land donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation and an amount equivalent to the increase in value between market value and cost is added to other grants and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties
Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

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

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Structure	1%
Roofs	1.67%
Boilers	8.33%
Kitchens	5%
Heating systems, Bathrooms, windows and external doors	4%
Lifts	4%
Solar panels & photovoltaic panels	4%

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Policies (continued)

Depreciation of housing properties (continued)
Properties held under leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment
The housing property portfolio for the Association is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or Cash Generating Units (CGU's) for which impairment is indicated to their recoverable amounts. Initially the Association compares the fair value less costs to sell we have decided this is best determined by reference to EUV-SH. If this is lower than the net book value, the CGU's are then assessed for their value in use by calculating a Depreciated Replacement Cost (DRC) for each CGU.

The DRC will be based upon the lower of:

- the cost of constructing an equivalent asset on the same site together with the original land costs
- the cost of acquiring an equivalent asset on the open market.

The Association defines CGU's as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger generating units. Where the recoverable amount of an asset or CGU is lower than its carrying value an impairment is recorded through to the income statement.

Leased assets
Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Association's normal accounting policies.

Stock swaps
Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value.

Where there is government grant associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant transfers to the Association. The fair value of the properties are included within property, plant and equipment and accordingly no grant is disclosed within creditors. In the event of the housing properties being disposed, the Association is responsible for the recycling of the grant. Where there is government grant associated with housing properties disposed of as part of the stock swap, the obligation to repay or recycle transfers to the social landlord to whom they were transferred.

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015 (restated)	908,171	1,087	77,462	96,234	6,824	1,089,778
Additions	1,009	-	38,483	175	12,717	52,384
Components capitalised	8,138	-	-	2	-	8,140
Interest capitalised	-	-	688	-	710	1,398
Schemes completed	66,754	-	(66,265)	5,831	(6,320)	-
Disposals	(9,458)	-	-	(2,792)	-	(12,250)
Component disposals	(2,798)	-	-	-	-	(2,798)
Reclassification	191	-	(238)	(538)	-	(585)
At 31 March 2016	972,007	1,087	50,130	98,912	13,931	1,136,067
Depreciation and impairment						
At 1 April 2015 (restated)	116,558	135	150	7,125	-	123,968
Charged in year	13,058	8	-	776	-	13,842
Component disposal	(1,906)	-	-	-	-	(1,906)
Impairment	222	-	-	-	-	222
Released on disposal	(1,669)	-	-	(303)	-	(1,972)
At 31 March 2016	126,263	143	150	7,598	-	134,154
Net book value						
At 31 March 2016	**845,744**	**944**	**49,980**	**91,314**	**13,931**	**1,001,913**
At 31 March 2015	**791,613**	**952**	**77,312**	**89,109**	**6,824**	**965,810**

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Expenditure to works on existing properties	**2016**	**2015**
	£'000	**£'000**
Improvement works capitalised	8,140	8,750
Amounts charged to income statement	6,407	4,231
	14,547	12,981

Social housing grant	**2016**	**2015 restated**
	£'000	**£'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	525,473	521,716
Revenue grant	58,158	51,468
	583,631	573,184

Housing properties book value, net of depreciation	**2016**	**2015 restated**
	£'000	**£'000**
Freehold land and buildings	737,401	727,224
Long leasehold land and buildings	264,512	238,586
	1,001,913	965,810

Impairment

An impairment charge of £222,000 (2015: £150,000) was made in the year. This relates to two general needs schemes in Blackpool which the Association acquired in 2007 as part of the transfer of engagements of Windmill Housing Association Limited.

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible fixed assets – investment properties

Policies

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from either Market Value – Vacant Possession (MV-VP) or Market Value – Subject to Tenancies (MV-ST). The rental income of each property has been individually assessed and for certain properties it has been ascertained that in arriving at MV-ST no deduction from the prevailing Market Value with Vacant Possession established needs to be made. No depreciation is provided. Changes in fair value are recognised in the income statement.

	Investment Properties £'000
Valuation	
At 1 April 2015	12,705
Revaluations	380
At 31 March 2016	13,085

The investment properties were valued at 31 March 2016 by Thomson Associates, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors.

