Registered Co-operative and Community Benefit Society No 30045R

Registered Housing Association No L4465

Great Places Housing Group Limited
Report and Financial Statements
For the Year ended 31 March 2015

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2015

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ASSOCIATION INFORMATION

Board

Chairman	A. Davison
Deputy Chairman	J. Rayner
Other Members	A. Beeput (to 11/9/14) C. Cashman (from 11/9/14) J. Clafton (to 11/9/14) J. Fitzgerald (from 11/9/14) J. Green C. Goulden (to 11/9/14) M. Harrison R. Kirkwood (to 11/9/14) B. Nevin (from 11/9/14) D. Robinson R. Sear A. Snape (to 11/9/14) T Stein (to 11/9/14)

Executive Directors

Chief Executive	M. Harrison
Director of Development	P. Bojar
Director of Finance and Company Secretary	P. Elvy
Director of Housing Services	G. Cresswell
Interim Director of Property Services	D. Wood
Director of Organisational Development	D. Hinbest (from 2/1/15)

Registered office

Southern Gate
729 Princess Road
MANCHESTER
M20 2LT

Web site

www.greatplaces.org.uk

Registered Numbers

HCA No: L4465
Co-operative and Community Benefit Society No: 30045R

External Auditors

BDO LLP
3 Hardman Street
Spinningfields
Manchester
M3 3AT

Internal Auditors

Mazars LLP (to 31/03/15)
The Lexicon
Mount Street
Manchester
M2 5NT

PWC (from 01/04/15)
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

CHAIRMAN'S REPORT

Despite an extremely challenging operating environment in 2014/15, I am very pleased for Great Places to be reporting another very successful year with a record surplus after tax (£10.9M) and record development growth (730 new homes handed over). All in all we have posted a very good set of results.

As a business, Great Places also maintained a tremendous pace of change. Completion of Board renewal was achieved in September 2014 and I welcome Celia Cashman, Jan Fitzgerald, and Brendan Nevin who each bring a wealth of housing and other experience to the Board.

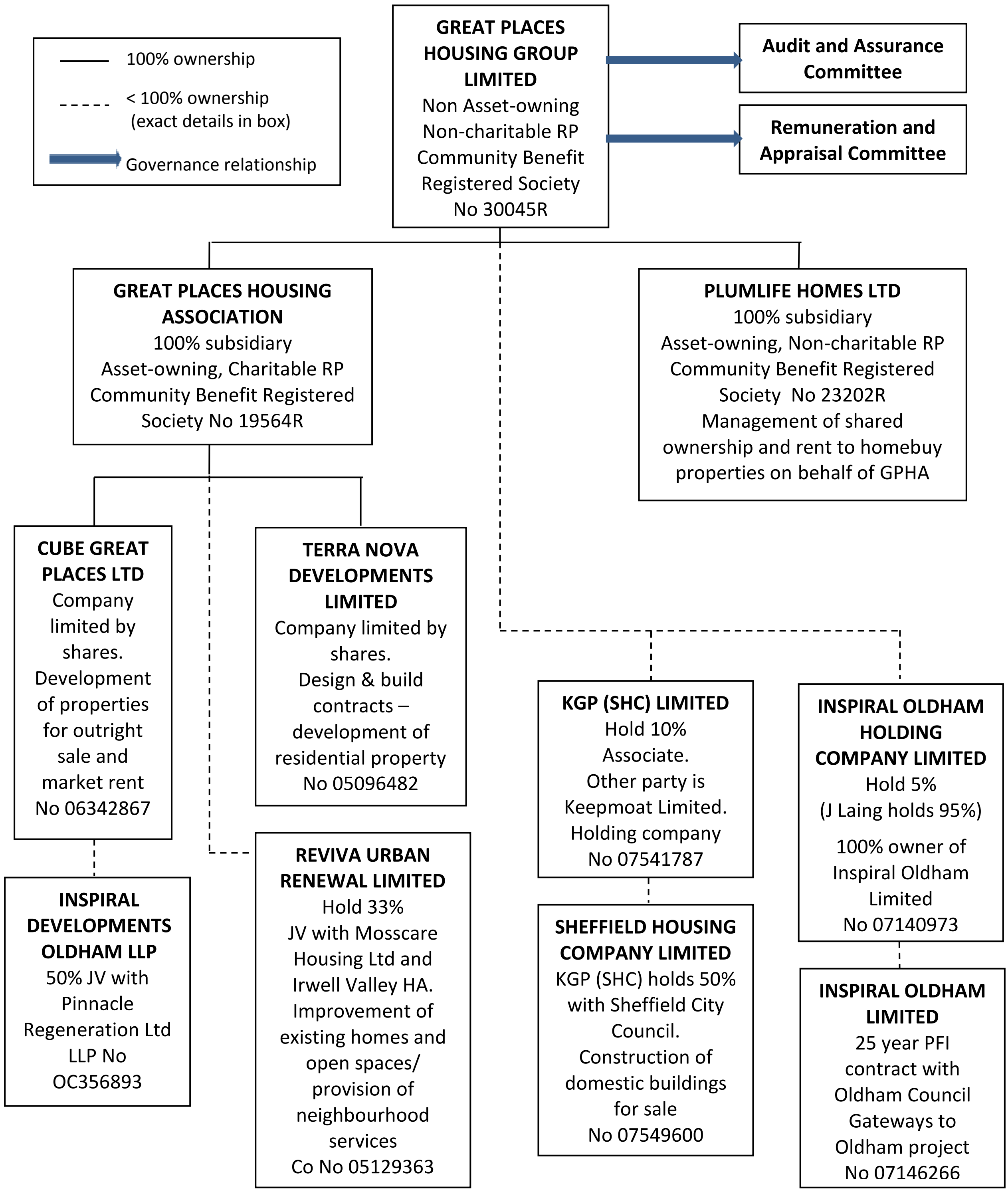
In early 2015 the Board agreed a new corporate vision and values for the Group, and also adopted a new 3 year Corporate Plan that clearly identifies our priorities for the future. Each of these are significant milestones for the organisation.

Customers and communities are central to everything we seek to do, be that improving our front line services (including to the many of the most vulnerable groups in society), delivering our commitment to help people maximise their financial and economic potential, maintaining our significant property portfolio or building the new homes that are so desperately needed.

Maintaining our financial strength and continuously improving our efficiency and effectiveness provide the foundations for this vital work, particularly in the light of the recent budget announcement regarding rent reductions. I am delighted therefore, that success in 2014/15 creates a robust platform for our future ambitions.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Legal and Governance structure



The Great Places legal and governance structure, shown above, is essentially very simple:

Great Places Housing Group Limited ("GPHG" or the "Group") comprises the non asset owning, non charitable parent ("The Association"), which is a Community Benefit Registered Society (CBRS) (formerly known as an Industrial and Provident Society), together with two subsidiaries:

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

- Great Places Housing Association ("GPHA"), a CBRS with charitable status; and
- Plumlife Homes Limited ("Plumlife"), a CBRS not having charitable status.

GPHA has two active third tier subsidiaries: Cube Great Places Limited ("Cube") and Terra Nova Developments Limited ("Terra Nova"). The Group is also involved in 2 joint venture companies and one associate company as shown in the diagram and explained in note 14 to the accounts.

Whilst GPHG has ultimate control, GPHA has responsibility for the management of the Group's general needs and supported properties, Plumlife is responsible for low-cost home ownership and leasehold management and Cube Great Places exists to provide the Group with a vehicle to undertake outright sale and market rent activity.

Statement of Compliance with our Governance Code

The Group Board has adopted the NHF Code of Governance "Excellence in Governance" (revised in July 2010) as the Governance code for the Group ("the Code").

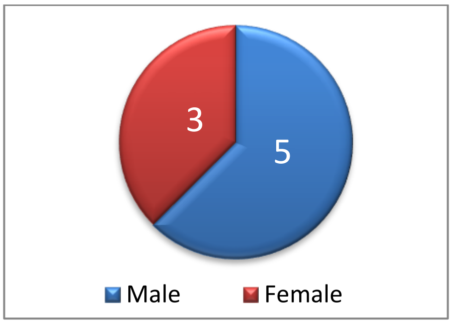
Having carefully assessed all of the requirements, the Group can confirm that it is fully compliant with the Code of Governance and has the HCA's highest G1 Governance assessment. During the year the Group has further improved its Governance regime, particularly in the areas of Board appraisal and the assessment of Board skills and competencies.

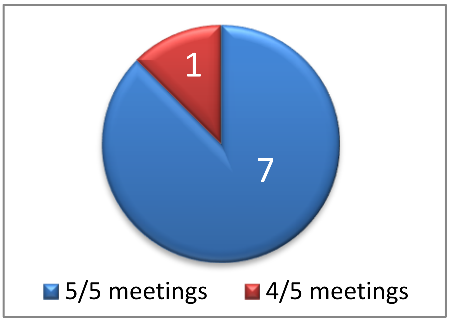
In February 2015 an updated NHF Code of Governance ("Promoting board excellence for housing associations") was published. The Group plans to adopt this updated code as its Code of Governance and expects to approve the change at its Board meeting in July 2015. The Group believes it is already fully compliant with the new code having considered in detail all of the updated requirements.

A wide range of information on the composition of our Board is included at note 10 of these statements, including the remuneration of both the non-executive board members and also the executive team.

The Group publishes a wide range of information on its website that seeks to provide all stakeholders with a range of useful "transparency" information. This includes details of all costs over £500 related to the Group's HCA Affordable Rent development contract.

The membership of the Great Places Board has changed in its entirety since September 2013, with 5 of the 8 current non-executive members joining the Board at that time and the other 3 joining in September 2014. The Chief Executive is also a Board member. The Board has 5 male members and 3 female. The attendance of the 8 Board members since September is 97.5%.





The Board has 7 regular Board meetings per annum, plus 2 strategic away days. In addition, training or information sessions are held prior to every regular Board meeting.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

There are two Committees of the Board – the Audit and Assurance Committee and the Remuneration and Appraisal Committee. Both have clearly defined terms of reference. In addition the Board can create time-bound “Task and Finish” Groups through which a small number of Board members can provide additional insight and guidance on specified issues or projects. During 2014/15 four Task and Finish Groups have operated – dealing with Governance, Repairs and Maintenance, the Business Plan and the Group’s Critical Success Factors.

Regulation
Great Places has enjoyed excellent working relations with its regulators for many years, working on a local and national basis. The Group is a key HCA Development partner and is also a Delivery Panel Partner. The Group received the highest (V1) rating in its March 2015 Viability Review.

Listening to our customers
The operational structure also includes the Customer Services Voice (CSV), which comprises a majority of tenants, is chaired by a Tenant and has responsibility for customer facing policy, service development and performance monitoring. The CSV ensures that tenants are at the heart of decision-making, providing challenge and scrutiny. Membership of the CSV is disclosed in note 10 to the accounts.

During 2014 the Group successfully completed the recruitment of a group of customers to form a new scrutiny panel, “Insight”. The panel has already completed its first major scrutiny exercise, looking in detail at the complaints process and making several recommendations for improvement. Great Places will also continue to utilise the knowledge and experience of customers as mystery shoppers.

Donations
During the years ended 31 March 2015 and 2014 the Group has made no political contributions and any charitable donations were made during the course of its ordinary activities.

Activities
The Group’s primary activities include:

- Management and development of general needs social and affordable housing for rent, supported housing, extracare properties, low-cost home ownership and market sale;
- Management of market rent, leasehold and privately owned property;
- Provision of related services such as financial inclusion and social enterprise activities;
- Regeneration of neighbourhoods and communities.

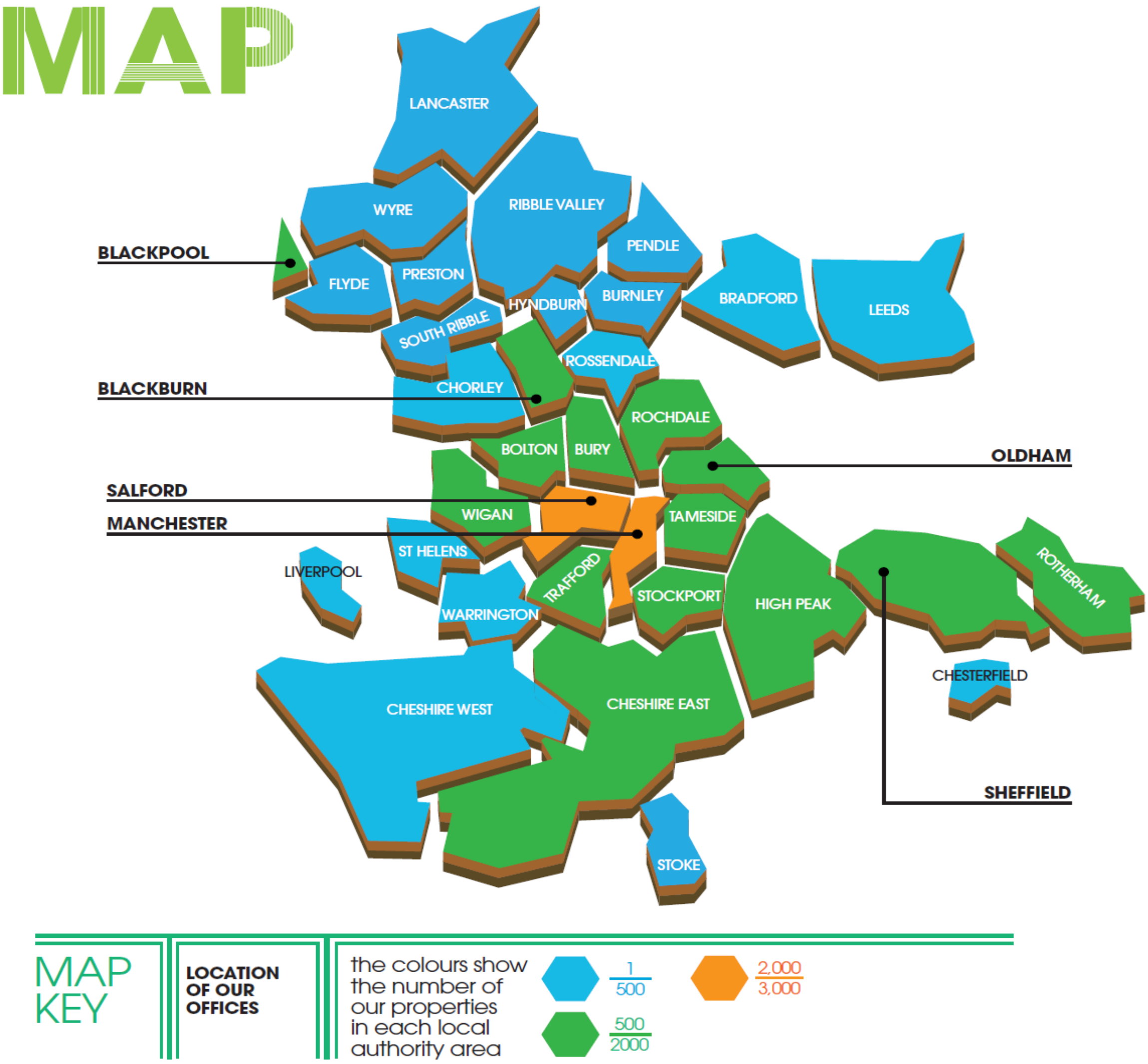
As well as owning or managing over 17,000 properties, the Group is a major developer of new affordable housing.

Current contracts with the Homes and Communities Agency (HCA) will see the Group deliver 894 properties in the two year period ending March 2017, and then a further 445 units for the period ending March 2018. We are on schedule to achieve our delivery targets.

The Group’s head office is located in South Manchester and the Group has regional offices in Salford, Blackpool, Oldham, Blackburn, Knutsford and Sheffield.

The Group is active in the 37 local authorities shown in the map overleaf, with particular concentrations in Sheffield, Oldham, Manchester, Salford, Blackpool and Blackburn – these six local authority areas include almost two-thirds of the Group’s properties.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD



HOUSING PROPERTIES OWNED/MANAGED	As at 31 Mar 2015	As at 31 Mar 2014	As at 31 Mar 2013	As at 31 Mar 2012	As at 31 Mar 2011
General Needs Housing	12,662	12,049	11,732	11,343	10,920
Of above – let as affordable rent	*2,353*	*1,576*	*847*	*247*	*0*
Sheltered Housing	300	299	299	299	299
Extracare Housing	180	134	134	134	134
Supported housing	1,140	1,259	1,284	1,306	1,270
Keyworker	243	245	353	414	419
Leasehold	584	558	519	468	483
Shared ownership	1,097	1,090	1,086	1,052	1,014
Homes managed, but owned by a third party	676	726	710	800	1,181
PFI properties	633	425	381	331	-
Homes owned, but managed by a third party	56	76	76	76	76
TOTAL	**17,571**	**16,861**	**16,574**	**16,147**	**15,798**
Properties under development	1,029	701	513	461	642

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Net growth of over 700 units in 2014/15 represents an increase in properties owned or managed of 4.2%. Around 150 properties were disposed, handed back to landlords, staircased or subject to mortgage rescue syndication, with a further 114 supported housing units removed from the stock count due to imminent disposal. Hence almost 1,000 new homes were brought into management through development or via the completion of the construction phase of the Oldham PFI contract.

During 2014/15 Great Places has therefore not only grown to 17,000 properties, but is well on the way to achieve 18,000 homes, and this ongoing growth underpins the Group's realisation of economies of scale.

Largely due to the Group's significant development activity, a high proportion of the Group's properties are relatively new, with over 52% having been constructed since 1991.

Objectives & Strategy

Vision, values and objectives

During the latter half of 2014/15, following extensive internal and external consultation, involving over 300 staff and over 600 customers, the Group's vision and values were updated by the Board:

VISION:	Great homes. Great communities. Great People.
Great homes:	Maximising our investment in sustainable homes.
Great communities:	Building successful, vibrant communities.
Great people:	Providing outstanding customer service and support.
VALUES:	We are fair, open and accountable We know, respect and care about our customers We appreciate the effort of everyone who works here We promote partnerships, efficiency and value for money We passionately embrace creativity, change and innovation

The Group has also created a new three year Corporate Plan which establishes six key priorities:

- Customers and communities
- Assets
- Financial Viability
- People
- Good Governance
- Growth

The new plan details what we want to achieve over the next three years for our customers, our colleagues, our partners and other stakeholders – it is our route map to the delivery of great business performance and great customer service.

Whilst things have changed for 2015/16 onwards, during 2014/15 we have continued to deliver against our two primary Corporate Objectives:

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

CORPORATE OBJECTIVE 1: Financial Strength

- Group turnover and surplus continues to increase with a record surplus before tax of £11.0M for 2014/15.
- In January 2015 Moodys confirmed Great Places A2 credit rating, but upgraded the Group's Baseline Credit Assessment (BCA) from Baa2 to Baa1.
- Fitch confirmed the Group's AA- rating in May 2014, but subsequently downgraded all its rated RPs in October 2014, so the Group now has an A+ rating with Fitch.
- We have retained our V1 viability assessment from the HCA (March 2015) and our 2014 VFM self assessment was also adjudged as meeting the required standard.
- In September 2014 we successfully raised the final £18m retained element of our £200m bond, achieving a spread of 102bps and an all in cost of 4.002%.
- The 2015/16 business plan shows that the Group has funding facilities that will last through to June 2019, with £135M of undrawn long term facilities and £50M of undrawn short term revolving facilities.
- At year-end, we had maintained our best ever rent collection performance, with our arrears across general needs and supported housing at 3.4% (improving from 5.3% five years ago), despite the initial impact of welfare benefit reform.
- The concept of financial strength allows the Group to generate surpluses to reinvest back into the business, quite often now referred to as "profit for a purpose".