The surplus on revaluation of investment properties is £380k. Of this £138k has been credited to the revaluation reserve as it represents an increase to original property values rather than a reversal of a previous negative revaluation.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

Historical cost of investment properties	**2016 £'000**	**2015 £'000**
Gross cost	14,561	14,561
Accumulated depreciation based on historical cost	(5,066)	(4,851)
Historical cost net book value	9,495	9,710

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible fixed assets - other

Policy

Other tangible fixed assets

Other fixed asset, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Depreciation is provided on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold and leasehold office property	1.67% - 2%
Office equipment, fixtures and fittings	10% - 25%
Fixtures and fittings	33.33%
Computer and similar equipment	25% - 33.33%
Motor vehicles	25%

	Freehold offices £'000
Cost	
At 1 April 2015	6,102
Additions	-
Disposals	-
At 31 March 2016	6,102
Depreciation and impairment	
At 1 April 2015	917
Charged in year	51
Disposals	-
At 31 March 2016	968
Net book value	
At 31 March 2016	**5,134**
At 31 March 2015	**5,185**

NOTES TO THE FINANCIAL STATEMENTS

15 Investments – Homebuy loans

Policy

Homebuy loans
Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in income statement to the extent that it cannot be offset against the Homebuy grant. Grant relating to Homebuy equity is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the property. If there is a fall in the value of the property the shortfall in proceeds is offset against the recycled grant.

	2016	**2015**
	£'000	**£'000**
At 1 April	9,586	10,162
Interest receivable	-	-
Loans redeemed	(828)	(576)
Reclassification	38	-
At 31 March	8,796	9,586

16 Fixed asset investment

Policy

Investment in subsidiaries and joint ventures
Investments in subsidiaries and joint ventures are accounted for at cost less any accumulated impairment.

	Joint Venture Reviva Urban Renewal Limited	**Other Investments**
	£'000s	**£'000s**
Cost		
At 1st April 2015	10	57
Disposal – loans redeemed	-	(47)
Transferred from housing properties	-	538
At 31st March 2016	10	548
At 31st March 2015	10	57

NOTES TO THE FINANCIAL STATEMENTS

16 Fixed asset investment (continued)

Other investments comprise: Shared equity loan of £29,000 (2015: £57,000) represents 20% equity of one property granted by the Association to enable a resident to purchase the property, a second shared equity loan was redeemed during the year. These loans were funded by Great Places Housing Association (GPHA) and not the Homes and Communities Agency.

In the year we have transferred to fixed asset investments £538k of shared equity loans funded by GPHA, they had been included as housing properties in previous years accounts, they are now correctly identified as fixed asset investments. During the year one of these loans was redeemed reducing the investment by £19k.

Reviva Urban Renewal Limited ("Reviva") is a company in which GPHA has a one third interest. The other parties to the joint venture are Mosscare Housing Limited and Irwell Valley Housing Association. Reviva made a profit of £nil for the period (2015: £nil), the Association's share of which is £nil (2015: £nil). Reviva Urban Renewal declared a gift aid payment of £nil (2015: £nil) in the year.

17 Stock and work in progress

Policies

Properties for sale
Shared ownership first tranche sales, completed properties for outright sale and properties under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Materials stock
Stock is stated at the lower of cost and net realisable value. Costs comprise parts and materials for use by our in house repairs team for the repair of our housing properties and stocks are valued at purchase price using the first in, first out method.

	2016 £'000	2015 £'000
Shared ownership		
-completed properties	2,854	-
-under construction	7,323	4,007
Materials stock	307	-
	10,484	4,007

The figures above include £203,461 (2015: £60,839) of capitalised interest.

NOTES TO THE FINANCIAL STATEMENTS

18 Debtors

Policy

Social housing grant (SHG)
SHG due from the Homes and Communities Agency is included as a current asset.

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

Recoverable amount of rental and other trade receivables
The Association estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Rent and service charge agreements
The Association has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate. The association has reviewed its social housing rent arrears where a formal repayment schedule is in place and has determined that the net book value adjustment for these arrangements are not material so no adjustment has been made for these other than any bad debt provision provided.

	2016 £'000	2015 restated £'000
Due within one year		
Rent and service charges receivable	3,877	3,941
Less: provision for bad and doubtful debts	(2,177)	(2,090)
	1,700	1,851
Due from group undertakings	27,905	28,410
Trade debtors	387	517
Social housing grants receivable	729	5,380
Other debtors	4,820	3,542
Prepayments and accrued income	698	606
	36,239	40,306
Due after more than one year		
Due from subsidiary undertakings	3,868	3,285
	3,868	3,285

NOTES TO THE FINANCIAL STATEMENTS

19 Current asset investments

Policy

Investments
All investments held by the Association, are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Investments that are receivable within one year are not discounted.

	2016 £'000	2015 £'000
Investments	2,704	1,602

The Association has £677,698 (2015: £323,061) in a sinking fund account with THFC to cover a temporary shortfall in security for the EIB £20m facility.

The Association has £nil (2015: £500,000) in a designated interest bearing account charged to Lloyds TSB to cover a temporary shortfall in security.

The Association has £366,513 (2015: £nil) in a designated interest bearing account charged to Barclays to cover a temporary shortfall in security.

The Association has £780,272 (2015: £779,000) in a designated interest bearing account charged in respect of AHF PLC's £20.5m facility to cover 12 months interest.

The Association has £705,569 (2015: £nil) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover 12 months interest.

The Association has £174,230 (2015: £nil) in a designated interest bearing account charged in respect of AHF PLC's £29.5m facility to cover a temporary shortfall in security.

20 Creditors: amounts falling due within one year

Policies

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

Social housing grant (SHG)
SHG received in advance from the Homes and Communities Agency is included as a current liability.

NOTES TO THE FINANCIAL STATEMENTS

20 Creditors: amounts falling due within one year (continued)

Policies (continued)

Holiday pay accrual
A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Leaseholder sinking funds
Unexpended amounts collect from leaseholders for major repairs on leasehold schemes and any interest received is included in creditors.

	Note	2016	2015 restated
		£'000	£'000
Debt, net of arrangement fees	22a	3,094	1,536
Loan due to parent undertaking	22b	37	36
Obligations under finance leases	22c	73	71
Interest rate swap due to parent undertaking	22d	4,550	4,588
Trade creditors		1,524	1,770
Rent and service charges received in advance		1,874	1,743
Social housing grant received in advance		225	1,336
Deferred capital grant		5,303	5,271
Amounts owed to group undertakings		7,213	724
Recycled capital grant fund	24	-	358
Disposal proceeds fund	25	-	287
Other taxation and social security		212	204
Leaseholder sinking funds		5,712	4,805
Other creditors		7,464	7,384
Accruals and deferred income		10,352	12,890
		47,633	**43,003**

Included within cash balances is £5,712,000 (2015: £4,805,000) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

21 Creditors: amounts falling due after more than one year

	Note	2016	2015
		£'000	£'000
Debt, net of arrangement fees	22a	92,672	66,092
Loan due to parent undertaking	22b	396,771	395,808
Obligations under finance leases	22c	3,199	3,272
Interest rate swap due to parent undertaking	22d	43,283	40,249
Deferred capital grant		471,781	473,159
Recycled capital grant fund	24	3,866	2,779
Disposals proceeds fund	25	470	446
Other creditors		29	29
		1,012,071	**981,834**

22 Debt analysis

Policies

Derivative instruments and hedge accounting

The Association holds floating rate loans which expose the Association to interest rate risk. To mitigate against this risk the Association uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Association has designated each of the swaps, other than the one held with Credit Suisse, against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments are recognised in the other comprehensive income statement. For the Credit Suisse swap which is not effectively hedged, any movements in fair value are recognised in the surplus/(deficit) for the year.

Loan issue costs

The cost of raising loan finance is initially capitalised and offset against the loan principal and is amortised to the income statement on a straight line basis over the term of the loan.

	2016	2015
a) Loans are repayable as follows:	**£'000**	**£'000**
In one year or less or on demand	3,094	1,536
In more that one year, but not more than two years	1,647	3,088
In more that two years, but not more than five years	5,294	5,095
In more than five years	92,821	65,181
	102,856	74,900
Less: loan arrangement fees	(7,090)	(7,272)
	95,766	**67,628**

The weighted average interest rate of these loans at March 2016 is 2.65% (2015: 3.77%). This loan is split between fixed and variable interest rates as detailed below:

	2016	2015
	£'000	**£'000**
Fixed rate	84,952	55,978
Variable rate	17,904	18,922
	102,856	**74,900**

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest.

Fresh PLC (formerly Housing Corporation loans), building society, bank and debenture loans are secured by fixed charges over individual properties.

22 Debt analysis (continued)

		2016	2015
b)	**Loan due to parent undertaking**	**£'000**	**£'000**
	In one year or less or on demand	37	36
	In more that one year, but not more than two years	934	10,037
	In more than two years, but not more than five years	28,992	12,928
	In more than five years	366,845	372,843
		396,808	**395,844**

The loan due to parent undertaking is split between fixed and variable interest rates as detailed below:

	2016	2015
	£'000	**£'000**
Bond	201,713	201,748
Fixed rate	56,000	56,000
Variable rate (fixed by SWAPS see note 22d)	127,000	127,000
Variable rate	12,095	11,096
	396,808	**395,844**

On 22nd October 2012 Great Places Housing Group Limited issued a £200m bond. £150m was immediately on lent to Great Places Housing Association and £50m was retained. The bond has a 30 year term at a fixed interest rate of 4.81%.

On the 5th December 2013, Great Places released part of the £50m retained bond. The release resulted in the issue of £31.78m of bonds at a spread of 1.04% over the gilt yield to provide a fixed rate funding at an all in cost of 4.574%.

On the 9th October 2014, Great Places released the final part of the retained bond of £18.22m at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002%.