CORPORATE OBJECTIVE 2: Providing excellent customer service

- Great Places measures customer satisfaction through on-going telephone surveys, where an independent team contact customers and find out their experience and views about the service they receive. This allows rapid identification and response should satisfaction begin to slip.
- Overall satisfaction was 86% during 2014/15, which was a 3% improvement in the year and has now virtually recovered to the record levels first achieved in 2012/13.
- Over the year, our Customer Access team answered 60,000 calls, missing just 3.6%, whilst the Repairs team answered 70,500 calls, missing just 3.0%.
- 87% of contact made by customers is by phone, but the proportion contacting us via email has risen to 9%, and there were 190,000 hits on the Group's website in the year.
- After a dip in 2013/14, repairs satisfaction has improved steadily from under 83% to over 89% by the end of 2014/15 and satisfaction with the repairs desk was 96%.
- We now have a greatly improved understanding of the reasons for dis-satisfaction. With the repairs service the three primary reasons for dis-satisfaction are the general quality of the repair (25%), the time taken to complete the repair (25%) and a lack of communication (17%). The primary reasons for dis-satisfaction with the neighbourhood were crime (22%), flytipping (19%) and noise (19%).

<u>Business & Finance Review</u>

The Group recognises that the business environment in which it operates presents a range of external and internal challenges to which we must respond appropriately in order to succeed.

Challenges	Commentary and context
External – Economic Environment	The UK economy has continued its positive momentum with GDP growth of 2.6% during 2014, employment rising, unemployment falling and real earnings growth being achieved. Inflation is extremely low and interest rates remain low, with base rate now at 0.5% for over six years. Interest rates appear highly unlikely to increase during 2015.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Challenges	Commentary and context
External – political	A Conservative majority Government means it is likely that the Group will face a number of challenges including further austerity. £12bn of welfare cuts are planned with a reduction in the benefit cap from £26k to £20 and working age benefits to be frozen for two years. The roll out of Universal credit will continue. The extension of Right to Buy to Housing Association properties is a high level Conservative manifesto commitment which could have major financial consequences for all registered providers.
External – regulatory	From April 2015, the HCA have introduced an updated regulatory code including a new Governance and Financial Viability Standard. A new approach will include “In depth analysis” (IDAs), stress testing and Asset and Liability registers. Great Places has volunteered to be subjected to an “IDA” in the early part of the 2015/16 financial year.
External – Housing market	A pick up in buyer activity combined with strong overseas demand in London led to quite sharply increasing house prices in during 2014, with no material change in housing supply. Prices have slowed a little in the early part of 2015, and house price growth is predicted to be between 4% and 7% over the next 5 years. The OBR predicts house prices will rise more quickly than wages make its increasingly difficult for people to get on the housing ladder. Demand side initiatives such as help to buy, and the help to buy ISA help balance the continuing difficult domestic mortgage market, but little is being done to tackle the supply side problems. On a positive note, the Group comfortably exceeded its first tranche shared ownership sales target for the year, but staircasing activity remains very low.
External – Funding market	There is still no long term funding available from banks, although there are suggestions that terms may be available at maturities out to 15 years. There have been a couple of smaller new entrants to the banking offer as well as HSBC (although they appear to be dealing only with the largest RPs). Funding through the Capital markets is very much still available, with the highly successful AHF Guarantee Programme bond now having accessed the market three times for c£600m in total with margins as low as 32bps and an all-in cost of 2.92%. Overall issues by the sector in 2014 totalled £2.9bn, and whilst the 4% barrier has now been broken through by some individual RP issues, although there does appear to have been more volatility around spreads. Great Places issued the final £18.2M retained element of its £200M bond in September 2014, achieving a spread of 102bps and an all-in cost of 4.002%.
External – Welfare Reform	Whilst the impact of both the under-occupancy deductions (“bedroom tax”) and benefit cap have been relatively minor, the steady roll out during 2015 of Universal Credit together with rent being paid directly to residents rather than the landlord is likely to have a significant impact on rent collection rates, arrears and bad debts.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Challenges	Commentary and context
External – Rent increases	The new rent standard and formula announced in 2013 seemed to provide 10 years rental certainty, but the July budget has completely changed that situation. The outcome of four years of 1% rent reductions will be a significant reduction in rental income compared to what was expected. In addition, Local Housing Allowances (LHAs) are being frozen for a period and rents are also effectively constrained through benefit changes.
External – inflation differentials	The move to a CPI based formula removes some of the inflation protection that RPs previously had, particularly if the increase in the divergence of RPI from CPI continues. The Bank of England now forecasts the long term RPI/CPI “wedge” to be 1.3% compared to 0.7% historically and the “wedge” at March 2015 had already risen to 1.0% - effectively meaning RPs are 0.5% worse off under the new formula.
External – Construction costs	Construction prices increased by 6.0% in the year to the end of September 2014 with the figure for private housing quoted at 7.2%. Average residential land prices rose by 2.3% in 2014 (but by 24% in Central London). Construction activity was largely flat in 2014 compared to 2013. Despite this evidence, more significant cost increases appeared to be commonplace as contracts were placed for Development schemes to start in March 2015.
External – Earnings inflation	Whilst recent years has seen earnings inflationary pressures subside, the start of 2015 has seen the first signs of real earnings growth, which has been deemed a positive economic factor by all parties. Unemployment has fallen, employment has risen and wages have started rising at levels similar to or above the rate of inflation. With earnings representing c40% of the Group’s total cash operating costs, real earnings growth, unless combined with productivity improvements, will present a tough challenge.
External – Pension costs	The Social Housing Pension Scheme (SHPS) has reported the results of its September 2014 tri-annual revaluation, with the scheme deficit rising by £0.3bn to £1.3bn. The level of contributions required for the final salary scheme will increase for both employees and employer and there will also be significant requirements for historic deficit payments from April 2016. The Group will review its pension offer, taking into account the cost of existing DB schemes, but also the costs and disappointing level of take up for the defined contribution offer. Changes to the state pension scheme will also lead to additional employer National Insurance Costs from April 2016.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Challenges	Commentary and context
External – Interest rates	Continuing low interest rates have helped the sector report record surpluses, despite a large proportion of RP debt being fixed rate. The broad consensus is that rates will begin to rise in late 2015/early 2016, but the extent of rate increases is a huge unknown, with far less consensus as to where rates will eventually settle, although it is likely that the new "norm" could be significantly below long term historic averages.
External - Supporting People	Significant pressure on Supporting People income remains and in 2014 Great Places lost two major contracts in Blackpool and has faced continuing pressures to reduce charges in most other Local authority areas. A large scale restructure of the Supported Housing service offer is underway in order that the Group can continue to be competitive and be able to deliver these critical services to the most vulnerable.
External - Accounting changes	The Group has prepared thoroughly for the introduction of new UK GAAP which will finally impact the 2015/16 financial statements. We understand the major risk areas and continue to work with our external auditors and our funders to fully understand the implications for the financial statements and banking covenants.
Internal – In house repairs	The repairs and asset management team was re-structured during 2014, refreshing the leadership of the in-house maintenance team and improving the performance of the call centre, as well as ensuring that the asset management and compliance functions were fit for purpose. The restructure has allowed a renewed focus on a significant programme of work required during 2015 to enhance aspects of the repairs service including such as mobile working technology, logistics and scheduling, materials supply and labour productivity.
Internal – Delivery of HCA targets	The Group successfully achieved all of the 2011-15 HCA Framework Delivery Agreement targets (not least being the completion of almost 1,300 affordable rent properties), and hit further HCA milestones by achieving starts on site for over 900 homes in the 2015/17 Affordable Homes Guarantee Programme.
Internal – Financial strength	The Group has grown its surplus to nearly £11M 2014/15 and delivered excellent results in Operating margin, Surplus % of turnover and interest cover. Moodys reaffirmed Great Places A2 rating in January 2015, but also showed their confidence in the Group by uprating the baseline credit assessment (BCA) from Baa2 to Baa1 at that time. Fitch confirmed their AA- rating at their annual reviews in both May 2013 and May 2014 but downgraded all their rated RPs by one notch in October 2015, Great Places now having an A+ rating. The Group maintained its top financial viability rating (V1) from the HCA in their March 2015 review.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Challenges	Commentary and context
Internal - Business Systems	In August 2014 the Group introduced its new "AXIS" Customer Relationship Management (CRM) and Repairs system, and has delivered many enhancements to that system since go-live. A new Business Systems strategy was approved in January 2015 which sets a two to three year programme of enhancements and upgrades to existing and new systems and infrastructure, to ensure it is fit for purpose and future proofed.
Internal - Affordability	Whilst the regulatory formula allows rents to rise by CPI+1%, this is a higher rate of increase than benefits and Local Housing Allowances (LHAs), both of which may serve to constrain rent increases to below formula levels. With earnings constrained and the costs of fuel/food disproportionately impacting the lower paid, Great Places understands the challenge of affordability for an increasing proportion of our customers and recognises that it may not always be possible to achieve the formula increase in practise.

Results for Financial Year ended 31st March 2015
The Group has achieved a surplus after tax of £10.9M for the year ended March 2015, an increase of (£1.7M/18.6%) over the surplus achieved in the year to March 2014.

Turnover (excluding Joint ventures) was £84.3M (2013/14: £85.0M) – this was primarily due to a change in the treatment of internally generated development income which represented £3.1M of the 2013/14 turnover figure, but is £nil in 2014/15 - instead there is £2.9M being netted off against operating costs. Adjusting for this change, turnover would have shown an increase of £2.4M/2.8% driven by a combination of rental inflation and continuing growth in property numbers. This is clearly shown by Social Housing lettings turnover increasing from £68.6M to £73.4M (7%).

Operating surplus has increased by 12.5% to £28.7M from £25.5M in 2014/15. This is underpinned by the surplus on social housing activities which grew from £23.7M to £27.9M (+18%), and represents 97% (2013/14: 93%) of the total operating surplus.

Housing properties at cost reached £1,104M, (2013/14: £1,033M) up £71M/7% in the year. This was due to Gross cash capital expenditure of £85M, funded primarily by £57M of additional debt, as well as by £21M of grant and £8M of sales receipts.

The Group made an impairment charge in the year of £150k relating to a church and community hall in Stoke, acquired in advance of a large regeneration project that has not been taken forward.

During 2014/15 Great Places continued its very significant commitment to new and existing homes. Over £80M was invested in building new homes, with nearly 800 new homes delivered in the year plus another 200 brought into management under the Gateways to Oldham PFI contract.

£13M of expenditure facilitated over 2,100 programmed improvements to the existing portfolio, whilst there was also £10.5M outlay on the Group's responsive, relet and servicing maintenance activities. These figures demonstrate that Great Places allocated over £100M of funding to expand or improve the homes it provides.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2015

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

For the year ended 31 March	2015 £M	2014 £M	2013 £M	2012 £M	2011 £M
Income & Expenditure account					
Total turnover	84.3	85.0	79.9	72.1	66.9
Operating surplus	28.7	25.5	22.9	17.7	12.5
Surplus for the year after tax	**10.9**	**9.2**	**7.4**	**7.3**	**2.9**
Balance Sheet					
Housing properties at cost	1,104.0	1,033.2	971.5	923.3	826.3
Social housing grant	(535.4)	(517.8)	(506.9)	(502.6)	(454.2)
Depreciation	(74.6)	(73.0)	(66.2)	(61.0)	(54.0)
Investment properties	12.7	-	-	-	-
Other fixed assets	6.5	7.2	7.7	7.8	7.8
Fixed assets	**513.2**	**449.6**	**406.1**	**367.5**	**326.0**
Investments	0.6	0.2	0.8	-	-
Net current assets	34.9	27.9	29.8	14.1	6.9
Total assets less current liabilities	**548.7**	**477.7**	**436.7**	**381.5**	**332.9**
Creditors due after one year	469.3	411.7	379.9	332.0	290.8
Reserves	79.4	66.0	56.8	49.5	42.1
	548.7	**477.7**	**436.7**	**381.5**	**332.9**

For the year ended 31 March	2015	2014	2013	2012	2011
Statistics and key ratios					
Surplus % Surplus for the year as % of turnover	12.9%	10.7%	9.3%	10.1%	4.3%
Interest Cover (operating surplus, add back surplus/deficit on sale of property in normal course of business, add back depreciation, impairment and gift aid) / (net interest payable)	185%	186%	178%	213%	181%
Interest Cover (As above, but with major repair capitalisation limited to 40% of total major repair expenditure)	169%	170%	156%	181%	n/a
Gearing (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction	44.0%	40.5%	41.5%	38.5%	35.7%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid (in cash flow statement))	1.3x	1.1x	1.6x	1.4x	0.9x
Operating Margin before interest % (Operating surplus / turnover)	34.1	30.0	28.8	24.5	18.6
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	1.8x	1.7X	2.3x	2.3x	2.1x
Debt to revenue (Loans less arrangement fees plus finance leases / turnover)	5.5x	4.8x	4.8x	4.6x	4.3x

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Performance management

The Group manages performance through a balanced scorecard which assesses the achievement of the Corporate Objectives through a range of quantitative and qualitative measures. Each objective is assessed against the relevant set of measures and any corrective action identified.

As the table below shows, 2014/15 has seen the majority of targets exceeded and an improvement on the 2013/14 results in most cases. After a dip in performance in 2013/14, in many instances the 2014/15 results have reverted back to levels seen in 2012/13. There remains more to do and the new Corporate Plan prioritises a number of areas for improvement.

Objective	Indicative measures	2014/15 Results		2013/14	2012/13
		Actual	Target	Actual	Actual
	PROVIDING EXCELLENT CUSTOMER SERVICE				
Customer satisfaction & complaints	Overall Satisfaction	86.4%	85.8%	83.5%	88.2%
	Satisfaction with repairs service	89.2%	86.0%	82.9%	92.2%
	Satisfaction - complaints handling	59.4%	-	60.0%	61.9%
Customer Focussed Services	Repairs appointments made at tenant's convenience	93.1%	-	91.0%	91.0%
	Gas servicing compliance	100.0%	100.0%	100.0%	100.0%
	Satisfaction with call handling	96.1%	-	92.0%	94.7%
Invigorate deprived communities	Tenancy turnover	9.6%	10.9%	9.4%	10.5%
	Satisfaction with neighbourhood	85.2%	85.8%	83.7%	83.6%
	No of people into apprenticeships	15	30	43	n/a
Well maintained homes	Decent Homes standard	100.0%	100.0%	100.0%	100.0%
	Satisfaction - quality of repair	91.2%	-	87.6%	92.3%
	Satisfaction - quality of home	80.6%	79.1%	77.0%	83.6%
	GETTING FINANCIALLY STRONGER				
Overall budget	Achievement of budget surplus	£11.0M	£10.2M	£9.3M	£7.4M
Turnover	Achievement of budget turnover	£84.4M	£84.8M	£85.1M	£79.6M
	Void loss relet times	28.5 days	27.7 days	33 days	25 days
	Current arrears	3.4%	4.0%	3.6%	3.5%
Operating costs	Achievement of budget	£55.6M	£56.6M	£59.6M	£51.9M
Building new affordable homes	Satisfaction with new home	97.2%	-	91.6%	97.1%
	Units started/completed	909/730	935/708	893/576	536/307
	ACHIEVING OUR OBJECTIVES				
Engaged staff	% of staff who think this is a great place to work	76.0%	-	80.0%	90.0%
	Staff turnover	21.4%	-	9.8%	8.3%
	Sickness absence	9.1 days	9.0 days	9.1 days	8.7 days
Continuous improvement	Implementation of internal audit recommendations	95.0%	85.0%	87.0%	92.0%

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

VALUE FOR MONEY (VFM) SELF ASSESSMENT

FOR THE FULL VERSION OF THIS SELF ASSESSMENT PLEASE GO TO OUR WEBSITE (www.greatplaces.org.uk)

VFM Overview

During 2014/15 Great Places undertook a fundamental review of the strategic direction of the organisation. We evaluated how we maintain an emphasis on delivering core objectives, on becoming a more economic, efficient and effective business, on openness and transparency, and on reacting swiftly and appropriately to the key challenges being faced.

As a consequence, we have introduced completely a new vision and refreshed our values and produced a new 3-year Corporate Plan with revised corporate priorities. Together these provide a clear route map for a successful future, a focus on what matters most, and an emphasis on being a 'profit for purpose' organisation.

Improving VFM is central to this view and is embedded in our vision, including 'maximising our investment in sustainable homes', in our values, including 'we promote partnerships, efficiency and value for money', and in our corporate priorities, which has value for money as a specific objective.

From many different perspectives, 2014/15 was a very successful year including:

- Record surplus and profitability;
- Significant increase in both overall customer and repairs satisfaction;
- Best ever arrears performance;
- Record number of new homes built.

Through our strategic approach, VFM is incorporated into all decision making - we acknowledge that we can not deliver our visions and values without delivering VFM. We seek low costs, high performance and high levels of customer satisfaction. The table below shows some important measures and trends:

VFM highlights		2014/15	2013/14	2012/13	2011/12	2010/11
Financial VFM indicators						
Operating cost (excluding cost of sales) per home	A	£2,993	£3,268	£3,129	£3,371	£3,461
Management cost per home	B	£822	£881	£820	£810	£881
Planned and routine maintenance cost per home	C	£597	£598	£607	£651	£610
Rent void loss per home	D	£66	£80	£74	£75	£58
Housing management VFM indicators						
Current rent arrears	E	3.4%	3.6%	3.5%	4.1%	4.4%
Relet times – general needs properties (days)	F	28	34	25	27	23
Resident satisfaction – overall	G	86.4%	83.5%	88.2%	86.9%	81.6%
Resident satisfaction – repairs	G	89.2%	82.9%	92.2%	92.1%	74.2%

Number of homes = total owned and/or managed (Notes 29 and 30).
Operating cost (excluding cost of sales), management cost, planned and routine maintenance cost and void loss (Note 3).
Housing management performance indicators per year-end balanced scorecard.

A: Operating costs have reduced by around 8%.	E: Arrears levels improved to a record low of 3.4%
B: Management costs have reduced by 7%	F: Relet times have improved by an average 6 days
C: Maintenance costs have reduced slightly	G: Satisfaction levels have increased, largely reversing the deterioration experienced in 2013/14
D: Void Loss per home has reduced by over 17%	

VFM - Benchmarking

As well as monitoring our absolute costs and our performance, and how these change over time, we also understand the importance of the comparative costs of delivering specific services. We are contributors to the full suite of HouseMark benchmarking clubs and our monthly Balanced Scorecard report shows comparative graphs for a range of indicators of costs and performance, using both national and North West comparator groups. These are then used as key drivers for strategic decision-making and for ensuring that our assets are performing well, that we are delivering high quality cost effective services and that we focus on what matters most when we seek improvement.

The extracts below are from the most recent HouseMark Value for Money Self-assessment data pack which was published in June 2015. This report compares the most recent cost and performance data available for 19 organisations similar in terms of geography, size, customer and stock profile.