		2016	2015
c)	**Obligations under finance leases:**	**£'000**	**£'000**
	In one year or less or on demand	73	71
	In more that one year, but not more than two years	74	73
	In more that two years, but not more than five years	236	229
	In more than five years	2,889	2,970
		3,272	**3,343**

		2016	2015
d)	**Interest rate swaps fair values due to parent undertaking:**	**£'000**	**£'000**
	In one year or less or on demand	4,550	4,588
	In more that one year, but not more than two years	4,550	4,587
	In more that two years, but not more than five years	13,038	13,071
	In more than five years	25,695	22,591
		47,833	**44,837**

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

The association's parent, Great Places Housing Group Limited (GPHG), has entered into a number of standalone interest rate swap agreements in order to fix the Group's exposure to LIBOR interest rate movements. The loans which GPHG has interest rate swaps in place against have been on lent to the association under an Inter-group loan agreement. Under the terms of this agreement the association has indemnified GPHG in relation to any costs in relation to the interest rate swaps or similar hedging arrangements, therefore it is the association who ultimately recognises any fair value gains and losses in its income statement.

The notional amount of the swap agreements is £127m against 1, 3 and 6 month LIBOR rates and the fixed swap rates are between 2.19% and 4.965% with maturity dates between 2019 and 2037. Further details are given in the Financial Instrument note 26.

The swap fair values have been obtained from the association's treasury advisors and compared to the valuations provided by the swap counterparty's at each reporting date.

The repayment profile set out above is calculated based on expected future swap payments required based on estimated LIBOR rates.

e) **Debenture stocks**	**2016**	**2015**
Included in the loan balances above are the following balances:	**£'000**	**£'000**
THFC (indexed 2) Ltd. – 5.5% Index-linked stock, 2024		
Balance as at 31 March	483	519
THFC Ltd – 11.5% Debenture stock, 2016		
Balance as at 31 March	1,500	1,500
THFC Ltd - 8.625% Debenture stock, 2023		
Balance as at 31 March	750	750

Fresh PLC (formerly Housing Corporation loans), building society, bank and debenture loans are secured by fixed charges over individual properties.

The Debenture loans noted below are repayable by single payments as follows:

Lender	Stock	Repayment date
THFC Ltd	11.5% Debenture, 2016	27 October 2016
THFC Ltd	8.625% Debenture, 2023	13 October 2023

NOTES TO THE FINANCIAL STATEMENTS

23 Deferred capital grant

Policy

Government grants

Government grants include grants receivable from the Home and Communities Agency (the HCA), local authorities, and other government organisations. Grant in relation to newly acquired or existing housing properties is accounted for using accruals model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income statement on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with the Housing SORP 2014 the useful life of the housing property structure has been used and, where applicable, its individual components (excluding land).

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income statement.

	Social housing grant 2016 £'000	Homebuy grant 2016 £'000	Total 2016 £'000	Total restated 2015 £'000
At 1 April	468,844	9,586	478,430	466,473
Grants received in the year	10,494	-	10,494	25,041
Grants recycled in the year	(3,989)	(828)	(4,817)	(2,705)
Grants written off on disposal in the year	(1,737)	-	(1,737)	(5,885)
Grants amortised in the year	(5,252)	-	(5,252)	(5,106)
Transferred to properties for sale	(25)	-	(25)	612
Reclassification	(47)	38	(9)	-
At 31 March	**468,288**	**8,796**	**477,084**	**478,430**

24 Recycled capital grant fund

Policy

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

NOTES TO THE FINANCIAL STATEMENTS

24 Recycled capital grant fund (continued)

	2016 £'000	2015 £'000
At 1 April 2015 / 2014	3,137	3,611
Grants recycled	4,817	2,705
Interest accrued	21	23
Transfers from other group members	30	51
Development of properties	(4,139)	(3,253)
At 31 March 2016 / 2015	**3,866**	**3,137**

25 Disposal proceeds fund

Policy

Receipts from Right to Acquire (RTA) sales are required to be retained in a ring fence fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund (DPF). Any sales receipts less eligible expenses held within the DPF, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

	2016 £'000	2015 £'000
At 1 April 2015 / 2014	733	1,060
Net sales proceeds recycled	469	440
Interest accrued	1	6
Development of properties	(733)	(773)
At 31 March 2016 / 2015	**470**	**733**

26 Financial instruments

Policy

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Association has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost. Loans that are payable within one year are not discounted.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in the surplus or deficit for the year. At each year end, the instruments are revalued to fair value, with the movements posted to the income statement (unless hedge accounting is applied).