Quartile key – costs

	Upper Quartile	Middle Upper	Median	Middle Lower	Lower Quartile	N/A	No Data
Valid dataset							NA
Small dataset							NA

Financial Peformance Indicators

KPI	Sample Size	Upper	Median	Lower	GPHG (2013/2014) Result	Quartile
Adjusted net leverage	23	29.6	36.5	41.0	38.8	
Growth in turnover	23	6.8	4.9	1.7	6.9	
Operating margin	23	28.0	25.1	21.5	30.0	
Weighted average cost of capital	21	4.0	4.6	5.2	4.6	

Housing Management and Maintenance - Cost Summary

KPI	Sample Size	Upper	Median	Lower	GPHG (2014/15) Result	Quartile
Total CPP of Housing Management	20	452.99	496.03	557.44	407.61	
Direct CPP of Housing Management	20	275.19	302.61	350.96	270.68	
Direct CPP of Rent Arrears/Collection	20	80.27	89.50	107.97	89.99	
Direct CPP of Resident Involvement	20	40.32	44.71	59.63	41.34	
Direct CPP of Anti-Social Behaviour	20	27.88	45.09	51.95	51.07	
Direct CPP of Lettings	20	42.91	51.37	63.21	44.93	
Direct CPP of Tenancy Management	20	64.03	77.49	85.93	43.34	
Total CPP of Responsive Repairs	20	473.73	534.59	589.13	486.64	
Total CPP of Void Works	20	246.62	275.69	299.82	219.91	
Total CPP of Major Works	20	723.74	1,032.53	1,223.37	962.17	
Total CPP of Cyclical Maintenance	20	214.37	282.38	316.15	206.16	

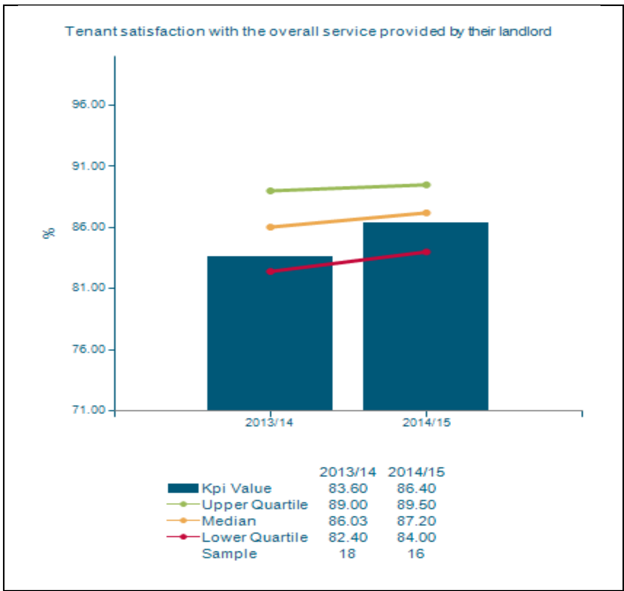
OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

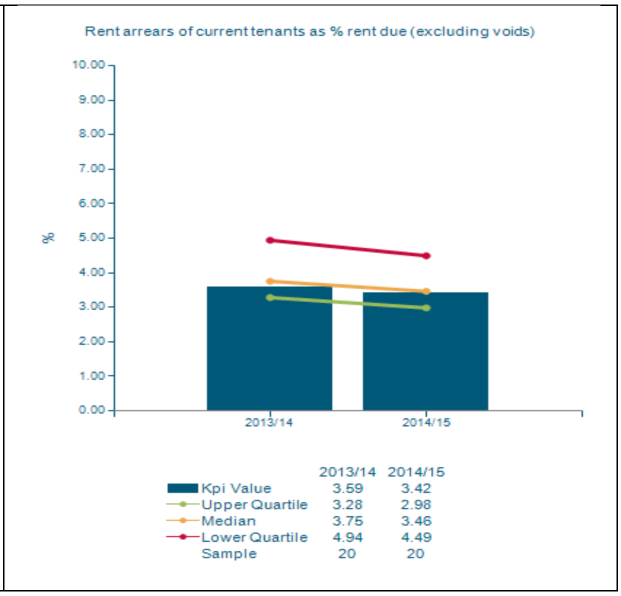
Overhead costs as a % of adjusted turnover

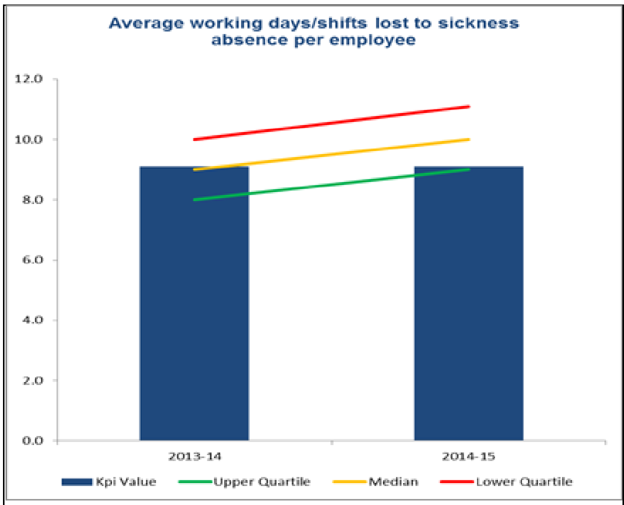
KPI	Sample Size	Upper	Median	Lower	GPHG (2014/15)	
					Result	Quartile
IT & Comms as % adjusted turnover	20	2.23	2.55	3.30	3.36	
Office Premises as % adjusted t/o	20	1.26	1.39	1.48	1.39	
Finance as % adjusted turnover	20	1.50	1.77	2.12	1.57	
Other o/head as % adjusted turnover	20	4.20	4.98	5.71	4.19	
Total Overhead as % adjusted t/o	20	9.91	10.91	12.46	10.50	

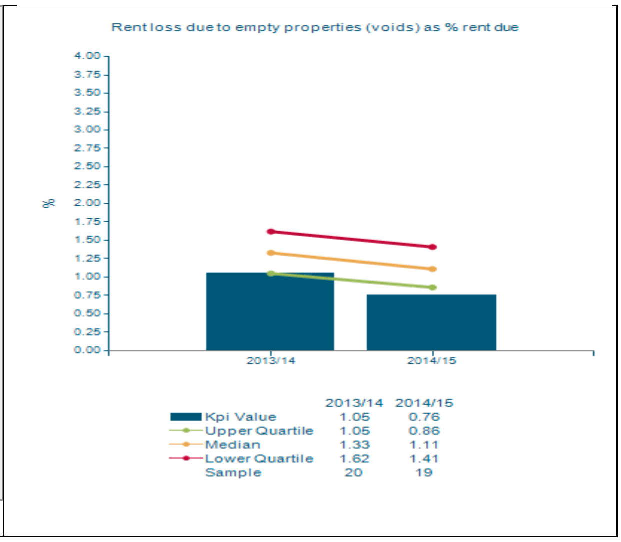
PERFORMANCE

In terms of benchmarking our comparative performance, the tables below show our position against peer organisations in respect of 6 out of 7 of our Critical Success Factors (the final one being Surplus which does not lend itself to benchmarking). During 2014/15 we have improved our performance for 6 out of 7 CSFs, being better than average for our peer group in 4 out of 6, and top quartile for 2.









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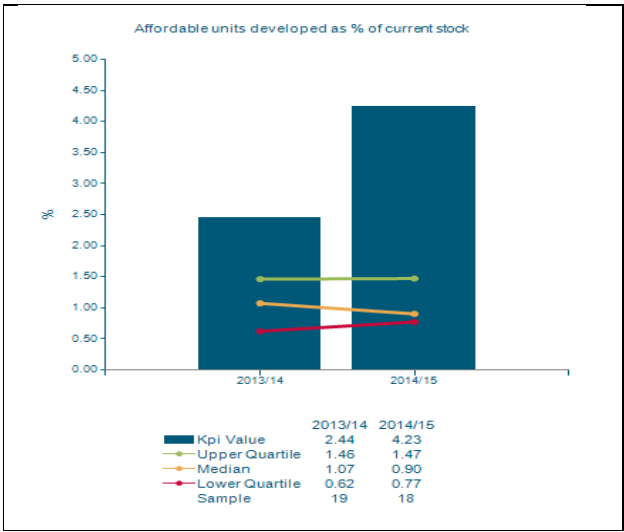
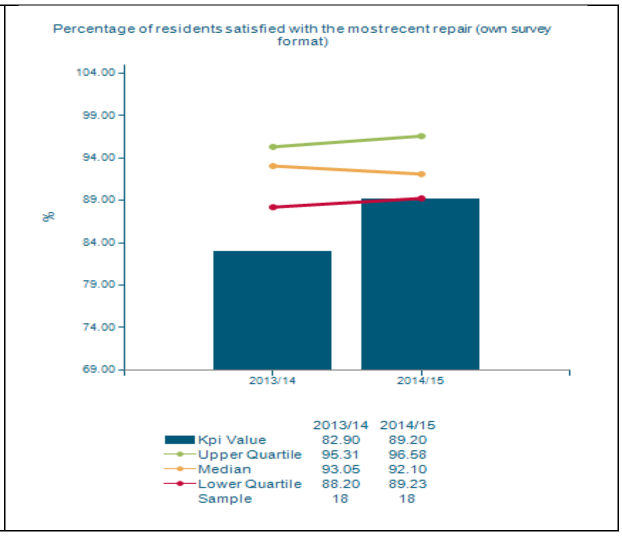
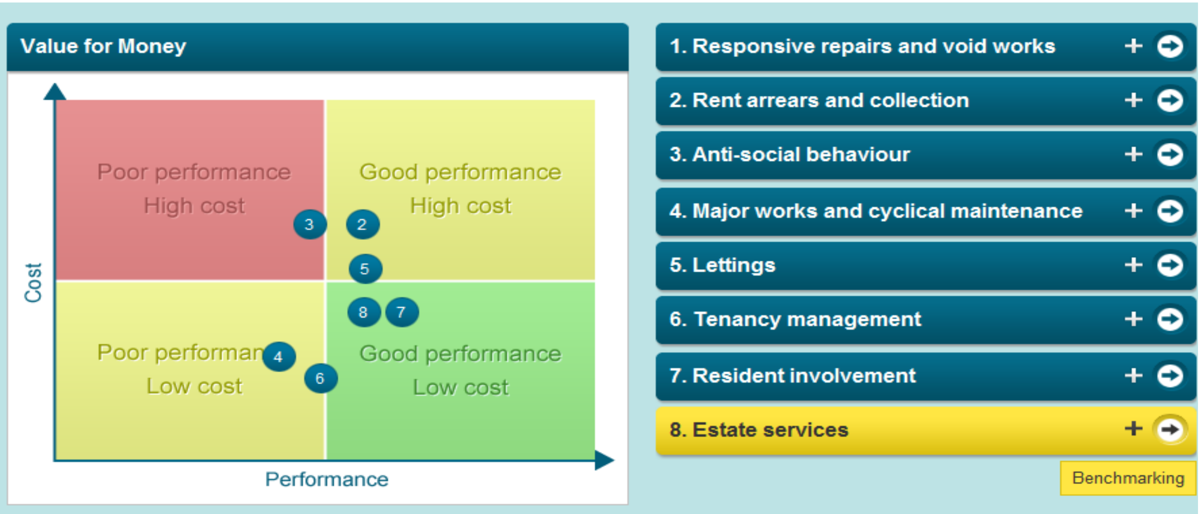




As an organisation, we also utilise HouseMark's benchmarking dashboard which pulls together cost and performance data over key service areas and plots comparative positions on a 4-quadrant matrix ranging from poor performance and high cost through to good performance and low cost. As shown in the diagram below, for the majority of our services, we are within, or close to, the 'Good Performance, Low Cost' quadrant in HouseMark's Core Benchmarking VFM data.



*This is a snapshot of our performance for 2013/14 based on a peer group of 16 housing providers in the North West with more than 10,000 properties, as determined by HouseMark.

Specialists from HouseMark have discussed our core benchmarking results in-depth with us during the year, and provided a presentation to the executive team to tease out areas for improvement. We have taken a broad approach to sharing these results with different teams, including roadshows, attendance at team meetings and on the intranet, emphasizing that this is important information to act as a "can opener" to prioritise areas of focus for the latter part of 2014/15 and beyond.

In addition to HouseMark, we are members of TIPTOP, an improvement network which looks at good practice in service delivery, and BOB, a 'back office' benchmarking club run by Baker Tilly. Over 60 RPs nationally participate in the BOB programme which compares costs of back office functions such as HR, ICT and Finance. Initially 3rd quartile, Great Places has worked hard to control back office costs and is now firmly established as a consistent top quartile performer.

VFM: Embedding a Strategic Approach

Seeking to make the best use of the Group's resources is not new for Great Places and the steady improvement in financial performance and quality of service delivery over recent years is prime evidence of success in this regard. Improving VFM is viewed as a sign of good governance in action, as a means of achieving corporate objectives and as a key determinant of business effectiveness.

Over the past year, the Group has adopted a more strategic and structured approach to ensuring that VFM is embedded throughout the organisation, including:

- Revisiting our corporate vision, values and objectives with an increased emphasis on business effectiveness and value for money. This has helped to clearly define VFM in the context of the Group's purpose and objectives and to communicate this strategic approach in a wide range of ways, including roadshows, articles in the staff newsletter, announcements on the intranet and specific blogs from the Chief Executive and Directors.

- We have widened the role of our Great Value group to consider broader VFM issues beyond its original remit of procurement. This re-launched group is chaired by the Director of Finance, has senior representation from all parts of the business and has 2 overarching objectives:
    a) to provide overall assurance around all aspects of the delivery of efficiency and improving business performance, and
    b) to drive the efficiency agenda across all parts of the organisation
- The enhanced profile of the Great Value group provides a helpful platform to better explain how strategic decisions have been driven by, and have impacted on, VFM, and to ensure that there is good general understanding of the relationship between quality, cost, the needs of customers and the objectives of the organisation.
- The introduction of a small number of critical success factors, linked to corporate priorities and including minimum and aspirational stretch targets, has helped to ensure our performance management framework is focused on what matters most and on providing focus and assurance. Regular reporting against these critical success factors, and other measures of strategic achievement, has helped to increase the understanding of costs and outcomes including financial indicators, performance against target and trend analysis;
- Increasingly we are focused on understanding the return on our assets as measured in terms of financial performance, customer satisfaction and environmental impact. Our maintenance costs are virtually unchanged despite a strengthened, focused and evidence-based investment programme and additional staffing resources for the investment and compliance teams.
- We have reviewed the structure and resourcing of a number of key functions including health and safety and procurement, to ensure these services are delivered in the most effective and efficient manner. We report on procurement activity more regularly;
- A key element in our Executive annual plan is to further embed VFM in everything we do, and incorporate Business Efficiency into all of our processes. We do this through a steady stream of communication, by reporting regularly to Board, including a consideration of VFM in our report template so that all papers to any of the Executive Team, Committees and Board have an assessment of cost, quality and meeting customer need, and by raising the profile of two key on-going initiatives designed to identify successes and drive out waste:
    - Quality Street is our intranet-based database through which all staff encouraged to highlight cost savings and other VFM initiatives.

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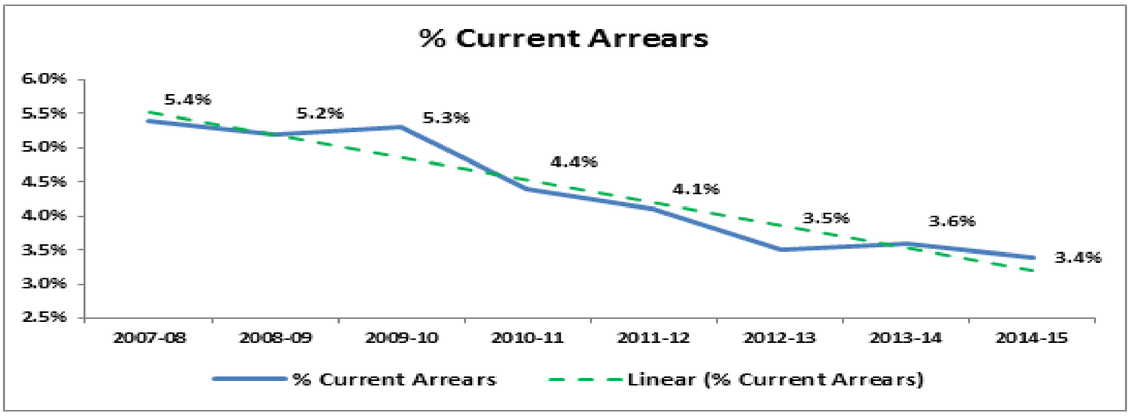
- Make Their Day is an annual awards scheme, which has the stated objectives to generate improvements, encourage a can-do philosophy, and promote a positive attitude to improvement, amongst all Great Places staff. Make their day highlights that improving VFM is everybody's responsibility. In 2014/15 we gave out 9 awards for 40 submissions:

- Ensuring that factors generating social value are maximized and measured including apprenticeships, financial inclusion and debt advice;

VFM: How have we done?

VFM: Improving service quality

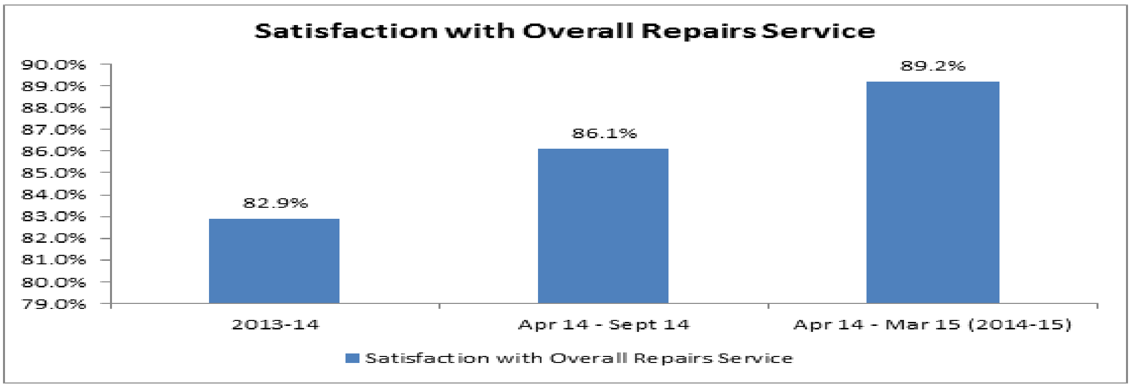
- The Financial Inclusion team continued its excellent work – targeting people most affected by welfare reform, benefitting tenants by over £1M by helping with access to things like basic bank accounts, cheaper energy tariffs, affordable insurance and debt advice;
- Despite the continued roll out of welfare reform measures, arrears performance continues to exceed target and 2014/15 was our best year ever in terms of collecting rent;



- An enhanced asset management investment programme during 2014/15 which included improvements to customers homes through fitting;

✓ 466 new kitchens installed	✓ 167 bathroom installations
✓ 548 new boiler and heating systems	✓ 205 upgrades to electric heating systems
✓ 369 full window replacements	✓ 309 front & back doors

- After a difficult year in 2013/14, our repairs service recovered strongly throughout 2014/15. A complete restructure of the service has been undertaken to ensure our offer meets the needs of our customers including changes to the way that we manage void properties, how we deal with out of hours repairs and our use of materials, data and systems.



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- By the end of 2015, more than 90% of customers are happy with the quality of the repair that was carried out and satisfaction with the overall repairs service finished at 89.2% for the year up from 82.9% in the previous year.
- Alongside this improvement in the quality of our repairs service, we have reduced the planned and routine maintenance cost per home and of 12 cost indicators for repairs produced by HouseMark we are top quartile for 7 and second quartile for another 3.
- During 2014/15 our Repairs Desk answered around 70,000 customer calls and our Customer Access Team (CAT), who take general enquiries, a further 60,000. Over the year the Repairs Desk missed just 3.0% of calls, a dramatic improvement on 2013/14, and the CAT team remained steady at 3.6%, despite the addition of additional service responsibilities to their role. Customer satisfaction with the experience of contacting the Repairs Desk was 96%, while satisfaction with CAT call handling rose to 99%. These figures provide strong evidence that we provide an effective and improving first point of contact service to our customers.
- It has been a bumper year for our Development team with 730 new homes completed and a further 909 starts. Our non-framework activity added a further 20 completed properties, whilst Cube Great Places' market related activity generated an additional 141 starts. While having a record year for development activity the satisfaction of our customers with their new home rose from 91.6% at the end of 2013/14 to 97.2% at the end of 2014/15.
- We believe an engaged workforce is key to delivering great customer service and we have had continued success in the "Great Places to Work" survey, ranking 24th best large workplace in the UK which was the best performance of any housing provider nationally and was in the company of some large blue-chip business such as Hilton Hotels, Volkswagen and Microsoft.

VFM: Effective procurement
As a consequence of the healthcheck carried out by Baker Tilly in early 2014, we have spent the past 12 months strengthening the procurement team both in numbers and mandate. We have introduced an updated Procurement Strategy and associated action plan, and have policies and procedures which place the team at the centre of all procurement activity.

There has been a significant shift in the activity of the Procurement Team in terms of their breadth of influence and profile. The team are more involved with asset management and development, where previously procurement has been run independently by these departments. In addition, the team are involved in smaller areas of spend that it previously did not cover such as training. Whilst this may not have the same level of spend attached to it, it reflects a shift where the team are increasingly at the heart of all procurement activity.

A comprehensive action plan was developed following the healthcheck, and all recommendations have now been signed off by our internal auditors. Successful implementation includes:

- Carry out recruitment, support and training to develop a complete Procurement Team – the team has doubled to 4 staff, with a new high-profile senior post of Head of Procurement.
- To develop a procurement risk register – now done and linked to the corporate risk register.
- To develop an approach for contract review to ensure savings embedded. A savings log has been developed, communicated through various channels including our Great Value group and Directors, and we have introduced a contract review meeting after mobilisation to ensure that savings are hitting budgets.
- Evaluate options for ICT solutions that could improve procurement processes. Procurement exercises are now managed through the Delta E-sourcing online procurement system which provides a fully transparent platform for managing the group's procurement processes.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

- Supplier orders are increasingly raised using our Purchase to Pay (P2P) system which provides increased control and a more transparent and auditable process. Use of automatic payment cards is also being investigated to assess whether further efficiencies can be generated within the organisation's payment processes.
- Introduce contract compliance reporting - we have identified all key strategic contracts and these are all being monitored. We have held a contract management workshop to ensure consistency in how we maintain compliance and are investigating an IT solution.
- A template for a procurement report for Directors/Board to be developed and delivered – this has been introduced and a regular procurement performance report is now scheduled for both the Executive and the Board.
- Developing performance measures and reporting including value added, savings made – included in the report referred to above, as well as a number of key procurement indicators now being reported through our monthly corporate Balanced Scorecard.
- Carry out procurement exercises in keeping with the tendering action plan – we now have a much more structured approach to prioritising procurement activity and all procurement exercises follow correct policy and procedure, including robust specifications.

There are two areas of priority where significant work has been undertaken but where is room for further improvement:

- Social Value - the team have been working closely with our new Social Investment Manager to develop a best practice approach to social value in procurement. Social value objectives are included in the procurement strategy and have featured in recent significant tendering activity, including areas as diverse as internal audit and investment works.
- Contract Management – we recognise that we can improve both the strategic and operational management of our contracts. The Head of Procurement is bringing together a project team to develop a contract management methodology and implement it across the Group.

Alongside these improved building blocks, largely around infrastructure and procedure, we have continued to carry out a high volume of procurement activity and the central team is now in a position to influence around 50% of our non-construction spend and in the past 12 months has generated savings of over £1.6m. This can be broken down as follows:

Category	Saving
Servicing	£867,000 if the contract is extended to its maximum.
Agency staff	£168,000 if the contract is extended to its maximum.
Scaffolding	£40,710 if the contract is extended to its maximum.
Heating Investment	£210,000 if the contract is extended to its maximum.
Decorating	£70,000 if the contract is extended to its maximum.
Internal Audit	£32,000 on a two year contract
IT Storage Solution	£58,894 (one-off purchase)
Energy	£156,000 saving expected to 31 September 2015.
TOTAL	**£1,602,604**

In addition, we have a number of complex and high-value procurement exercises which are progressing well and which we expect to generate extensive savings alongside enhanced service:

- Fleet – against a current annual spend of £400k, savings of potentially £110k every year for 5 years (over £500k in total), plus an additional £18k pa based on fuel consumption savings.
- Executive Development training – we expect to make savings in the region of £50k.
- Investment Framework – on a spend of around £8million pa, we are currently anticipating savings of just under £500k each year.

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- The current Innovation Chain North West (ICNW) framework will have procured almost £400million of construction and consultancy work when it comes to an end in March 2016. We are currently developing a new framework and, by utilising the in-house expertise we now have, we expect to save close to £100k in consultancy set-up fees. Obviously, we will also expect to generate significant efficiencies through the on-going application of the framework.

VFM: working smarter:

Utilisation of the same resources, but in more effective ways can generate VFM:

- We have reviewed the structure and resourcing of some key functions including repairs and asset management, health and safety and procurement, to ensure these services are effectively delivered.
- We have implemented the Group's upgraded customer relationship management (CRM) system and the interlinked repairs system which has created more effective, joined up systems and has facilitated more efficient ways of working.
- As part of our One Great Neighbourhood campaign we have interviewed 'on their doorsteps' almost 1,500 residents in 6 key priority neighbourhoods to find out what matters most to them about where they live and what needs changing. We are using this feedback to prioritise our service delivery, to reduce waste and to better meet customer requirements.
- We have established a new VFM working group with a remit to 'provide overall assurance around all aspects of the delivery of efficiency and improving business performance' and a role to scrutinize 'guests' to ensure that VFM is being fully considered across key initiatives. Examples so far include challenge around the use of multi-functional devices, around our approach to social investment and recruitment of temporary staff.
- We have reprocured our servicing contract which formerly contained over 30 separate elements. This has generated savings by working directly with specialist contractors rather than via a 3rd party client arrangement, as well as introducing more robust quality and contract management.
- We have developed better working arrangements with new internal auditors which is adding value through a collaborative relationship, as well as a better focus and avoiding duplication

VFM: Future priorities

Our priorities for 2015-2018 will be driven by the strategic objectives in our new Corporate Plan and by a more structured, coordinated approach to procurement. Specific activities include:

- A restructure of the Social Investment team to ensure resources and outputs are maximized.
- A management restructure within supported housing.
- Upgrade to office telephony arrangements.
- Delivery of new supply chain arrangements including a new repairs distribution centre.
- A review of our HR function with greater emphasis on a proactive service focused on organisational development.
- Review the office strategy, particularly leased accommodation.

As a consequence of the July 2015 budget announcement regarding rent reductions, the Group will review the impact this may have and will determine how to address the challenges over the coming months. Clearly it will significantly affect what we do and the Group will incorporate its response in the full September VFM self assessment.

VFM: Sweating our Assets

Great Places has developed a robust set of tools that allows us to understand the value of our property assets. We have identified around 160 neighbourhoods across our General needs properties enabling us to see how each is performing across a suite of performance indicators.

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This is used to identify neighbourhoods and properties which are profitable (or not) and those which perform well and those which don't. Monitoring of this information across each neighbourhood allows us to identify where intervention is required and the success of these interventions, with local context and partnerships playing a key role in the decision-making process.

This information helps us improve the sustainability of the Group's stockholding; identify and sell unsustainable and unviable stock; divest less profitable business streams (such as some of our key worker stock); reinvest sales proceeds in sustainable neighbourhoods; and identify our high value stock so we can decide if and when to make high cash-generative disposals;

During 2014/15, the Group disposed of around 75 individual properties and also carried out a transfer to another RP of 23 poorly performing properties in a neighbourhood in Oldham.

VFM: Conclusion

Working with our new Board, last year we agreed seven key indicators, or critical success factors, contained in the table below:

Critical success Factor (CSF)	Year End Position: 2014-15	National Top Quartile	National Median	National Lower Quartile	Minimum 12 month Target	12 month Stretch Aspirational Target	24 month Stretch Aspirational Target
Overall Customer Satisfaction	86.4%	90.0%	87.0%	82.0%	85.8%	87.0%	90.0%
Group Surplus	£10.9M	-	-	-	£10.1M		
Arrears including HB	3.4%	2.0%	2.9%	4.3%	4.0%	3.4%	3.2%
Void Loss	0.8%	0.8%	1.1%	1.6%	1.0%	0.9%	0.8%
Staff Sickness	9.1	7.4	9.2	11.3	9.0	8.0	7.4
Practical Completions	HCA target met	-	-	-	HCA target	HCA target	HCA target
Overall Repairs Satisfaction	89.2%	97.0%	94.0%	88.9%	86.0%	90.0%	94.0%

By year-end 2014/15, we exceeded our target for 6 out of 7 measures, including meeting the stretch target for 2. For sickness absence, where we just missed our target, our performance was no worse than for the previous year and is still close to top quartile for our comparator group.

It is clear from the vision and values work undertaken in the past year that there is a shared view of Great Places as a 'profit for purpose' organisation with a strong commitment to prioritise social impact in our activities. Nowhere is this more evident than in our commitment to build new affordable homes, activity we will continue to prioritise, as stated in our corporate plan.

Finally, we once again claim that there is one simple output where the performance of Great Places stands out from the crowd – delivery of new homes.

Last year, we built 750 new homes, of which 730 were affordable units. This represents an increase in excess of 4% of our stock and places us 4th in a national league table of 'homes completed as % of homes owned/managed'. Within the top 20 in that league table, we are the second smallest organisation overall, we are the highest placed northern provider and indeed we are one of only a small handful of associations which have any significant presence in the north of England. So, in terms of what Great Places manages to achieve from its asset base, we consider that we are delivering exceptional VFM.

Overall the Board concludes that Great Places is clearly meeting the HCA's regulatory requirement on Value for Money

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Accounting policies

The Group's principal accounting policies are set out within the notes to the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of improvements, housing property depreciation, impairment and the treatment of shared ownership properties.

Treasury Management Policy, capital structure, cash flows and liquidity

The Group reviewed and revised its Treasury Strategy in May 2014 and will do so again in early part of 2015/16.

The Group borrowed £60.9 million during the year which was achieved through:

- The final £20.4M (including issue premium) element of the Group's retained bond in September 2014 at an all-in price of 4.002%;
- £20.5M borrowed though the AHF Bond at a cost of 3.764%;
- £10M from each of the existing RBS and RBS facilities.

This was utilised to part-fund the Group's ongoing development activity. Just over £4.0 million of existing loans were repaid, giving a net increase in debt of £57 million.

Capital Structure						
As at 31 March	**2015**	**2014**	**2013**	**2012**	**2011**	**2010**
Maturity	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	1,642	1,760	1,796	1,651	1,697	2,508
Between one and two years	13,198	1,828	1,777	1,684	1,725	2,548
Between two and five years	18,251	14,160	8,151	6,945	5,411	7,786
After five years	441,082	399,297	372,537	324,227	284,001	247,641
TOTAL	**474,173**	**417,045**	**384,261**	**334,507**	**292,834**	**260,483**
Fixed including Cancellable	444,157 (94%)	380,371 (91%)	345,835 (90%)	210,484 (63%)	194,551 (66%)	199,372 (76%)
Variable	30,017 (6%)	36,674 (9%)	38,426 (10%)	124,023 (37%)	98,283 (34%)	61,111 (24%)
Own name Bond Issue	201,748	181,453	148,578	-	-	-
Post 2007 facilities	234,722	194,095	194,095	291,296	246,017	211,996
Other legacy debt	37,703	41,497	41,588	43,211	46,817	48,487

The Group's borrowings are principally from banks, building societies and the debt capital markets, at both fixed and floating rates of interest. The approved Hedging Strategy identifies an approach that allows for flexibility and caters for a changing interest rate environment, setting targets across a range of interest rates. The strategy approved in March 2014 aims to keep 75% (+/-10%) of borrowings at fixed rates of interest, unless specifically approved otherwise. A new Treasury strategy is being developed for approval in July 2015, and is likely to propose that a minimum of 75% fixed rate debt should be maintained.

As at 31st March 2015 the Group had 94% fixed rate debt, outside the approved range, but authorised to be so as during the approval of the final retained bond transaction in September 2014.

During 2015/16 the Group expects to borrow c£43 million of debt, already arranged and largely already secured. Part of this is expected to be on variable terms and hence the proportion of fixed rate debt will move below 90% by March 2016.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

The Group's loans are secured against housing properties using either Existing Use Value – Social Housing (EUV-SH) or Market Value Subject to Tenancy (MVST). Properties are revalued by valuers appointed by the relevant funder at intervals stated in the loan documentation.

Security Position As at 31st March 2015	Total Units	MVST (£M)	Units at MVST	EUV-SH (£M)	Units at EUV-SH	Loan support-able (£M)	Current loan (£M)	Loan draw-able (£M)
2007 refinanced facility	4,136	£194.0	3,461	£27.3	675	£194.0	£184.1	£9.9
Bond	3,898	£154.7	2,647	£59.7	1,251	£191.4	£201.7	£0.0
Other Debt	4,455	£79.9	1,423	£117.2	3,032	£163.2	£75.3	£50.0
Properties valued, not yet charged or drawn	194	£11.1	160	£1.8	34	£11.1	£0.0	£11.1
Properties not yet valued	2,314	£127.6	2,314	£0.0	0	£110.9	£0.0	£110.9
Total	**14,997**	**£567.2**	**10,005**	**£206.1**	**4,992**	**£670.6**	**£461.1**	**£181.9**

Interest rate swaps are used to provide a hedge against the Group's exposure to interest rate fluctuations. The hedging strategy is regularly updated to ensure it remains appropriate in an ever changing financial climate and also in response to the Group's funding strategy.

Hedging is one of the tools adopted to have managed the market price risk of interest costs, and together with a range of sensitivity analyses run against the Group's business plan allows Great Places to monitor its exposure in this regard. No new hedging was undertaken in the year.

The fixed rate transactions include a mix of embedded and stand alone swaps. The stand alone swaps are transacted through International Swaps and Derivatives Association ('ISDA') agreements.

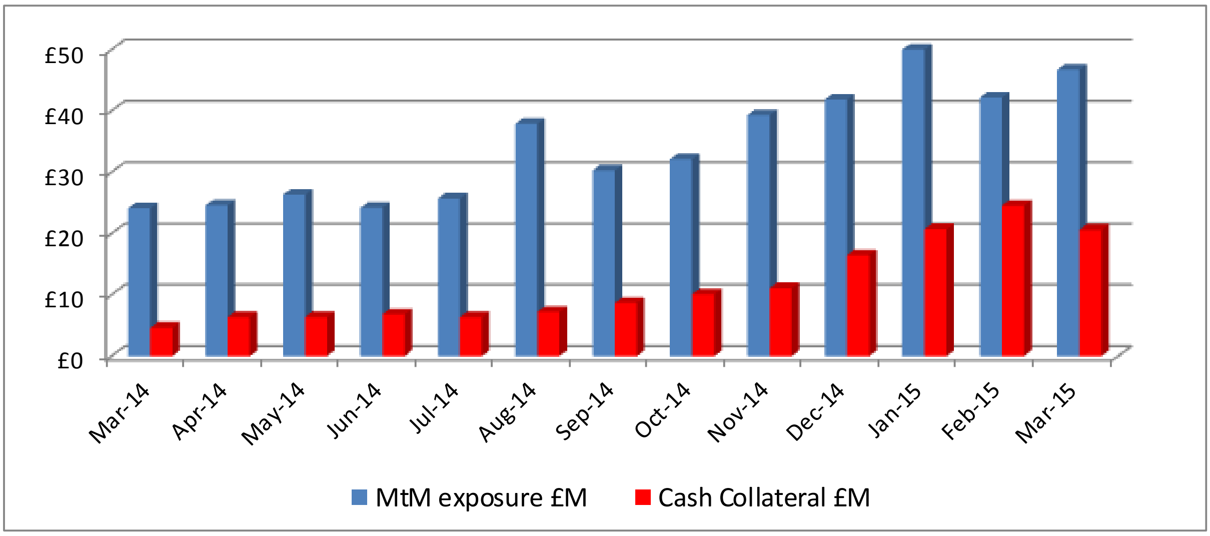
A total of £20.6M of cash collateral (as shown on the following table) was provided to counterparties at 31st March 2015 and is included within investments on the balance sheet. The average maturity of the swaps is 15 years.

Standalone Swaps – Mark to Market (MtM) Exposure					
Counterparty	**Unsecured Threshold**	**MtM Exposure**	**Collateral requirement**	**Property**	**Cash**
Counterparty A	£7,500,000	£9,503,684	£2,003,683	£0	£2,175,000
Counterparty B	£7,500,000	£13,197,605	£5,697,505	£0	£4,450,000
Counterparty C	£3,000,000	£14,465,419	£11,465,419	£0	£10,305,505
Counterparty D	£4,900,000	£8,543,166	£3,643,166	£0	£3,670,000
Counterparty E	£3,000,000	£997,760	£0	£0	£0
As at March 2015	**£25,900,000**	**£46,707,633**	**£22,809,773**	**£0**	**£20,600,505**
As at March 2014	**£25,900,000**	**£24,111,815**	**£4,600,796**	**£0**	**£6,751,000**
As at March 2013	**£25,900,000**	**£35,622,445**	**£12,138,466**	**£0**	**£12,011,000**
Movement in year		£22,595,818	£18,209,077	£0	£13,849,505

A further £2.3M of cash collateral was requested following the valuations made on 31st March 2015 and was paid to the relevant counterparties on 1st and 2nd April 2015.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

During 2014/15, there has been significant volatility in medium to long term interest rate expectations which has seen the level of mark to market exposure, and cash collateral requirement, move substantially through the year.



The fixed rates of interest on the whole portfolio range from 2.30% to 11.50%. On the standalone swaps the fixed rates range from 2.30% to 4.97%.

The Group's lending agreements require compliance with a number of financial and non-financial covenants, most notably interest cover and gearing, both of which are shown on page 13. The Group's position is monitored on an on-going basis. Our latest management accounting information and business plan projections confirm that the Group is in compliance with its loan covenants at the balance sheet date and we expect to remain compliant in the foreseeable future.

The Group borrows and lends only in sterling and so is not exposed to currency risk.

Cash flows

Cash flows during the year are shown in the consolidated cash flow statement (page 45). The major influence on the scale and timing of future borrowings is the Group's development programme.

Liquidity, cash management and investment

The Group's policy is to borrow sufficient monies to meet its known and reasonable contingent requirements for liquidity. The Group shall ensure it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft, revolving credit or other stand-by facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives. These requirements are set out in the approved Treasury Management Strategy and are monitored regularly as part of the cash flow reporting regime.

The Group business plan identifies gross funding requirements of £43m in 2015/16, £29m in 2016/17, £25m in 2017/18 and £37m in 2018/19– a total of £134m. At March 2015, undrawn long term bank facilities amount to £106m, with an additional £29.5m of Affordable Housing Guarantee Funding undrawn and with a further £50m of short term revolving facilities also available. These facilities are intended to finance the Group's ongoing development activity, the current business plans indicates the facilities meet our cash requirements until around June 2019 and the facilities are available until December 2018.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

As at 31st March 2015 the Group had £50m of these facilities fully secured, in line with the liquidity requirements set out in the updated Treasury Management Policy and is planning to secure at least a further £50m during 2015/16. The Group also the option to "tap" the £200m bond in future years.

The Group holds its surplus cash as cash or cash equivalents and will not invest in gilts, equities or other non-money assets.

Future Outlook

The Framework Delivery Agreement signed by the HCA and Great Places in September 2011 has seen the successful delivery of 1,281 properties in the four year period ending March 2015.

The contract that the Group signed with the HCA for the Affordable Rent Guarantee Programme for 2015-17 is for 896 properties, supported by £17M of grant and with a total cost of £100.7M. The contract included 142 shared ownership properties (15% of the allocation) and again comprised almost entirely 2/3 bed houses. All of these schemes were on site in line with the provisions of the contract by 31st March 2015.

The Group has also received HCA grant allocation of £12m for 445 units to be delivered primarily in the 2017-2018. Beyond that, the Group expects to continue a development programme of c400 units per annum for the foreseeable future.

Great Places was successful in obtaining £50m of "guarantee" funding, comprising a £20.5M AHF bond which reached financial completion in May 2014 at an all-in cost of well below 4%, and a £29.5M EIB loan which will be drawn during the Summer of 2015.

In addition to these HCA contracts, the Group continues to undertake additional non grant funded schemes negotiated through s106 deals with house builders, and a rolling annual provision of £5M is set aside to fund these opportunities.