NOTES TO THE FINANCIAL STATEMENTS

26 Financial instruments (continued)

The Association's financial instruments may be analysed as follows:

	2016 £'000	2015 £'000
Financial assets		
Financial assets measured at historical cost:		
- Homebuy loan investment	8,796	9,586
- Trade receivables	387	517
- Other receivables	39,720	43,074
- Investments	2,704	1,602
- Cash and cash equivalents	26,401	20,538
Total financial assets	**78,008**	**75,317**
Financial liabilities		
Financial liabilities measured at historical cost:		
- Loans payable	492,574	463,472
- Trade creditors	1,524	1,770
- Other creditors	37,417	32,985
- Finance leases	3,272	3,343
- Deferred capital grant	477,084	478,430
Derivative financial instruments designated as hedges of variable interest rate risk	46,765	43,844
Derivative financial instruments measured at fair value through income and expenditure	1,068	993
Total financial liabilities	**1,059,704**	**1,024,837**

Derivative financial instruments designated as hedges of variable interest rate risk comprised interest rate swaps.

The derivatives are accounted for as a hedge of variable rate interest rate risks, in accordance with FRS 102 and had a fair value of £46,765k (2015: £43,844k) at the balance sheet date. The cash flows arising from the interest rate swaps will continue until their maturity in the periods 20th November 2024 to 19th December 2037, coincidental with the repayment of the term loans. The change in fair value in the period was £2,921k (2015: £21,388k) with the entire charge being recognised in other comprehensive income as the swaps were 100% effective hedges.

One of our swaps with Credit Suisse is not effectively hedged and is therefore measured at fair value through the income statement in line with FRS 102, the change in fair value in the period for this swap was £75k (2015: £696k).

NOTES TO THE FINANCIAL STATEMENTS

27 Provisions for liabilities

Policy

The Association has recognised a provision for the SHPS pension deficit and Pension Trust's Growth Plan (PTGP) additional contribution agreements entered into by the association as required by FRS 102. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Pension deficit contribution provision	2016	2015
	£'000	£'000
At 1 April	5,529	5,672
Charged to income and expense:		
- Remeasurement - amendments to the contribution schedule	2,641	-
- Remeasurement - changes in assumptions	(49)	274
Unwinding of discount (interest expense - note 8)	100	162
Contribution paid	(602)	(579)
At 31 March	**7,619**	**5,529**

The discount rate used in calculating the SHPS pension deficit contribution provision changed from 1.92% at 31 March 2015 to 2.06% at 31 March 2016, this led to the remeasurement of the provision above.

During the current financial year SHPS announced that further deficit contributions would need to be paid from 1 April 2016, hence the addition to the provision during this year £2.641m.

Further details of the SHPS and PTGP schemes and contribution agreements are given in notes 35a and 35b.

28 Non-equity share capital

	2016	2015
	£	£
Shares of £1 each issued and fully paid		
At 1 April	17	25
Shares issued during the year	-	3
Shares surrendered during the year	(2)	(11)
At 31 March	**15**	**17**

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

Shares in the Association issued to members are not transferable. Upon a shareholder ceasing to be a member, his/her share is forfeited and the value is credited to the revenue reserve.

NOTES TO THE FINANCIAL STATEMENTS

29 Financial commitments

	2016	2015
	£'000	£'000
Capital expenditure commitments were as follows:		
Expenditure contracted for but not provided in the accounts	53,173	111,324
Expenditure authorised by the board, but not contracted	44,828	52,458
	98,001	**163,782**

Capital commitments for the Association will be funded as follows:

	2016	2015
	£'000	£'000
Existing loan facilities	38,050	98,155
First tranche and outright sales	13,996	29,388
Grants	9,170	13,768
Existing reserves	36,785	22,471
	98,001	**163,782**

30 Contingent liabilities and cross guarantees

Policy

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

The Association has acquired a number of properties from other register providers which had social housing grant (SHG) attached. In line with the SORP these transactions were recorded at fair value and the SHG is not shown on the balance sheet of the Association. The Association has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2016, the value of grant received in respect of these properties that had not been disposed of was £13,178k (2015: £13,215k).

Cross guarantees

Following a refinancing exercise in December 2007 by Great Places Housing Group Limited, cross guarantees are in place with GPHA.

On 22nd October 2012 Great Places Housing Group Limited issued a £200m bond. £150m was immediately on lent to Great Places Housing Association and £50m was retained.

On the 5th December 2013, Great Places released £31.78m of the retained bond; This was immediately on lent to Great Places Housing Association.

On the 9th October 2014, Great Places released the remaining bond of £18.22m; This was immediately on lent to Great Places Housing Association.

These facilities are loans to GPHG and then on-lent to GPHA under a guarantee structure i.e. the loans are secured against the assets of both the Association and those of GPHA.