At the end of 2014/15, the Group had just 12 unsold properties, (all shared ownership), of which 5 were reserved for sale. Sales periods have reduced steadily, sale shares have increased, and target prices consistently achieved and in many cases exceeded.

The increased stability in the housing market has meant that the Group has felt more confident in the shared ownership product (approaching 200 SO sales are planned over the next 3 years) and also felt able to progress its outright sales ambitions.

The Group will, through Cube as developer and Plumlife as sales agent, shortly have 76 for-sale properties in progress on five sites, with potential sales revenue of over £12M and surplus of over £1.3M. These are:

- Vicars Hall Lane, Worsley (scheme name: Brook Gardens): This scheme of 12 units started on site in February 2015 and the sales launch will be July 2015;
- Moss Road, Stretford (scheme name: Great Stone Gardens) is a 68 unit scheme, of which 10 are for outright sale. Start on site was achieved in late 2014 and the sales launch is June 2015;
- Constantine Street, Oldham has 22 units for outright sale and started on site in March 2015;
- Bury Road, Radcliffe has 18 sale units. Start on site is expected around August 2015 with sales commencing in May 2016;
- Horse and Jockey, Helsby (scheme name: The Chase) has 14 units with start on site during 2015.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Early enquiry levels are extremely encouraging with over 400 enquiries already received for Great Stone Gardens alone.

The Group Business Plan assumes this profitable outright sales activity continues, with 30 sale units per annum, but only for a 10 year period.

The Group also plans to expand its market rental activity, having consolidated around 100 existing market rent units at 6 different schemes into a single portfolio operated through Cube under the Plumlife brand.

In addition to this portfolio Cube will has two new developments of private rented properties that were on site by the end of March 2015:

- 15 houses at Fir Street, Chimney Pot Park, Salford – expected into management in June 2016;
- 22 houses at Moss Road, Stretford – expected into management from January 2016.

The Moss Road scheme comprises 10 units for outright sale and 22 for private rent within Cube, as well as 12 properties for shared ownership and 24 for affordable rent through GPHA. This is the Group's first truly multi-tenure site. It is likely that an increasing proportion of the Group's opportunities will involve mixed tenure solutions.

The Group continues to consider opportunities for large scale city centre apartment projects and the business plan includes one large (80 unit) apartment block for development during 2015-2017 although at this point no scheme has been committed.

Cube has been appointed as the management agent for the Three Towers "Tribe" project which is being developed by Housing Capital Trust and Cabot Square on the Northern fringe of Manchester City Centre. The project comprises 192 apartments and initial lettings commence in May/June 2015.

The Group continues to plan to fund the investment needs of its housing stock in full – a modest void disposal programme will also continue and this will offset a small element of investment spend on properties which are simply uneconomic to bring up to the required standard.

The Group has agreed funding facilities in place that will meet all known and expected commitments through to June 2019. Whilst the Group has the ability to go back to the capital markets to "tap" the existing bond, it is also alert to new opportunities as they arise such as the Affordable Housing Guarantee Funding, of which the Group secured £50M.

Over the next couple of years the Group will slowly reduce the fixed proportion of its debt portfolio from over 90% to nearer c80%.

Risk management

While risk is inherent and unavoidable in every activity that any organisation undertakes, Great Places' risk management strategy is designed to manage risks in the best possible way and reduce their potential for damage down to an acceptable level. Innovation and achievement will help the Group remain financially viable and commercially dynamic, but these always entail risk and we do not wish to turn the group into an excessively risk-averse organisation.

The Group's approach to risk has been reviewed during 2014: The risk register and risk map have both been completely renewed and the risk assessment, scoring, appetite and mitigations fully updated. The risk register will be reviewed on an ongoing basis by management and half-yearly at Board level. The strategic register contains 18 risks, the highest of which are:

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Risk description, impact and consequence	Controls and mitigations
Reduction in rental income Reduction in rental income collected due to welfare reform, and/or increase in collection costs. Results in an adverse impact on cash collection and financial strength. Great Places properties become less affordable to existing and new residents.	• Specialist staff teams including social investment and financial inclusion. • Core housing system to be upgraded and advanced income management software to be implemented. • Detailed customer and vulnerability profiling allows tailoring of services and proactive recognition of potential issues in advance. • A wide mix of properties types/size across a wide geographical base helps protect against reductions in demand. • “Rent matters” policy understood by all staff. • Recommendations from income management review to be implemented.
Repairs service failure A failure to effectively deliver the responsive repairs service, with increases likelihood of missed appointments, fewer first time mixes, reduced customer satisfaction and poor value for money. Potential serious detriment under our duty of care to customers and potential regulatory intervention linked to the home standard.	• Staff team fully restructured. • Stronger performance reporting in place, building on enhancements to AXIS CRM system. • Upgraded mobile devices provided for all operatives. • Measures implemented to minimise mobile reception issues. • Improved scheduling and zoning arrangements. • Out of hours arrangements being reviewed. • Review of materials supply chain and logistics. • Vehicle fleet to be re-procured during 2015.
Failure to manage assets effectively. Inability to understand the condition of the stock. Increased likelihood of our homes falling into poor condition. Poor customer satisfaction. Reduced asset values.	• Restructured staff team including specialist Asset Management and Compliance roles. • Commitment to PIMSS asset management system, taking advantage of currently unused functionality. • Ongoing programme of stock condition surveys to be undertaken by in-house staff. • Contract management framework reinforced and supported by the corporate procurement team. • Investment to be based on more cost effective three-year works cycles rather than annual programmes.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Risk description, impact and consequence	Controls and mitigations
Failure to meet funding requirements There is a sector wide reduction in the availability of suitable finance. Great Places ability to attract suitable finance is diminished. The cost of funding is affected by an increase in interest rates (market-wide) or interest margins (sector or GP-specific factors), making the funding unaffordable. The Group has unsufficient unencumbered assets to meet the security requirements for the Group's planned debt.	• Ensure financial strength with growing surplus, twin credit ratings and V1 HCA assessment; • Detailed business planning and stress testing processes in place; • The Group is in a strong position with funding in place up to 2017/18, 12 months funding secured in advance and £20M cash buffer maintained; • Treasury strategy reviewed annually, taking independent Treasury advice; • Hedged debt portfolio protects against rate rises; • The Group is in a position to "tap" its bond issue, which take the GP issue to over £250M and into the relevant index, making it more attractive to funders; • Strong relationship management with existing funders, helps control the risk of re-price; • New developments are available for security usage with minimal time delay and properties are released from security swiftly once revaluations are received; • Legacy debt regularly reviewed for repayment opportunities and security release; • Unsecured and lease arrangements considered;
Reduced rental income growth Rental growth is constrained by other factors such as Government policy, LHA restrictions, benefit changes, affordability etc). CPI based rental formula creates a mismatch between rental growth and cost inflation.	• Prudent business plan assumptions, detailed sensitivity analysis and stress testing; • Ensure procurement activity creates a link between costs and CPI not RPI; • Seek alternative, ideally unregulated, income streams; • Careful monitoring of affordability of rents for different house sizes, geographical areas and customer segments;
Ineffective Business systems Failure to provide staff with the tools to do their jobs effectively. Reduction in business productivity – duplication of effort and/or a lack of reliable information. Customers not provided with the best opportunities to access high quality services. Poor IT security, data protection etc.	• New Business Systems Strategy sets out priorities for next 3 years; • Robust project governance structure introduced; • Infrastructure reviewed and upgraded including enhanced business continuity processes; • Greater market intelligence capacity combined with improved relationship management means all options carefully considered before decisions made; • A more balanced approach recognises the benefits of both in-house development and off the shelf system acquisitions; • Penetration testing implemented;

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Risk description, impact and consequence	Controls and mitigations
Supported Housing Funding The Group's ability to deliver supported housing services is constrained by income reductions imposed by commissioning bodies or by losing contracts in a competitive market. Reduced support for the most vulnerable people in our communities.	• Updated Supported housing strategy; • Regular liaison with key local authorities and partner agencies; • Redesign of service delivery model - end of one size fits all offer; • Staffing restructure and review of terms and conditions both underway; • Proactively assess new income streams; • Consider alternative uses for buildings or disposal.
Failure to comply with Health & Safety legislation Failure to ensure Health and safety of staff, contractors and consultants. Failure to ensure health and safety of customers – particularly where there properties are covered by servicing contracts.	• Strengthened Corporate Health and Safety team; • Restructured and renewed Compliance team within Repairs and Asset Management function; • OHSAS 18001 accreditation; • Staff H&S policies and procedures; • Tenant H&S compliance policies and procedures; • 3rd party audit arrangements; • 10 month gas servicing cycle provides headroom to deal with all problem cases
Failure of internal controls Failure to maintain effective financial controls, including fraud risk; Failure to effectively manage people, or performance; to protect social housing assets or data. Failure to sufficiently plan for business interruption; Generates negative reputational impact, breach of regulatory standards, breach of legislation, or loss through business interruption.	• Strong Audit and Assurance Committee with clear terms of reference; • Strong internal audit function in place with a robust three year plan; • Maintenance of appropriate segregation of responsibilities; • Compliance with all aspects of regulatory regime, including regular "gap analysis"; • Accurate and timely regulatory submissions reported to Board through the scorecard; • Full suite of strategies, policies and procedures in place and regularly updated; • Regular testing of business continuity plans including third party input; • Great Places has Volunteered to pilot the new HCA in depth analysis "IDA" programme;

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Risk description, impact and consequence	Controls and mitigations
Failure of Governance Failure to comply with the code of Governance; Failure to comply with the regulatory framework; Failure to have an effective and embedded risk and assurance framework; Failure to be aware of, or respond to changes in legislation, regulation and statute; The impact could include: • Regulatory downgrade; • Negative reputational impact; • Breach of legislative requirements; • Difficulties in obtaining funding.	• Full compliance with the Group's existing code of Governance has been achieved; • The Group is already fully compliant with the new 2015 Code of Governance and is updating its comprehensive suite of Governance documents to ensure this is maintained; • Revised governance resourcing including a strengthened Company Secretarial function and additional staffing resource; • The Group's risk management approach has been reviewed and thoroughly renewed during 2014/15, with the support of third party consultancy support and advice; • The HCA's requirement to ensure the protection of social housing assets sits comfortably with the Great Places structure, where non-regulated activity is focussed through Cube; • The Group's 2013 and 2014 Value for Money self assessments have both been adjudged by the HCA as being compliant;
Development programme failure Failure to deliver our contracted development programmes on time. Failure to secure suitable sites for development pipeline. Unable to secure the required levels of future grant funding. Failure of programme due to insolvency of key partner or contractor. Relationships with developers fail and no section 106 opportunities are forthcoming.	• The Group retains a high quality experienced development team which has the full confidence of the HCA and is well respected by local authorities and other partners; • The Group leads the ICNW procurement framework which ensures a pool of high quality contractors and consultants. This is being re-procured in 2015; • Funding is in place to meet all commitments; • There are programmes of disposals and conversions that help create capacity; • Great Places has invested in long term development opportunities such as the Sheffield Housing Company; • The Group has built good relationships with developers and builders, and has strengthened its commercial team, which will help maximise the potential of S106 opportunities; • The Group is seeking means of controlling inflation by more actively looking at land banking opportunities; • Robust development policies and procedures are supported by independent audit arrangements.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

Board members and executive directors

The Board members and the executive directors of the Group as at 31st March 2015 are set out on page 1. Details of all the members and directors that have served during the period from 1st April 2014 up to the date these statements have been signed are disclosed in note 10.

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, the Group remunerates its Board members and formalises these arrangements through individual Board member service contracts.

The executive directors are the Group Chief Executive and the other members of the Group's senior management team. They hold no interest in the Group's shares and act as executives within the authority delegated by the Board. Periods served by the executive directors are shown in note 1.

Of the executive directors, only the Group Chief Executive is a member of the Great Places Board.
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. Further information on the emoluments of the executive directors is included in note 10 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 Group contributes to the scheme on behalf of its employees.

Staff Pension costs

The Group participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS, 181 staff participate), the Pension Trust Growth Plan (3 staff participate), the South Yorkshire Pension Fund (SYPF, 12 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. GMPF is a final salary related scheme open to employees working on the Oldham PFI.

SHPS provides 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. All the schemes offer excellent benefits for our staff. The Group 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).

In 2014/15 the Group paid £0.9m of 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, currently estimated to be c£7.5m, reducing to nil over the period to October 2026. These payments and liabilities reflect the deficit reduction plan introduced by SHPS in April 2013 following the September 2011 valuation.

The increased deficit reduction payments following the 2014 valuation will take effect from April 2016. These payments are expected to create an additional liability of around £3.5M at that point, which will be reported as a one-off charge against the 2016/17 income and expenditure account.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

A SHPS defined contribution scheme is also available (169 participants) – this is also open to all new employees as well as having formed the basis for autoenrolment in November 2013. The scheme requires contributions of 5% from both employee and employer.

The Board has commissioned an independent review of potential pension benefit options for consideration and plans to consult staff on proposals during the late summer of 2015.

In addition, the Board recognised that the Group has a relatively low pension membership level, even following autoenrolment, and felt the 5% contribution rate might create affordability issues for staff. As a result, during 2015/16, the Group will begin to offer a 3% (for employee and employer) contribution option. This will form the basis for ongoing auto-enrolment.

Internal controls assurance
The Group Board acknowledges that it is ultimately responsible for ensuring that the Group establishes and maintains a system of internal control appropriate to its operating and business environment and that it reviews the effectiveness of that system.

Great Places has the reasonable expectation that our systems of internal control are able to prevent and/or detect fraud and to manage the risk of failure to achieve business objectives. However, we recognise that internal control systems can only provide reasonable assurance and cannot provide certainty nor eliminate fraud. The Group has an up-to-date Anti Fraud Policy and maintains a register of actual or attempted fraud.

The process for identifying, evaluating and managing the significant risks faced by the Group has been in place throughout the period commencing 1 April 2014 up to the date of approval of the report and financial statements.

Key elements within the control framework include:

- Reviewed and refreshed governance arrangements with a renewed schedule of reserved matters and scheme of delegations, and updated terms of reference for the Audit and Assurance Committee ("A&AC") and the Remuneration and Appraisal Committee;
- Clearly defined processes for the identification, evaluation and control of significant risks;
- Robust, appropriate and up to date policies and procedures, with compliance monitored on a ongoing basis and with a regular review process;
- An external review of our combined assurance approach to assurance with some specific recommendations for improvement to ensure its appropriateness and effectiveness in reducing organisational risk;
- Based on the outcome of the combined assurance review, the introduction of new internal auditors providing an audit service based on the three lines of defence model. This looks at key organisational risks and bases a 3-year internal audit plan on the areas where additional assurance work is required. Alongside a strong, independent Internal Audit function, the approach integrates internal quality control, benchmarking and improvement resources. At the end of 2014/15, the proportion of Internal Audit Recommendations implemented on time remains extremely high;
- An improved approach to risk management including more robust and regular monitoring and better articulation of risk appetite and tolerance;
- Robust strategic and business planning processes, with detailed financial budgets and forecasts and appropriate stress testing, regularly subjected to external validation;
- A sophisticated approach to treasury management and reporting (loan covenants, cash flows, future funding requirements etc) which is subject to external review each year;
- Formal recruitment, retention, induction, training and development policies for all staff;

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

- The Group has policies that address staff conduct, whistle blowing, money laundering, fraud, bribery and corruption;
- Maintenance of Registers for Fraud, Hospitality and Gifts that are reviewed by the A&AC.

The Board recognises its responsibility for the system of internal control and for reviewing its effectiveness. The Board cannot delegate ultimate responsibility for the system of internal control, but has delegated authority to the Audit and Assurance Committee to regularly review the effectiveness of that system.

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 and its subsidiaries, and the annual report of the internal auditor. 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 which may have been identified during the review.

This framework of controls ensures that the Audit and Assurance Committee is informed of any situations that might lead to a request from the Committee for additional assurance work to be undertaken. Recent examples include a further review of gas safety procedures and work around ghost tenancies in Plumlife. The Board receives regular updates from the Audit and Assurance Committee as well as the minutes of its meetings.

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 2015 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 2015 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Going concern
After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. In particular, assurance is provided by the Group's latest business plan (approved April 2015) 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 10th September 2015 at Southerngate, Manchester.

External auditors
A resolution to re-appoint BDO LLP will be proposed at the AGM on 10th September 2015.

Statement of compliance
In preparing this Operating and Financial Review and Board report, the Board has followed the principles set out in the SORP 2010.

OPERATING AND FINANCIAL REVIEW AND REPORT OF THE BOARD

REPORT OF THE BOARD

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

Co-operative and Community Benefit Societies legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Association for that period.

In preparing these financial statements the Board is required to:

- Select suitable accounting policies and apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Providers Update (2010) 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 company will continue in business.

The Board is responsible for ensuring arrangements are made for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

The report of the Board was approved by the Board on 23rd July 2015 and signed on its behalf by:

Phil Elvy
Company Secretary

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

We have audited the financial statements of Great Places Housing Group Limited for the year ended 31 March 2015 which comprise the consolidated and association income and expenditure accounts, the consolidated and association balance sheets, the consolidated and association statement of total recognised surpluses and deficits, the consolidated and association reconciliation of movements in funds, the consolidated cash flow statement 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 group's and parent association's affairs as at 31 March 2015 and of the group's and parent 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 Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

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

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 parent association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent 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

28/07/2015

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

	Note	2015 £'000	2014 £'000
Turnover: Group and share of joint venture		**84,459**	85,866
Less: Share of joint venture's turnover		**(138)**	(822)
Turnover:	3	**84,321**	85,044
Operating costs	3	**(55,617)**	(59,531)
Operating surplus	4	**28,704**	25,513
Surplus on sale of fixed assets – housing properties	5	**2,600**	2,773
Share of operating (loss)/profit of joint venture		**(8)**	52
Interest receivable	6	**185**	211
Interest payable and similar charges	7	**(20,519)**	(19,218)
Surplus on ordinary activities before taxation		**10,962**	9,331
Tax on surplus on ordinary activities	9	**(80)**	(165)
Surplus for the financial year	24	**10,882**	9,166

All amounts relate to continuing activities.

The accompanying notes on pages 46 to 92 form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were authorised for issue and approved by the Board of Directors on 23rd July 2015.

Board member Board member Secretary

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

	Note	2015 £'000	2014 £'000
Turnover	3	**14,427**	14,750
Operating costs	3	**(14,214)**	(14,438)
Operating surplus	4	**213**	312
Interest receivable and other income	6	**17,235**	15,857
Interest payable and similar charges	7	**(17,230)**	(15,855)
Surplus on ordinary activities before taxation		**218**	314
Tax on surplus on ordinary activities	9	**(31)**	(123)
Surplus for the financial year	24	**187**	191

All amounts relate to continuing activities.

The accompanying notes on pages 46 to 92 form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were authorised for issue and approved by the Board of Directors on 23rd July 2015.

Board member | Board member | Secretary

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Surplus for the financial year : Group	10,890	9,114	187	191
(Deficit)/surplus for the financial year: Joint venture	(8)	52	-	-
Actuarial (loss)/gain (note 34)	(453)	84	-	-
Revaluation of investment properties (note 12)	2,995	-	-	-
Total recognised surplus relating to the year	13,424	9,250	187	191

RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Opening total funds	65,992	56,742	810	619
Total recognised surplus relating to the year	13,424	9,250	187	191
Closing total funds	79,416	65,992	997	810

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2015

CONSOLIDATED BALANCE SHEET

	Note	2015 £'000	2014 £'000
Tangible fixed assets			
Housing properties (net of depreciation and grant)	11	**493,980**	442,346
Investment properties	12	**12,705**	-
Other tangible fixed assets	13	**6,538**	7,204
		513,223	449,550
Fixed asset investments			
Investments	14	**508**	89
Investment in associate	14	**15**	37
Homebuy investments		**9,586**	10,162
Less: Social housing grant		**(9,586)**	(10,162)
		523	126
Investment in joint venture:			
Share of gross assets		**149**	394
Share of gross liabilities		**(8)**	(285)
	14	**101**	109
Total fixed asset investments		**624**	235
Total fixed assets		**513,847**	449,785
Current assets			
Properties for sale and work in progress	15	**7,516**	18,568
Debtors	16	**12,980**	10,639
Investments	17	**34,270**	10,453
Cash at bank and in hand		**26,304**	27,303
		81,070	66,963
Creditors: Amounts falling due within one year	18	**(46,221)**	(39,096)
Net current assets		**34,849**	27,867
Total assets less current liabilities		**548,696**	477,652
Creditors:			
Amounts falling due after more than one year	19	**468,546**	411,380
Pension liability	35	**734**	280
		469,280	411,660
Capital and reserves			
Share capital (non-equity)	23	**-**	-
Designated reserve	24	**175**	175
Revaluation reserve	24	**2,995**	
Revenue reserves	24	**76,246**	65,817
Consolidated funds		**79,416**	65,992
		548,696	477,652

The accompanying notes on pages 46 to 92 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 23rd July 2015 and signed on its behalf by:

Board member   Board member   Secretary

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2015

ASSOCIATION BALANCE SHEET

	Note	2015 £'000	2014 £'000
Tangible fixed assets			
Other tangible fixed assets	13	**1,353**	1,616
Fixed asset investments			
Investments	14	**421**	2
Investment in associate	14	**63**	63
Total fixed asset investments		**484**	65
Total fixed assets		**1,837**	1,681
Debtors: Amounts falling due after one year	16	**395,844**	355,548
Current assets			
Debtors	16	**911**	1,340
Investments	17	**32,668**	7,845
Cash at bank and in hand		**1,479**	929
		35,058	10,114
Creditors: Amounts falling due within one year	18	**(35,898)**	(10,985)
Net current liabilities		**(840)**	(871)
Total assets less current liabilities		**396,841**	356,358
Creditors:			
Amounts falling due after more than one year	19	**395,844**	355,548
Capital and reserves			
Share capital	23	**-**	-
Revenue reserves	24	**997**	810
Association's funds		**997**	810
		396,841	356,358

The accompanying notes on pages 46 to 92 form part of these financial statements.

The financial statements were authorised for issue and approved by the Board on 23rd July 2015 and signed on its behalf by:

Board member | Board member | Secretary

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	31	**44,890**	43,838
Returns on investments and servicing of finance			
Interest received		**185**	211
Interest paid		**(21,587)**	(20,900)
Loan issue costs and other fees incurred		**(881)**	(723)
Net cash outflow from returns on investments and servicing of finance		**(22,283)**	(21,412)
Taxation paid			
Corporation tax paid		**(236)**	(246)
Capital expenditure and financial investment			
Purchase and construction of housing properties		**(84,900)**	(81,342)
Social housing grant received		**21,064**	19,835
Sale of housing properties (net)		**8,393**	8,048
Investments – net cash received	14	**(372)**	654
Sale of other fixed assets		**15**	98
Purchase of other fixed assets		**(564)**	(672)
Net cash outflow from capital expenditure and financial investment		**(56,364)**	(53,379)
Management of liquid resources			
Cash placed on fixed term deposit		**(38,913)**	(8,245)
Cash withdrawn from fixed term deposit		**15,096**	18,998
		(23,817)	10,753
Net cash outflow before financing		**(57,810)**	(20,446)
Financing			
Bank Loans received		**29,805**	9,993
Bond Issues received		**41,131**	32,853
Bank Loans repaid		**(14,062)**	(13,150)
Property leases received		**-**	5
Property leases repaid		**(63)**	-
Net cash inflow from financing		**56,811**	29,701
(Decrease)/Increase in cash	32	**(999)**	9,255

The accompanying notes on page 78 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider.

2 Accounting policies

Major accounting policies are detailed within the relevant note from note 3 onwards.

Basis of accounting

The financial statements of the Group and Association are prepared under the historical cost convention in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012 and Co-operative and Community Benefit Societies Act 2014.

Basis of consolidation

The Group accounts consolidate the accounts of the Association and all its subsidiaries at 31 March using acquisition accounting.

Value Added Tax (VAT)

The Group is VAT registered. However, excluding Terra Nova, a large proportion of its income, rents and service charges, is exempt for VAT purposes thus giving rise to a partial exemption calculation. An approved VAT shelter is in place for stock transferred from local authorities, VAT on works carried out under the VAT shelter is fully recoverable. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Homebuy equity loans and related grants

Under these arrangements the Group receives Social Housing Grant representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Group under these arrangements are disclosed in the investments section of the balance sheet.

In the event that the property is sold on, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. 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 Group 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

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

Policies

Turnover and revenue recognition
Turnover comprises rental income net of voids receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Revenue grants are receivable when the conditions for receipt of agreed grant funding are met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Other grants
Grants in respect of revenue expenditure are credited to the income and expenditure account when conditions are met for their recognition.

Social housing grant
Social housing grant received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

Leased assets
Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the term of the lease.

Property managed by agents
Where the Group 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 Group.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Continuing activities

GROUP	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	2015			
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**73,402**	**-**	**(45,475)**	**27,927**
Other social housing activities				
Supporting people	3,226	-	(4,540)	(1,314)
Properties owned but managed by other organisations	1,262	-	(1,029)	233
First tranche shared ownership sales	3,650	(2,938)	-	712
Homebuy agency income	509	-	(233)	276
Marketing income	201	-	(266)	(65)
Other	1,278	(1)	(665)	612
	10,126	**(2,939)**	**(6,733)**	**454**
Non-social housing activities				
Market and commercial rented	270	-	(278)	(8)
Developments for sale	523	(114)	(78)	331
	793	(114)	(356)	323
	84,321	**(3,053)**	**(52,564)**	**28,704**

GROUP	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	2014			
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**68,590**	**-**	**(44,852)**	**23,738**
Other social housing activities				
Supporting people	3,602	-	(4,982)	(1,380)
Properties owned but managed by other organisations	1,152	-	(843)	309
First tranche shared ownership sales	4,079	(3,284)	-	795
Homebuy agency income	1,261	-	(236)	1,025
Marketing income	431	-	(333)	98
Development activities	3,095	-	(2,540)	555
Other	906	-	(904)	2
	14,526	**(3,284)**	**(9,838)**	**1,404**
Non-social housing activities				
Market and commercial rented	584	-	(335)	249
Developments for sale	1,344	(1,182)	(40)	122
	1,928	(1,182)	(375)	371
	85,044	**(4,466)**	**(55,065)**	**25,513**

NOTES TO THE FINANCIAL STATEMENTS

3 Particulars of turnover, cost of sales, operating costs and operating surplus (continued)
Continuing activities

ASSOCIATION	2015			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Management and development services	14,427	-	(14,214)	213
	14,427	**-**	**(14,214)**	**213**

ASSOCIATION	2014			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Management and development services	14,750	-	(14,438)	312
	14,750	**-**	**(14,438)**	**312**

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars of income and expenditure from social housing lettings

	2015					2014
GROUP	**General needs housing**	**Supported housing and housing for older people**	**Key worker housing**	**Low cost home ownership**	**Total**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	53,665	7,660	877	3,634	65,836	61,584
Service income	2,266	3,546	-	180	5,992	5,717
Charges for support services	-	380	-	-	380	375
Net rental income	**55,931**	**11,586**	**877**	**3,814**	**72,208**	**67,676**
Other income	607	548	39	-	1,194	914
Turnover from social housing lettings	**56,538**	**12,134**	**916**	**3,814**	**73,402**	**68,590**
Management	13,347	747	29	317	14,440	14,787
Services	2,678	3,147	332	225	6,382	6,375
Routine maintenance	8,760	1,199	100	191	10,250	9,412
Planned maintenance	119	117	3	3	242	669
Major repairs expenditure	3,221	895	84	31	4,231	4,207
Bad debts	265	(109)	(72)	32	116	631
Property lease charges	200	174	-	-	374	300
Depreciation of housing properties	6,820	873	57	406	8,156	7,677
Depreciation of leased properties	-	-	-	-	-	23
Impairment of housing properties	150	-	-	-	150	-
Component disposal	1,065	47	-	-	1,112	754
Other costs	21	1	-	-	22	17
Operating costs on social housing lettings	36,646	7,091	533	1,205	45,475	44,852
Operating surplus on social housing lettings	**19,892**	**5,043**	**383**	**2,609**	**27,927**	**23,738**
Void losses	433	469	221	44	1,167	1,443

NOTES TO THE FINANCIAL STATEMENTS

4 Operating surplus

The operating surplus is arrived at after charging:

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Depreciation of housing properties	8,398	9,205	-	-
Depreciation charged on finance leases	-	23	-	-
Accelerated depreciation on component disposal	1,133	755	-	-
Impairment of housing properties	150	-	-	-
Depreciation of other tangible fixed assets	876	1,062	812	982
Amounts paid under operating leases:				
-Land and buildings	238	250	-	-
-Vehicles	405	481	405	481
-Photocopiers and printers	21	26	21	26
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	54	60	12	10
-for other services relating to taxation	20	10	10	4

5 Surplus on sale of fixed assets – housing properties

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Disposal proceeds (net of costs)	10,828	10,472	-	-
Carrying value of fixed assets	(5,032)	(5,073)	-	-
	5,796	5,399	-	-
Capital grant recycled (note 21)	(2,756)	(1,845)	-	-
Disposal proceeds fund (note 22)	(440)	(781)	-	-
	2,600	2,773	-	-

6 Interest receivable and other income

Policy
Interest receivable is credited to the income and expenditure account in the year.

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Interest receivable and similar income	185	211	5	2
Loan interest recharged to Group companies	-	-	17,230	15,855
	185	211	17,235	15,857

7 Interest payable and similar charges

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 Group 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 and expenditure account in the year.

Leased assets
The interest element of rental payments is charged to the income and expenditure account over the period of the agreement in proportion to the balance of capital repayments outstanding.

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Finance leases	141	96	-	-
Loans and bank overdrafts	21,178	19,186	17,230	15,855
Other finance costs including non utilisation fees, commitment fees and arrangement fees amortised or written off	903	1,088	-	-
	22,222	20,370	17,230	15,855
Interest payable capitalised on housing properties under construction	(1,703)	(1,152)	-	-
	20,519	19,218	17,230	15,855

Capitalised interest was charged at rates of 0.50% (2014: 0.50%) receivable and 5.113% (2014: 5.113%) payable.

8 Gift Aid

A gift aid payment of £950,000 was made by Plumlife Homes Limited to Great Places Housing Association (GPHA) on 30th March 2015.

A gift aid payment of £150,000 was approved in March 2015 to be made by Terra Nova Developments to its charitable parent, GPHA and is reflected in the financial statements.

These are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

9 Tax on surplus on ordinary activities

Policies

Taxation
The Association does not have charitable status and is therefore liable to corporation tax. An estimate of the corporation tax liability due in respect of the taxable surplus for a financial period is charged in the Income and Expenditure Account of the period and that amount is carried as a creditor until the liability is agreed with HM Revenue and Customs and is paid. Once the actual liability is agreed, any under or over provisioning is charged in or written back through the Income and Expenditure Account. Gift aid payments are made to minimise any corporation tax liability. GPHA, a subsidiary of Great Places Housing Group Limited 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.

Deferred taxation
The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over. Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charge for year	36	200	(10)	149
Adjustments in respect of prior years	(1)	14	(4)	23
	35	214	(14)	172
Deferred tax				
Net origination and reversal of timing differences	45	(49)	45	(49)
Adjustments in respect of prior years	-	-	-	-
Effect of tax rate change on opening balance	-	-	-	-
	45	(49)	45	(49)
	80	165	31	123

NOTES TO THE FINANCIAL STATEMENTS

9 Tax on surplus on ordinary activities (continued)

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Current tax reconciliations				
Surplus on ordinary activities	10,961	9,331	218	314
Less: exempt due to charitable status of subsidiary association	(10,479)	(8,775)	-	-
	482	556	218	314
Whereon corporation tax at the standard rate of 21% (2014: 23%)	102	128	46	72
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	-	-	-	-
Income not taxable for tax purposes – fixed assets	(10)	(10)	-	-
Chargeable gains	1	5	-	-
Other short term timing differences	-	-	-	-
Adjustments to tax charge in respect of previous periods	(1)	14	(4)	23
Marginal relief	(1)	-	-	-
Utilisation of tax losses and other deductions	-	-	-	-
Capital allowances in excess of depreciation	(56)	77	(56)	77
Current tax charge	**35**	**214**	**(14)**	**172**
Deferred tax				
At 1 April	162	113	162	113
(Debit)/Credit for year	(45)	49	(45)	49
At 31 March – asset	117	162	117	162
Comprising				
Accelerated capital allowance	102	147	102	147
Short term timing difference	15	15	15	15
	117	162	117	162

NOTES TO THE FINANCIAL STATEMENTS

10. Directors and members

The directors of the Association are the members of the Board including the chief executive and those officers who are directors and who report directly to the Board or to the chief executive.

Executive Directors	**Group**		**Association**	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Emoluments of the Association's executive directors (including pension contributions, excluding contractual termination payments, performance bonus and pay in lieu of notice)	662	697	662	697
Of which: Amount paid to third parties	137	30	137	30

The number of executive Directors who received emoluments (including pension contributions, contractual termination payments, performance bonus and pay in lieu of notice) in the following ranges was:

	Group		**Association**	
	2015	**2014**	**2015**	**2014**
	No.	**No.**	**No.**	**No.**
£20,001 to £30,000	1	1	1	1
£80,001 to £90,000	-	1	-	1
£110,001 to £120,000	2	1	2	1
£120,001 to £130,000	1	1	1	1
£130,001 to £140,000	1	-	1	-
£150,001 to £160,000	1	1	1	1
£160,001 to £170,000	-	1	-	1

The amounts shown above are in relation to the Group's executive directors who were paid solely in respect of the performance of their duties.

Emoluments of the highest paid executive, excluding pension contributions.

	Group		**Association**	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	141	92	141	92
Contractual termination payment	-	9	-	9
Pay in lieu of notice	-	60	-	60
Performance bonus	-	-	-	-
Total	141	161	141	161

The chief executive received emoluments totalling £141,000. The chief executive is an ordinary member of the Social Housing Pension Scheme. The scheme is a final salary scheme funded by contributions from the employer and employee. A contribution of £12,867 (2014: £12,675) was paid by the employer in addition to those made by the chief executive himself.

On 1 April 2010, the Social Housing Pension Scheme (SHPS) started to collect contributions in respect of historic pension deficits through a lump sum payment levied on the employer, rather than a percentage that could be directly attributed to individual SHPS members. As such the historic deficit pension contributions relating to the Executive Directors cannot be ascertained and are not included in the figures above.

NOTES TO THE FINANCIAL STATEMENTS

10 Directors and members (continued) - Other staff

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

	Group		Association	
	2015 No.	2014 No.	2015 No.	2014 No.
£60,001 to £70,000	4	7	3	4
£70,001 to £80,000	2	-	1	-
£80,001 to £90,000	-	1	-	1

Non Executive Directors

The fees and expenses paid by the Association during the year, to the non-executive Directors, its subsidiary Boards and its Committees, are shown below.

10a. Boards and Committees

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2015 £'000	2014 £'000
Andrew Beeput	To 11/9/14	✓	✓	✓		✓		2	3
Celia Cashman	From 11/9/14	✓	✓	✓		✓		3	-
Janet Clafton	To 11/9/14	✓	✓	✓				2	3
Tony Davison		✓	✓	✓			✓	14	5
Jan Fitzgerald	From 11/9/14	✓	✓	✓			✓	3	-
Christine Goulden	To 11/9/14	✓	✓	✓				2	3
Jerry Green		✓	✓	✓		✓		7	2
Roger Kirkwood	To 11/9/14	✓	✓	✓	✓$_1$	✓		2	4
Brendan Nevin	From 11/9/14	✓	✓	✓				3	-
Jenny Rayner		✓	✓	✓			✓	8	3
David Robinson		✓	✓	✓	✓$_2$		✓	5	2
Richard Sear		✓	✓	✓		✓		5	2
Tony Snape	To 11/9/14	✓	✓	✓		✓		5	4
Thea Stein	To 11/9/14	✓	✓	✓			✓	3	2
Will Taylor					✓			2	1
								66	**50**

✓$_1$ R. Kirkwood retired from Cube Board 22/5/2014 ✓$_2$ D. Robinson appointed to Cube Board 22/5/2014

KEY **A&AC** is the Audit and Assurance Committee, **R&AC** is the Remuneration and Appraisal Committee.

10b: Customer Services Voice (Tenant representative Committee)

Name	Date served (if not for whole period)	2015 £'000	2014 £'000
Sonja Costello		-	-
Robin Gardner		-	1
Christine Goulden		-	-
June Kushner		-	-
Angela Lindsey		-	1
Carol Neale	From 16/05/2014	-	-
Robin Ogle		-	1
Brian Sedgwick		-	1
Selvie Selvaretnam		-	1
		-	**7**

NOTES TO THE FINANCIAL STATEMENTS

11 Tangible fixed assets – housing properties

Policies

Housing properties

Housing properties are principally properties which are available for rent and are stated at cost less social housing and similar grant and 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.

Shared 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 and related sales proceeds included in turnover, and the remaining element is classed as a fixed asset and including in housing properties at cost, less any provisions needed for depreciation or impairment.

Donated land

Land donated by local authorities and others is added to cost at the market 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. Where the donation is from a non-public source, the value of the donation is included as income.

Depreciation of housing properties

The Group identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where social housing grant (SHG) has been allocated to a component; the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value.

The Group depreciates the major components of its housing properties at the following annual rates:

Structure	1%
Roofs	1.67%
Heating systems	6.67%
Kitchens	6.67%
Bathrooms	4%
Windows and external doors	4%
Lifts	4%
Solar panels & photovoltaic panels	4%

NOTES TO THE FINANCIAL STATEMENTS

11 Tangible fixed assets – housing properties (continued)

Policies (continued)

Depreciation of housing properties (continued)
Freehold land is not depreciated.

Properties held under leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Social housing grant
Social housing grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital cost of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost and in line with SORP guidance. Grant receivable in respect of identifiable components is allocated to those components.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. SHG is repayable unless formally abated and waived, although it can be recycled (see note 21). Upon disposal of the associated property, the Group is required to recycle these proceeds and utilise the funds within three years or in principle it will become repayable.

Other grants
Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs.

Impairment
Housing properties, including those with individual components, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually. Other assets such as keyworker properties, supported housing properties, landbank and sales schemes that have reached completion are reviewed to see if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Group. Any such write down is charged before arriving at operating surplus.

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

NOTES TO THE FINANCIAL STATEMENTS

11 Tangible fixed assets – housing properties (continued)

GROUP	Social housing properties held for letting	Non-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 2014	866,648	14,022	66,793	81,474	4,230	1,033,167
Additions	6,128	344	61,005	2,721	10,207	80,405
Components capitalised	8,750	-	-	-	-	8,750
Movements in current assets	-	-	-	15,418	(4,489)	10,929
Interest capitalised	-	-	1,321	-	382	1,703
Schemes completed	49,603	-	(49,601)	3,513	(3,515)	-
Disposals	(10,108)	(48)	-	(4,559)	-	(14,715)
Component disposals	(2,364)	-	-	-	-	(2,364)
Reclassification	492	(492)	-	-	-	-
Transferred to investment properties	(1,149)	(12,739)	-	-	-	(13,888)
At 31 March 2015	918,000	1,087	79,518	98,567	6,815	1,103,987
Social housing grant						
At 1 April 2014	455,195	397	22,599	39,094	525	517,810
Additions	6,839	-	14,974	2,710	1,301	25,824
Schemes completed	12,583	-	(12,583)	406	(406)	-
Movements in current assets	611	-	-	-	1	612
Disposals	(5,531)	-	-	(3,269)	-	(8,800)
Reclassification	183	(183)	-	-	-	-
At 31 March 2015	469,880	214	24,990	38,941	1,421	535,446
Depreciation and impairment						
At 1 April 2014	64,722	3,998	-	4,291	-	73,011
Charged in year	7,371	621	-	406	-	8,398
Component disposal	(1,231)	-	-	-	-	(1,231)
Released on disposal	(1,086)	(17)	-	(152)	-	(1,255)
Impairment charge	-	-	150	-	-	150
Transferred to investment properties	-	(4,512)	-	-	-	(4,512)
At 31 March 2015	69,776	90	150	4,545	-	74,561
Net book value						
At 31 March 2015	**378,344**	**783**	**54,378**	**55,081**	**5,394**	**493,980**
At 31 March 2014	**346,731**	**9,627**	**44,194**	**38,089**	**3,705**	**442,346**

Market rent and commercial properties were included in housing properties in the financial statements to March 2014. The directors consider it is more appropriate for these properties to be treated as investment properties.