NOTES TO THE FINANCIAL STATEMENTS

31 Related parties

During the year the Association had intra-group transactions with its subsidiary Terra Nova Developments Limited, a non-regulated entity, incurring cost of £22,377,000 (2015: £30,051,000) relating to housing property design and build services.

The Association has a loan with its subsidiary, Cube Great Places Limited (Cube), a non-regulated entity. At the end of the year the value of the loan was £3,868,000 (2015: £3,285,000). Interest of £303,000 (2015: £101,000) and loan arrangement fees of £nil (2015: £nil) were charged by the Association to Cube on this loan during the year.

The Association has taken advantage of the exemption available under FRS 102 not to disclose transactions with regulated Group Companies.

32 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation was as follows:

	2016 No	2015 No
General housing		
- social rent	9,872	10,241
- affordable rent	2,853	2,353
Supported housing	1,285	1,320
Key worker housing	245	243
Low cost home ownership	409	277
Total owned	**14,664**	**14,434**
Accommodation managed for others	664	643
Total managed	**15,328**	**15,077**
Accommodation in development at the year end	694	948

33 Accommodation managed by others

At the end of the year accommodation owned by the Association but managed by others on its behalf was as follows:

	2016 No	2015 No
Housing accommodation	1,516	1,309

NOTES TO THE FINANCIAL STATEMENTS

34 Ultimate controlling party

The ultimate controlling party of the Association is Great Places Housing Group Limited ('Great Places'), which is a company registered under the Co-operative and Community Benefit Societies Act 2014 and a registered provider of social housing under the Housing Act. The consolidated accounts of Great Places Housing Group can be obtained from Great Places Housing Group Limited, Southern Gate, 729 Princess Road, Manchester, M20 2LT, or via its website at www.greatplaces.org.uk.

Great Places Housing Association is the parent company of Terra Nova Developments Limited and Cube Great Places Limited, both which traded during the year and are incorporated in the United Kingdom.

35 Employees

Policy

Pensions

The Association participates in four funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS), Pension Trust Growth Plan (PTGP), and two Local Government Pension Schemes (LGPS) one administered by the South Yorkshire Pension Authority (SYPA) and the second administered by the Great Manchester Pension Fund (GMPF).

For the SHPS and PTGP schemes, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period. The net present value of the Association's deficit contributions to SHPS is also recognised in the income statement.

For the LGPS schemes, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted as appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Association.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in other comprehensive income.

The Association also participates in a defined contribution scheme operated by the Social Housing Pension Scheme. Contributions payable under this scheme are charged in the Income statement in the period to which they relate.

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

Employee numbers:

Average monthly number of employees expressed as full time equivalents:

	2016	2015
	No	No
Housing, support and care	325	334

Employee costs:	**2016**	**2015**
	£'000	**£'000**
Wages and salaries	8,366	8,161
Social security costs	650	644
Other pension costs	613	1,160
SHPS provision movements	(551)	(143)
SHPS remeasurement	2,641	-
	11,719	9,822

a) Social Housing Pension Scheme

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

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. 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:

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

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 2016 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 Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision

	2016 **£'000**	**2015** **£'000**
Present value of provision	7,526	5,459

Reconciliation of opening and closing provisions

	2016 **£'000**	**2015** **£'000**
Provision at start of period	5,459	5,600
Unwinding of the discount factor (interest expense)	99	160
Deficit contribution paid	(593)	(572)
Remeasurements - impact of any change in assumptions	(48)	271
Remeasurements - amendments to the contribution schedule	2,609	-
Provision at end of period	**7,526**	**5,459**

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

Income and expenditure impact

	2016 £'000	2015 £'000
Interest expense	99	160
Remeasurements – impact of any change in assumptions	(48)	271
Remeasurements – amendments to the contribution schedule	2,609	-

Assumptions

	2016 % per annum	2015 % per annum
Rate of discount	2.06	1.92

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.

Deficit contribution schedule

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

Year ending	2016 £'000	2015 £'000
Year 1	856	594
Year 2	888	617
Year 3	921	642
Year 4	955	668
Year 5	859	695
Year 6	755	591
Year 7	781	479
Year 8	701	496
Year 9	614	408
Year 10	633	312
Year 11	326	322
Year 12	-	166

The Association 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 statement 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 Association's balance sheet liability.

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension Trust's Growth Plan

The Association participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. 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 2013 to	£13,900,000 per annum
31 March 2023:	(payable monthly and increasing by 3% each on 1st April)

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

35 Employees (continued)

b) Pension Trust's Growth Plan

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.