NOTES TO THE FINANCIAL STATEMENTS

11 Tangible fixed assets – housing properties (continued)

GROUP

Expenditure to works on existing properties	**2015**	**2014**
	£'000	**£'000**
Amounts capitalised	8,750	8,128
Amounts charged to income and expenditure account	4,231	4,207
	12,981	12,335

Social housing grant	**2015**	**2014**
	£'000	**£'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	535,446	517,810
Revenue grant	53,858	45,670
	589,304	563,480

Housing properties book value, net of depreciation and grants	**2015**	**2014**
	£'000	**£'000**
Freehold land and buildings	420,408	382,105
Long leasehold land and buildings	73,572	60,241
	493,980	442,346

The net book value of housing properties assets includes £nil (2014: £977,000) in respect of properties held under finance leases. Depreciation charged in the year on these assets amounted to £nil (2014: £23,000). The housing properties held under finance leases were transferred to investment properties during the year.

Impairment
An impairment charge of £150,000 (2014: £nil) was made in the year. This relates to a Church and community hall acquired in anticipation of a large scale regeneration project which has now been aborted.

ASSOCIATION
The association has no housing property assets.

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – investment properties

Policies

Investment properties

Investment properties are principally properties which are available for rent at a market value rate or are properties that are commercial properties.

In accordance with SSAP19, investment properties are revalued annually to open market value and no depreciation is provided. The Board consider that this accounting policy results in the financial statements giving a true and fair view.

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the income and expenditure account.

Group	**Investment Properties £'000**
Valuation	
At 1 April 2014	-
Reclassified from Housing Properties	9,376
Reclassified from Other fixed assets	334
Revaluation	2,995
At 31 March 2015	12,705

Historical cost of investment properties	**2015 £'000**	**2014 £'000**
Gross cost	14,561	-
Accumulated depreciation based on historical cost	(4,851)	-
Historical cost net book value	9,710	-

The investment properties were valued at 31 March 2015 by Thomson Associates, on the basis of Market Value, as defined in the Valuation Standards of the Royal Institution of Chartered Surveyors.

These properties were included in housing properties in the financial statements to March 2014. The directors consider it is more appropriate for these properties to be treated as investment properties.

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible fixed assets – other

Policy

Other tangible fixed assets

Other fixed assets are initially recognised at cost. 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%

GROUP	Freehold offices	Furniture, fixtures & fittings	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2014	6,775	68	3,379	67	10,289
Additions	-	-	564	-	564
Disposals	-	(68)	(910)	(20)	(998)
Transferred to investment properties	(673)	-	-	-	(673)
At 31 March 2015	6,102	-	3,033	47	9,182
Depreciation and Impairment					
At 1 April 2014	1,189	66	1,805	25	3,085
Charged in year	67	2	795	12	876
Released on disposal	-	(68)	(890)	(20)	(978)
Transferred to investment properties	(339)	-	-	-	(339)
At 31 March 2015	917	-	1,710	17	2,644
Net book value					
At 31 March 2015	5,185	-	1,323	30	6,538
At 31 March 2014	5,586	2	1,574	42	7,204

NOTES TO THE FINANCIAL STATEMENTS

13 Tangible fixed assets – other (continued)

ASSOCIATION	Computers	Motor Vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2014	3,379	47	3,426
Additions	564	-	564
Disposals	(910)	-	(910)
At 31 March 2015	**3,033**	**47**	**3,080**
Depreciation			
At 1 April 2014	1,805	5	1,810
Charge for the year	795	12	807
Released on disposal	(890)	-	(890)
At 31 March 2015	**1,710**	**17**	**1,727**
Net book value			
At 31 March 2015	**1,323**	**30**	**1,353**
At 31 March 2014	**1,574**	**42**	**1,616**

14 Fixed asset investment

Policies

Fixed asset Investment (not classed as a joint venture or associate)
Great Places Housing Group Limited owns 5% of the share capital of Inspiral Oldham Holding Company Limited. This is held at cost less any provision for impairment.

Joint venture accounting
Great Places Housing Group Limited has an investment in a joint venture; Inspiral Developments Oldham LLP, which is 50% owned by Cube Great Places Limited. On consolidation this has been accounted for under the Gross Equity Method of Accounting for Joint Ventures in accordance with FRS 9.

Great Places Housing Association also has a 1/3 investment in a joint venture, Reviva Urban Renewal Limited. On consolidation this has also been accounted for under the Gross Equity Method of Accounting for Joint Ventures in accordance with FRS 9.

Associate accounting
Great Places Housing Group has a 10% investment in an associate, Keepmoat Great Places Limited, which in turns owns 50% of Sheffield Housing Company Limited. On consolidation this has been accounted for under the Equity Method of Accounting for Associates in accordance with FRS 9.

14 Fixed asset investment (continued)

Fixed asset investments Group	Joint Venture Inspiral Developments Oldham LLP £'000s	Joint Venture Reviva Urban Renewal Limited £'000s	Associated undertaking Keepmoat Great Places £'000s	Other Investments £'000s
Cost				
At 1st April 2014	47	10	59	89
Additions	-	-	-	419
Repayments in the year	-	-	-	-
At 31st March 2015	47	10	59	508
Share of retained profits				
At 1st April 2014	52	-	(22)	-
Adjustment to opening balance	(16)	-	-	-
Profit/(loss) for the year	8	-	(22)	-
At 31st March 2015	44	-	(44)	-
Net Book Value				
At 31st March 2015	**91**	**10**	**15**	**508**
At 31st March 2014	**99**	**10**	**37**	**89**

The Group has the following interests in Joint ventures

	2015 £'000s	2014 £'000s
Share of current assets	149	384
Share of liabilities – due within one year	(48)	(285)
Share of liabilities – due after more than one year	-	-
Share of net assets	**101**	**99**

Other investments comprise: Shared equity loans £57,000 (2014: £57,000); Help to Buy Investment £30,000 (2014: £30,000); Investment in Inspiral Oldham Holding Company Ltd £421,000 (2014: £2,000).

Inspiral Oldham Holding Company Limited ("Inspiral") is a company in which the Group has a 5% interest. The other party to the venture is John Laing Investments Limited. Inspiral fully owns Inspiral Oldham Limited which is the Special Purpose Vehicle that operates the Gateways to Oldham PFI project.

Keepmoat Great Places Limited ("KGP") is a company in which the Group has a 10% interest and exercises significant influence over the board of KGP having 2 out of the 5 board members of KGP. The other party to the venture is Keepmoat Limited. KGP in turn has a 50% share of Sheffield Housing Company Limited.

Reviva Urban Renewal Limited ("Reviva") is a company in which the Group has a one third interest, through its subsidiary GPHA. 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 (2014: £nil), the Group's share of which is £nil (2014: £nil). Reviva declared a gift aid payment of £nil (2014: £nil) in the year.

NOTES TO THE FINANCIAL STATEMENTS

14 Fixed asset investment (continued)

Inspiral Developments Oldham LLP (IDO) is a company which the Group through Cube Great Places Limited has a 50% interest. The other party to the venture is Pinnacle Regeneration Limited.

In the year ended 31st March 2015 IDO made a profit of £17,000 before tax (2014: £105,000) and £17,000 after tax (2014: £80,000) and has capital and reserves of £89,000 (2014: £47,000).

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of Business
Joint Ventures			
Reviva Urban Renewal Limited	England	33.33%	Regeneration
Inspiral Developments Oldham LLP	England	50.00%	Construction of housing properties for sale
Associated Undertakings			
Keepmoat Great Places Limited	England	10.00%	Construction of housing properties for sale and rent

Fixed asset investments Association	**Associated undertaking Keepmoat Great Places £'000s**	**Other Investments £'000s**
Cost		
At 1st April 2014	63	2
Additions	-	419
Repayments in the year	-	-
At 31st March 2015	63	421
Share of retained profits		
At 1st April 2014	-	-
Profit for the year	-	-
At 31st March 2015	-	-
Net Book Value		
At 31st March 2015	**63**	**421**
At 31st March 2014	**63**	**2**

NOTES TO THE FINANCIAL STATEMENTS

15 Properties for sale and work in progress

Policy

Properties for sale
Shared ownership first tranche properties for sale, 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.

	Group		Association	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Shared ownership properties:				
- completed	-	14,807	-	-
- under construction	3,952	2,420	-	-
Other properties for sale:				
- completed	-	80	-	-
Work in progress	3,564	1,261	-	-
	7,516	18,568	-	-

The figures above include £60,839 (2014: £230,354) of capitalised interest.

16 Debtors

Policy

Social Housing Grant (SHG)
SHG due from the Home and Communities Agency is included as a current asset.

	Group		Association	
	2015	**2014**	**2015**	**2014**
Due within one year	**£'000**	**£'000**	**£'000**	**£'000**
Rent and service charges receivable	4,279	4,265	-	-
Less:				
Provision for bad and doubtful debts	(2,255)	(2,365)	-	-
	2,024	1,900	-	-
Due from subsidiary undertakings	-	-	485	631
Trade debtors	605	463	88	69
Social housing grant receivable	5,380	2,106	-	-
Others debtors	4,091	5,152	69	318
Deferred tax	117	162	117	162
Prepayments and accrued income	763	856	152	160
	12,980	10,639	911	1,340

NOTES TO THE FINANCIAL STATEMENTS

16 Debtors (continued)

	Group		Association	
	2015	2014	2015	2014
Due after more than one year	£'000	£'000	£'000	£'000
Due from subsidiary undertakings	-	-	395,844	355,548
	-	-	395,844	355,548
Total debtors	12,980	10,639	396,755	356,888

The Association's debt due after more than one year represents amounts due from subsidiary undertakings of £395,844k (2014: £355,548k). This is the on-lent Group loan facility which is included as debt (notes 18 and 19) within the consolidated financial statements.

17 Current asset investments

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Other investments	34,270	10,453	32,668	7,845

These are monies held by counterparties as collateral for loans or financial instruments and are held separately to cash at bank.

18 Creditors: amounts falling due within one year

Policy

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

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 20a)	1,539	1,458	-	-
Obligations under finance leases (note 20b)	71	88	-	-
Trade creditors	2,574	1,964	423	292
Rent and service charges received in advance	1,818	2,066	-	-
SHG received in advance	1,336	591	-	-
Amounts owed to group undertakings	-	-	27,496	3,599
Recycled capital grant fund (note 21)	358	1,749	-	-
Disposal proceeds fund (note 22)	287	276	-	-
Corporation tax	36	192	-	149
Other taxation and social security	496	375	292	202
Leaseholder sinking funds	7,260	5,735	-	-
Other creditors	13,835	12,408	6,277	5,920
Accruals and deferred income	16,611	12,194	1,410	823
	46,221	39,096	35,898	10,985

Cash balances totalling £7,260,000 (2014: £5,735,000) are held in trust for leaseholders.

19 Creditors: amounts falling due after more than one year

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 20a)	462,020	405,705	395,844	355,548
Obligations under finance leases (note 20b)	3,272	3,000	-	-
Recycled capital grant fund (note 21)	2,779	1,862	-	-
Disposal proceeds fund (note 22)	446	784	-	-
Other creditors	29	29	-	-
	468,546	411,380	395,844	355,548

NOTES TO THE FINANCIAL STATEMENTS

20 Debt analysis

Policies

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

Discounts and premium on financial assets
Any discount or premium realised on the issue of a bond or similar financial asset is capitalised and offset or added to the bond principal, and is then amortised to the income and expenditure account on a straight line basis over the term of the asset.

	Group		Association	
	2015	2014	2015	2014
a) Loans are repayable as follows:	**£'000**	**£'000**	**£'000**	**£'000**
In one year or less or on demand	1,575	1,672	36	-
In more than one year, but not more than two years	13,129	1,737	10,037	-
In more than two years, but not more than five years	18,036	13,864	12,928	6,801
In more than five years	438,091	396,684	372,843	348,747
	470,831	413,957	395,844	355,548
Less: Loan arrangement fees	(7,272)	(6,794)	-	-
	463,559	407,163	395,844	355,548

	Group		Association	
Bond issue premium and discount	**2015**	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
November 2012 bond issue proceeds	150,000	150,000	150,000	150,000
Discount on November 2012 issue	(1,377)	(1,422)	(1,377)	(1,422)
December 2013 bond issue proceeds	31,780	31,780	31,780	31,780
Premium on December 2013 issue	863	731	863	731
October 2014 bond issue proceeds	18,220	-	18,220	-
Premium on October 2014 issue	2,262	-	2,262	-
	201,748	181,089	201,748	181,089

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

NOTES TO THE FINANCIAL STATEMENTS

20 Debt analysis (continued)

b) Obligations under finance leases:

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
In one year or less or on demand	71	88	-	-
In more than one year, but not more than two years	73	91	-	-
In more than two years, but not more than five years	229	296	-	-
In more than five years	2,970	2,613	-	-
	3,343	3,088	-	-

c) Debenture stocks:

Included in the loan balances above are the following balances:

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
THFC (Indexed 2) Ltd. -				
5.5% Index- linked stock, 2024				
Balance as at 31 March	519	543	-	-
THFC Ltd -				
11.5% Debenture stock, 2016				
Balance as at 31 March	1,500	1,500	-	-
8.625% Debenture stock, 2023				
Balance as at 31 March	750	750	-	-

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
THFC Ltd	5.5% Index linked, 2024	7 December 2024

In December 2007, Great Places Housing Group completed a refinancing exercise. As a result, several housing loans held by its subsidiary undertakings were repaid and refinanced through new Group facilities. These facilities are loans to GPHG and then on-lent to its subsidiary GPHA under a guarantee structure. As such these loans are presented in GPHA as an intercompany loan.

In December 2007, GPHG entered into a number of swaps, the details of which are:

- Santander for a period of 25 years to 18 December 2032, the loan principal subject to the swap at 31 March 2015 is £10 million at a rate of 4.965%;
- Royal Bank of Scotland plc for a period of 30 years to 19th December 2037 the loan principal subject to the swap at 31 March 2015 is £20 million at a rate of 4.92%;
- Lloyds Banking Group for a period of 25 years to 20th December 2032, the loan principal subject to the swap at 31 March 2015 is £15 million at a rate of 4.945%;
- Barclays Bank plc for a period of 40 years to 1 October 2047, the loan principal subject to the swap at 31 March 2015 is £26 million at a rate of 4.82%.

NOTES TO THE FINANCIAL STATEMENTS

20 Debt analysis (continued)

c) Debenture stocks (continued):

In April 2009, GPHG entered into the following swaps, the details which are:

- Lloyds Banking Group for a period of 20 years to April 2029, the value of the swap at 31 March 2015 is £16 million at a rate of 4.56%.

In October 2009, GPHG entered into a number of swaps, the details of which are:

- Royal Bank of Scotland plc for a period of 15 years to November 2024, the loan principal subject to the swap at 31 March 2015 is £11 million at a rate of 4.28%;
- Barclays Bank plc for a period of 20 years to October 2029, the loan principal subject to the swap at 31 March 2015 is £5 million at a rate of 4.28%;
- Barclays Bank plc for a period of 25 years to October 2034, the loan principal subject to the swap at 31 March 2015 is £10 million at a rate of 4.22%;
- Barclays Bank plc for a period of 22 years to October 2031, the loan principal subject to the swap at 31 March 2015 is £10 million at a rate of 4.26%;
- Santander for a period of 26 years to October 2035, the loan principal subject to the swap at 31 March 2015 is £5 million at a rate of 4.195%;
- Santander for a period of 17 years to October 2026, the loan principal subject to the swap at 31 March 2015 is £5 million at a rate of 4.27%.

In October 2011, GPHG entered into the following swap:

- Credit Suisse International for a period of 8 years to October 2019, the loan principal subject to the swap at 31 March 2015 is £20m at a rate of 2.2975%.

On 22nd October 2012, Great Places issued a bond for £200m. £150m was on lent to Great Places Housing Association and £50m was retained. The bond was issued at a fixed rate of 4.81% for a term of 30 years. The bond was issued on the Professional Securities Market of the London Stock Exchange.

On 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 9th October 2014, Great Places released the final part of the £50m retained bond. The release resulted in the issue of £18.22m of bonds at a spread of 1.02% over the gilt yield to provide a fixed rate funding at an all in cost of 4.002%.

NOTES TO THE FINANCIAL STATEMENTS

21 Recycled capital grant fund

Policy

Social housing grant (SHG)

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable, but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 April	3,611	3,277	-	-
Grants recycled	2,756	1,845	-	-
Interest accrued	23	18	-	-
Development of properties	(3,253)	(1,529)	-	-
At 31 March	3,137	3,611	-	-

22 Disposal proceeds fund

	Group		Association	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
At 1 April	1,060	542	-	-
Net sales proceeds recycled	440	781	-	-
Interest accrued	6	3	-	-
Development of properties	(773)	(266)	-	-
At 31 March	733	1,060	-	-

23 Non-equity share capital

	2015	2014
	£	£
Shares of £1 each issued and fully paid		
At 1 April	11	11
Shares issued during the year	3	6
Shares surrendered during the year	(6)	(6)
At 31 March	8	11

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 Group 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

24 Reserves

Policy

Designated reserves

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.

The Group has a reserve that is designated for use in the support, training and development of apprentice maintenance employees.

Group	Re-valuation Reserves	Revenue Reserves	Designated Reserves	Total Reserves
	£'000	£'000	£'000	£'000
At 1 April 2014		65,817	175	65,992
Surplus for the year		10,882	-	10,882
Revaluation of investment properties	2,995	-	-	2,995
Actuarial deficit on pension scheme		(453)	-	(453)
At 31 March 2015	2,995	76,246	175	79,416

Association	Revenue Reserves	Total Reserves
	£'000	£'000
At 1 April 2014	810	810
Surplus for the year	187	187
At 31 March 2015	997	997

25 Financial commitments

	Group		Association	
a) Capital expenditure commitments were as follows:	**2015**	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Expenditure contracted for but not provided in the accounts	111,324	61,490	-	-
Expenditure authorised by the Board, but not contracted	52,458	124,334	-	-
	163,782	185,824	-	-

These commitments will be funded through a combination of existing loan facilities, grant, first tranche sales and cash generated from operating activities.

NOTES TO THE FINANCIAL STATEMENTS

25 Financial commitments (continued)

b) Operating leases:

The payments which the Group and Association is committed to make under operating leases for vehicles and printers/photocopiers are as follows:

	Group		Association	
	2015	**2014**	**2015**	**2014**
Other:	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	271	85	271	85
Two to five years	16	346	16	346
	287	431	287	431

26 Group structure

Great Places Housing Group Limited (the "Association") is the parent entity and controlling party of a Group with the following subsidiaries:

Plumlife Homes Limited
Great Places Housing Association ('GPHA')
Cube Great Places Limited (a direct subsidiary of GPHA)
Terra Nova Developments Limited (a direct subsidiary of GPHA)

GPHA is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered charitable social landlord.