Where the scheme is in deficit and where the Association 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

	2016 £'000	2015 £'000
Present value of provision	93	70

Reconciliation of opening and closing provisions

	2016 £'000	2015 £'000
Provision at start of period	70	73
Unwinding of discount factor (interest expense)	1	2
Deficit contribution paid	(8)	(8)
Remeasurements - impact of any change in assumptions	(2)	3
Remeasurements - amendments to the contribution schedule	32	-
Provision at end of period	93	70

Income and expenditure impact

	2016 £'000	2015 £'000
Interest expense	1	2
Remeasurements – impact of any change in assumptions	(2)	3
Remeasurements – amendments to the contribution schedule	32	-

Assumptions

	2016 % per annum	2015 % per annum
Rate of discount	2.07	1.74

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

35 Employees (continued)

b) Pension Trust's Growth Plan

Deficit contribution schedule

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

	2016	2015
	£'000	£'000
Year 1	10	8
Year 2	10	9
Year 3	10	9
Year 4	0	9
Year 5	11	9
Year 6	11	10
Year 7	11	10
Year 8	12	10
Year 9	12	-
Year 10	6	-

The Association 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 statement 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 Association's balance sheet liability.

35 Employees (continued)

c) Local Government Pension Schemes

The Association participates in two Local Government Pension Schemes (LGPS), one administered by South Yorkshire Pensions Authority (SYPA) and one by Greater Manchester Pension Fund (GMPF). They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. At 31 March 2016 there were 15 active members of the Schemes employed by the Association.

The Association's contribution to the LGPS for the year ended 31 March 2016 was £54,000 (2015: £55,000) and the employer's contribution rate is 12.4% (2015: 11.3%) for SYPA and 18.2% (2015: 17.6%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £56,000.

In accordance with accounting standards, the Association has grouped the disclosures of the two local government pension schemes in line with FRS 102. In addition the full requirements of FRS102 have been adopted.

A full actuarial valuation was carried out at 31 March 2013 and supplementary figures were provided for 31 March 2016 by a qualified independent actuary.

Financial Assumptions:
In calculating the scheme assets and liabilities, the fund actuary had to make a number of assumptions about events and circumstances in the future. These assumptions represent the best estimate of expected outcomes, but it is possible outcomes will differ from those indicated.

The main assumptions used by the actuary were in the range:

	As at 31/03/16	As at 31/03/15
Rate of increase in salaries	3.5% - 3.85%	3.6% - 3.85%
Discount rate for scheme liabilities	3.5% - 3.7%	3.2% - 3.4%
Rate of increase in pensions	2.1% - 2.2%	2.1% - 2.4%
Inflation (CPI)	2.1%	2.1%

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes

Mortality Assumptions:

The post retirement mortality assumptions used to value the benefit obligation are based on the PA92 tables. Based on these assumptions the average range of future life expectations at age 65 are summarised below:

	Males	Females
Current pensioners	21.4 – 23.0	24.0 – 25.7
Future pensioners	24.0 – 25.4	26.6 – 28.5

Amounts recognised in the balance sheet:	2016 £'000	2015 £'000
Present value of funded obligations	(2,936)	(3,008)
Fair value of plan assets	2,359	2,274
Net liability	(577)	(734)

Analysis of the amount charged/(credited) to the income statement:

	2016 £'000	2015 restated £'000
Current service cost	112	95
Administrative expenses	1	1
Total charge to operating costs	113	96
Interest on plan assets	(76)	(89)
Interest on pension scheme liabilities	102	102
Total charge to other finance costs	26	13

Analysis of the amount charged/(credited) to other comprehensive income:

	2016 £'000	2015 restated £'000
Actuarial gains/(losses) on liabilities	294	(584)
Remeasurements of plan assets	(73)	162
Total other comprehensive income	221	(422)

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes

Changes in present value of defined benefit obligation:	2016 £'000	2015 restated £'000
Opening defined benefit obligation	(3,008)	(2,223)
Current service cost	(112)	(95)
Benefits/transfers paid	18	26
Interest on pension liabilities	(102)	(102)
Actuarial gains/(losses) on liabilities	294	(584)
Member contributions	(26)	(30)
Closing defined benefit obligation	(2,936)	(3,008)

Changes in fair value of plan assets:	2016 £'000	2015 restated £'000
Opening fair value of plan assets	2,274	1,943
Remeasurements of plan assets	(73)	162
Interest on plan assets	76	89
Benefits/transfers paid	(18)	(26)
Administrative expenses	(1)	(1)
Employer contributions	75	77
Member contributions	26	30
Closing fair value of plan assets	2,359	2,274

Analysis of the movement in the deficit during the year:	2016 £'000	2015 restated £'000
Deficit in the fund at the beginning of year	(734)	(280)
Movement in year:		
Current service costs	(112)	(95)
Employer contributions	75	77
Net interest	(26)	(13)
Remeasurement of plan assets	(73)	162
Administrative expenses	(1)	(1)
Actuarial gain/(loss)	294	(584)
Deficit at end of year	(577)	(734)

Major categories of plan assets as a percentage of total plan assets

	2016 £'000	2016 %	2015 £'000	2015 %
Equities	1,553	66.0%	1,521	67.0%
Bonds	445	19.0%	429	19.0%
Property	204	9.0%	187	8.0%
Cash/Liquidity	70	3.0%	67	3.0%
Other	87	3.0%	70	3.0%
Total	2,359	100.0%	2,274	100.0%

NOTES TO THE FINANCIAL STATEMENTS

36 First time adoption of FRS 102

	Note	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Other Compre-hensive Income year ended 31 March 2015	Reserves at 31 March 2015
		£000	£000	£'000	£000
As previously stated under former UK GAAP		65,677	10,823	2,542	79,042
Transitional adjustments					
Recognition of net present value of defined benefit pension deficit reduction plan provision	a	(5,672)	131	-	(5,541)
Defined benefit pension scheme	b	-	(31)	31	-
Fair value movement on hedged financial instruments	c	(22,456)	-	(21,388)	(43,844)
Fair value movement on non hedged financial instruments	c	(297)	(696)	-	(993)
Restatement of properties as Investment properties	d	2,575	420	(2,995)	-
Grant amortisation of grant previously allocated to land assets	e	2,836	491	-	3,327
Adjustment for stock swaps with other housing providers	f	-	-	-	-
As stated in accordance with FRS 102		42,663	11,138	(21,810)	31,991

Changes for FRS 102 adoption

a Defined benefit pension deficit reduction provision (note 27)

Under section 28 of FRS 102 the Association is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. Using a discount rate of 2.06% (2015: 1.92%). This has resulted in a liability of £5,672k being recognised as a provision at 31 March 2014 and a net credit to the surplus for the year ended 31 March 2015 of £131k.

b Defined benefit pension scheme

The net pension finance cost recognised in the Income statement for the year ended 31 March 2015 under the previous UK GAAP was the net of the expected return on pension plan assets and the interest on pension liabilities. FRS 102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). The change has had no effect on net assets as the measurement of the net defined benefit plan obligation has not changed. Instead, the decrease in the surplus for the year has been mirrored by a reduction in the actuarial losses presented within Other Comprehensive Income in the year ended 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS

36 First time adoption of FRS 102 (continued)

c Financial instruments (note 22d)

The Association has several interest rate swap agreements in place all of these swaps are classified as non-basic, all swaps are effectively hedged apart from one with Credit Suisse which is not. Under old UK GAAP there was no requirement to recognise the fair values in relation to these financial instruments in the financial statements, FRS 102 is clear that 'other' financial instruments must be shown in the financial statements at their fair value. The fair value of the swaps have been calculated at the year-end based on market information. The movement on the hedged Swaps are shown in other comprehensive income and the movement on the Credit Suisse Swap is shown in the Statement of Comprehensive Income before surplus on ordinary activities.

d Investment properties

FRS 102 requires the changes in the fair value of investments properties be recognised in profit or loss for the period. Under previous UK GAAP these changes were recognised outside of the profit or loss and presented separately in a revaluation reserve. This change has increased reported profit for the year ended 31 March 2015 but has not affected the measurement of investment property on the balance sheet.

e Grant accounting

FRS 102 requires that government grants that were previously netted off the cost of the related asset being recognised as deferred income within creditors and they must be accounted for using the accruals or the performance model. As the Association accounts for its properties at historic cost, it has adopted the accruals model for government grants, as required by SORP 2014. Non-government grants are accounted for under the performance model.

Under the accruals model, the government grants have been allocated to the related assets and amortised over the useful economic life of those assets. The unamortised amount is held within deferred income, split between creditors due in less than 1 year and creditors due in more than 1 year. In addition to the grant now being amortised through the income statement on a systematic basis, the housing properties depreciation charge has also increased significantly as the calculation no longer takes into account grant. The net impact on opening reserves of grant amortisation and depreciation increase is a credit of £2,836k, principally because land grant is now amortised. The impact of amortisation and depreciation in the year ended 31 March 2015 is to increase surplus by £491k.

Another change is that homebuy grant is now reclassified to creditors rather than as a credit directly against the fixed asset investment, this has no impact on reserves.

f Stock swaps from other registered providers

For housing property acquisitions from other registered providers the grant originally received by the selling entity in relation to the properties is no longer recognised in the balance sheet and the cost is recognised as the amount actually paid for the stock transferred from the other registered provider, effectively this represents the fair value. In the conversion to FRS 102 this reduced housing property costs and grant by £11,415k this netted off in the balance sheet and did not impact on the income statement.