Plumlife Homes Limited is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered non-charitable social landlord.

The undernoted subsidiaries are registered under the Companies Act 2006, are registered in England and are limited by shares:

Terra Nova Developments Limited	Percentage held or controlled - 100%
Cube Great Places Limited	Percentage held or controlled - 100%

Of the subsidiaries, Great Places Housing Association, Cube Great Places Limited, Plumlife Homes Limited and Terra Nova Developments Limited traded during the year.

The Group has an interest in several Joint Venture companies and one Associate as detailed in note 14.

27 Contingent liabilities and cross guarantees

Following the refinancing exercise in December 2007 by Great Places Housing Group Limited ('GPHG'), cross guarantees are in place with Great Places Housing Association ('GPHA'). These facilities are loans to GPHG and then on-lent to GPHA under a guarantee structure; ie the loans are secured against the assets of both the Association and those of GPHA.

As disclosed in note 16, £395.844M of the Group's loans are on lent to GPHA under this structure.

NOTES TO THE FINANCIAL STATEMENTS

28 Related party transactions

The Group has taken advantage of the exemption available under Financial Reporting Standard 8 not to disclose transactions with wholly owned subsidiary undertakings.

Joint venture and associated companies
The following transactions took place between the Group and its Joint Venture and associated companies during the year

	2015 £'000	2014 £'000
Net loan movements: (repayments)	-	(597)

The following receivable balances relating to Joint Ventures and associated companies were included in the consolidated balance sheet:

	2015 £'000	2014 £'000
Loans	63	110
Trading balances	(125)	96
	(62)	206

Transactions with related entities
The Association provides management services, other services and loans to its subsidiaries.

The Association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below:

Payable to association from subsidiaries	Management charges		Other charges		Interest charges	
	2015 £'000s	2014 £'000s	2015 £'000s	2014 £'000s	2015 £'000s	2014 £'000s
Non-regulated entities						
Cube Great Places Limited	60	30	-	-	101	309
Terra Nova Developments Limited	30	30	-	-	-	-
Regulated entities						
Great Places Housing Association	8,350	5,710	1,059	1,213	-	-
Plumlife Homes Limited	265	326	379	583	-	-
	8,705	**6,096**	**1,438**	**1,796**	**101**	**309**

NOTES TO THE FINANCIAL STATEMENTS

28 Related party transactions (continued)

Transactions with related entities (continued)

Intra Group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries and providing services. The Management fee is calculated on a service by service basis using varying methods of allocation. The costs are allocated as follows:

Service provided	Basis of allocation
Human resources, payroll, training	Staff numbers
Information and Communication technology	ICT users
Management accounting	Weighted average units and staff numbers
Treasury services	Net debt
Purchase ledger , procurement	Operating Costs
Communications and marketing	Weighted average units and staff numbers
Executive	Weighted average units and staff numbers

Other intra-group charges

Other intra-group charges are payable to the association from subsidiaries and relate to staff recharges.

In March 2015 Terra Nova declared a gift aid payment to GPHA of £150,000 (2014: £200,000).

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at an agreed commercial rate. At present the only such arrangement is in respect of a loan facility to a maximum of £25M provided by GPHA to Cube Great Places Limited approved by the Board of GPHA, Cube and GPHG in December 2013. The loan is advanced in instalments to meet approved expenditure on Development for sale and Market rent projects. Loan repayments are made as soon as sales receipts are received.

	Opening Balance £'000s	Movement £000's	Closing Balance £'000s
GPHA loan to Cube Great Places	1,552	1,733	3,285

Transactions with non-regulated entities

During the year GPHG had intra-group transactions with its third tier subsidiary Terra Nova Developments Limited (Terra Nova), a non-regulated entity, of £942,397 (2014: £1,559,323) relating to housing property design and build services.

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £30,051,000 (2014: £35,721,000) relating to housing property design and build services.

During the year Plumlife Homes Limited had intra-group transactions with Terra Nova of £18,500 (2014: £12,000) relating to marketing services.

NOTES TO THE FINANCIAL STATEMENTS

28 Related party transactions (continued)

Transactions with non-regulated entities (continued)

Joint Ventures and associated companies
Cube Great Places Limited has paid £nil (2014: £3,484) to its joint venture Inspiral Developments Oldham LLP, a non-regulated entity, during the year and received back £125,000 (2014: £600,000).

GPHG has an investment of £420,642 (2014: £2,500) in Inspiral Oldham Holding Company Limited, a non-regulated entity and it has an investment in its Associate Keepmoat Great Places Limited of £62,866 (2014: £62,866).

29 Accommodation in management and development

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

	Group		Association	
	2015	**2014**	**2015**	**2014**
	No	**No**	**No**	**No**
General housing				
- social rent	10,609	10,772	-	-
- affordable rent	2,353	1,576	-	-
Supported housing	1,320	1,393	-	-
Key worker housing	243	245	-	-
Low cost home ownership	1,681	1,648	-	-
Total owned	**16,206**	**15,634**	-	-
Accommodation managed for others	1,309	1,151	-	-
Total managed	**17,515**	**16,785**	-	-
Accommodation in development at the year end	1,029	701	-	-

30 Accommodation managed by others

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

	Group		Association	
	2015	**2014**	**2015**	**2014**
	No	**No**	**No**	**No**
Housing accommodation	56	76	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 Reconciliation of operating surplus to net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating surplus	28,704	25,513
Depreciation of tangible fixed assets	9,279	10,290
Impairment	150	-
FRS17 service cost	17	39
Share of joint venture operating results	(8)	52
	38,142	35,894
Working capital movements		
Debtors	933	(890)
Creditors	5,097	2,742
Investments	(17)	(146)
Properties for sale	735	6,238
Net cash inflow from operating activities	44,890	43,838

32 Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Decrease/(Increase) in cash	999	(9,255)
Cash used to repay loans	(14,062)	(13,150)
Cash received from loans	70,936	42,846
Leases received	-	5
Leases repaid	(63)	-
Cash used to (decrease)/increase liquid resources	(23,817)	10,753
Other non-cash movements	318	1,963
Movement in net debt for the period	34,311	33,162
Net debt at 1 April	379,289	346,127
Net debt at 31 March	413,600	379,289

33 Analysis of changes in net debt

	At 1 April 2014 £'000	Cash Flows £'000	At 31 March 2015 £'000
Cash and bank	27,303	(999)	26,304
Changes in cash	27,303	(999)	26,304
Debt	(413,957)	(56,874)	(470,831)
Finance leases	(3,088)	(255)	(3,343)
Changes in debt	(417,045)	(57,129)	(474,174)
Current asset investments	10,453	23,817	34,270
Changes in net debt	(379,289)	(34,312)	(413,600)

NOTES TO THE FINANCIAL STATEMENTS

34 Employees

Policy

Pensions

The Group 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), the second administered by the Greater 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.

For the LGPS, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at 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 Group.

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 costs are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised surpluses and deficits.

The Group also participates in two defined contribution schemes operated by Aviva and the Social Housing Pension Scheme. Contributions payable under these schemes are charged to the Income and Expenditure account in the period to which they relate.

Employee numbers

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2015	**2014**	**2015**	**2014**
	No	**No**	**No**	**No**
Administration	107	104	99	94
Development	43	51	43	51
Housing, support and care	452	445	115	111
	602	600	257	256

Employee costs:

	Group		Association	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	15,672	16,091	7,198	7,462
Social security costs	1,279	1,325	608	631
Other pension costs	2,014	1,950	822	791
	18,965	19,366	8,628	8,884

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

Great Places Housing Group Limited together with its subsidiaries Great Places Housing Association and Plumlife Homes Limited, (together "the Group"), participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the State Pension scheme. SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide".

The Scheme operated a single benefit structure, final salary 1/60th accrual rate until 31st March 2007. From April 2007 three defined benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Group has elected to operate the final salary with a 1/60th accrual rate benefit structure for active members as at 31st March 2007, the CARE with a 1/60th accrual rate benefit structure for new entrants from 1st April 2007, and the CARE with a 1/80th accrual rate benefit structure for new entrants from 1st April 2010.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution no longer applies.

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period the Group paid contributions at the rate of 6.5% to 9.95%. Member contributions varied between 6.55% and 10% depending on their age. As at the balance sheet date there were 181 active members of the Scheme employed by the Group. The annual pensionable payroll in respect of these members was £5,556,953. The Group continues to offer membership of the Scheme to its employees.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Scheme is a multi-employer scheme, where the assets are co-mingled for investment purposes, and benefits are paid out of total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Valuation Discount Rates:	% p.a.
Pre retirement	7.0
Non Pensioner Post retirement	4.2
Pensioner Post retirement	4.2
Pensionable earnings growth	2.5 per annum for 3 years, then 4.4
Price inflation (RPI)	2.9
Pension Increases:	% p.a.
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

Mortality pre retirement – 41% SAPS S1 Male/Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females

Mortality post retirement – 97% SAPS S1 Male/Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with 1/60th accrual rate	19.4
Final salary with 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% pa each 1st April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% pa each 1st April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% pa each 1st April; first increase on 1st April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates set out on page 80.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

a) Social Housing Pension Scheme (Group and Association)

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer’s share of the buy-out debt is the proportion of the Scheme’s liability attributable to employment with the leaving employer compared to the total amount of the Scheme’s liabilities (relating to employment with all the currently participating employers). The leaving employer’s debt therefore includes a share of any ‘orphan’ liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Group has been notified by the Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for the Group was £58.769M (2014: £43.373M).

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan (Group and Association)

The Group participates in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the State scheme. The Growth Plan is a multi-employer pension plan.

Contributions paid into the Plan up to and including September 2001 were converted to defined amounts of pension payable from Normal Retirement Date. From October 2001 contributions were invested in personal funds which have a capital guarantee and which are converted to pension on retirement, either within the Growth Plan or by the purchase of an annuity.

The rules of the Plan allow for the declaration of bonuses and/or investment credits if this is within the financial capacity of the Plan assessed on a prudent basis. Bonuses/ investment credits are not guaranteed and are declared at the discretion of the Plan's Trustee.

The Trustee commissions an actuarial valuation of the Growth Plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as a at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

The rules of the Plan give the Trustee the power to require employers to pay additional contributions in order to ensure that the statutory funding objective under the Pensions Act 2004 is met. The statutory funding objective is that a pension scheme should have sufficient assets to meet its past service liabilities, known as Technical Provisions.

If the actuarial valuation reveals a deficit, the Trustee will agree a recovery plan to eliminate the deficit over a specified period of time either by way of additional contributions from employers, investment returns or a combination of these.

The rules of the Plan state that the proportion of obligatory contributions to be borne by the member and the member's employer shall be determined by agreement between them. Such agreement shall require the employer to pay part of such contributions and may provide that the employer shall pay the whole of them.

As at the balance sheet date there were three active members of the Plan employed by the Group. The Group continues to offer membership of the Plan to its employees. The Group does not pay any contributions into the Growth Plan and the members' contribution rates are at their own choosing.

It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multi-employer scheme where the Plan assets are co-mingled for investment purposes, and benefits are paid from the total Plan assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The valuation results 30 September 2011 were completed in 2012 and have been finalised. The valuation of the Plan was performed by a professionally qualified Actuary using the Projected Unit Method. The market value of the Plan's assets at the valuation date was £780 million and the Plan's Technical Provisions (i.e. past service liabilities) were £928 million. The valuation therefore revealed a shortfall of assets compared with the value of liabilities of £148 million, equivalent to a funding level of 84%.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan (Group and Association)

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

Investment return pre retirement	4.9% pa
Investment return post retirement	
- Actives/Deferreds/Pensioners	4.2% pa
Bonuses on accrued benefits	0.0% pa
Inflation: Retail Prices Index (RPI)	2.9% pa
Inflation: Consumer Prices Index (CPI)	2.4% pa

In determining the investment return assumptions the Trustee considered advice from the Scheme Actuary relating to the probability of achieving particular levels of investment return. The Trustee has incorporated an element of prudence into the pre and post retirement investment return assumptions; such that there is a 60% expectation that the return will be in excess of that assumed and a 40% chance that the return will be lower than that assumed over the next 10 years.

The Scheme Actuary is currently finalising the 2014 valuation and results will be communicated in due course. At 30 September 2013, the market value of the Plan's assets was £772 million and the Plan's Technical Provisions (i.e. past service liabilities) was £927 million. The update, therefore, revealed a shortfall of assets compared with the value of liabilities of £155 million, equivalent to a funding level of 83%.

If an actuarial valuation reveals a shortfall of assets compared to liabilities, the Trustee must prepare a recovery plan setting out the steps to be taken to make up the shortfall.

The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or recovery plan are inappropriate. For example the Regulator could require the Trustee strengthens the actuarial assumptions (which would increase the Plan liabilities and hence impact on the recovery plan) or impose a schedule of contributions on the Plan (which would effectively amend the terms of the recovery plan). A copy of the recovery plan in respect of the September 2011 valuation was forwarded to the Regulator on 2 October 2012, as is required by legislation.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Plan and The Pensions Act 2011 has more recently altered the definition of Series 3 of the Growth Plan so that a liability arises to employers from membership of any Series except Series 4. The debt is due in the event of the employer ceasing to participate in the Plan or the Plan winding up.

The debt for the Plan as a whole is calculated by comparing the liabilities for the Plan (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Plan. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Plan's liability attributable to employment with the leaving employer compared to the total amount of the Plan's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Plan liabilities, Plan investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

b) Pension Trust's Growth Plan (Group and Association)

When an employer withdraws from a multi-employer defined benefit pension scheme which is in deficit, the employer is required by law to pay its share of the deficit, calculated on a statutory basis (known as the buy-out basis). Due to a change in the definition of money purchase contained in the Pensions Act 2011 the calculation basis that applies to the Growth Plan will be amended to include Series 3 liabilities in the calculation of an employer's debt on withdrawal.

The Growth Plan is a "last man standing" multi-employer scheme. This means that if a withdrawing employer is unable to pay its debt on withdrawal the liability is shared amongst the remaining employers. The participating employers are therefore, jointly and severally liable for the deficit in the Growth Plan.

The Group has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the Plan as at 30 September 2014. As of this date the estimated employer debt for the Group was £182,799.

c) Local Government Pension Schemes

The Group participates in two Local Government Pension Schemes (LGPS), one administered by South Yorkshire Pensions Authority (SYPA) and one by Greater Manchester Pension Fund. They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. At 31 March 2015 there were 19 active members of the Schemes employed by the Group.

The Group's contribution to the LGPS for the year ended 31 March 2015 was £62,000 (2014: £53,000) and the employer's contribution rate is 11.3% (2014: 10.1%) for SYPA and 17.6% (2014: 17.0%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £60,000.

In accordance with accounting standards, the Group has grouped the disclosures of the two local government pension schemes in line with FRS 17. In addition, the full requirements of FRS17 (Retirement Benefits) have been adopted.

A full actuarial valuation was carried out at 31 March 2013 and supplementary figures were provided for 31 March 2015 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.

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

c) Local Government Pension Schemes (Group)

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

	As at 31/03/15	As at 31/03/14
Rate of increase in salaries	3.6% - 3.85%	3.9% - 4.25%
Discount rate for scheme liabilities	3.2% - 3.4%	4.3% - 4.7%
Rate of increase in pensions	2.1% - 2.4%	2.5% - 2.8%
Inflation (CPI)	2.1%	2.5%

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 – 25.6
Future pensioners	24.0 – 25.3	26.6 – 28.4

Expected return on assets are:	**2015**	**2014**
The expected returns on assets are in the range:		
Equity	3.2% - 6.5%	6.6% - 7.0%
Bonds	2.2% - 3.2%	3.4% - 4.3%
Property	3.2% - 5.9%	4.8% - 6.2%
Cash	0.5% - 3.2%	0.5% - 3.7%
Other	6.5%	7.0%

Amounts recognised in the balance sheet:	**2015**	**2014**
	£'000	**£'000**
Present value of funded obligations	(3,008)	(2,223)
Fair value of plan assets	2,274	1,943
Net liability	(734)	(280)

Analysis of the amount charged to the income and expenditure account:

	2015	**2014**
	£'000	**£'000**
Current service cost	94	110
Past service gain	-	-
Total charge to operating costs	94	110
Expected return on pension scheme assets	(119)	(93)
Interest on pension scheme liabilities	103	93
Total charge to other finance costs	(16)	-

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

c) Local Government Pension Schemes (Group)

Changes in present value of defined benefit obligation:	2015 £'000	2014 £'000
Opening defined benefit obligation	(2,223)	(1,993)
Current service cost	(94)	(110)
Benefits/transfers paid	26	3
Interest on pension liabilities	(103)	(93)
Actuarial gain/(loss) on liabilities	(584)	2
Member contributions	(30)	(32)
Closing defined benefit obligation	(3,008)	(2,223)

Changes in fair value of plan assets:	2015 £'000	2014 £'000
Opening fair value of plan assets	1,943	1,671
Expected return on plan assets	119	93
Actuarial gains on assets	131	82
Benefits/transfers paid	(26)	(3)
Employer contributions	77	68
Member contributions	30	32
Closing fair value of plan assets	2,274	1,943

The expected return on assets represents the long-term future expected investment return to be earned on the assets during the year calculated at the start of the accounting year.

Analysis of the movement in the deficit during the year:	2015 £'000	2014 £'000
Deficit in the fund at the beginning of year	(280)	(322)
Movement in year:		
Current service costs	(94)	(110)
Employer contributions	77	68
Net return on assets	16	-
Actuarial gain/(loss)	(453)	84
Deficit at end of year	(734)	(280)

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

	2015 £'000	2015 %	2014 £'000	2014 %
Equities	1,521	67.0%	1,308	67.0%
Bonds	429	19.0%	357	18.0%
Property	187	8.0%	151	8.0%
Cash/Liquidity	67	3.0%	67	4.0%
Other	70	3.0%	60	3.0%
Total	2,274	100.0%	1,943	100.0%

NOTES TO THE FINANCIAL STATEMENTS

34 Employees (continued)

c) Local Government Pension Schemes (Group)

Analysis of amounts recognised in Statement of Total Recognised Gains and Losses

	2015 £'000	2014 £'000
Actuarial gains	132	84
Cumulative actuarial losses	(719)	(265)
Actual return on plan assets	249	111

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Present value of defined benefit obligation	(3,008)	(2,223)	(1,993)	(1,689)	(877)
Fair value of scheme assets	2,274	1,943	1,671	1,518	661
Deficit on scheme	(734)	(280)	(322)	(171)	(216)
Experience (losses)/gains on liabilities	1	(85)	(149)	27	(41)
Experience gains/(losses) on assets	131	82	126	16	(20)

35 Financial assets and liabilities

The Group's policy on Treasury management, capital structures, cash flow and liquidity is set out at pages 24-27 of the Operating and Financial Review and Report of the Board.
Policies:

Derivatives
The Group uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are amortised over the payment period and adjusted against variable interest payable on the loans.

Financial assets
Other than short term debtors, financial assets held are equity instruments in other entities, cash deposits placed on money markets at call, seven-day and monthly rates and cash at bank.

All of the Group and Association's financial assets are floating rate, attracting interest at rates that vary with bank rates.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial assets and liabilities

Financial liabilities excluding trade creditors – interest rate risk profile

The Group's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities at 31st March was:

	Group		Association	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Floating rate	30,017	36,674	31,095	16,095
Fixed rate	444,156	377,282	364,749	339,453
Total (note 20a)	**474,173**	**413,956**	**395,844**	**355,548**

The Group's fixed rate financial liabilities have a weighted average interest rate of 4.59% (2014: 4.97%) and the weighted average period for which it is fixed is 22.7 years (2014: 24.3 years).

The floating rate financial liabilities comprise bank loans that bear interest at rates based on 1-month, 3-month or 6-month LIBOR.

The debt maturity profile is shown in note 20.

The Group has undrawn, committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	Group		Association	
	2015	**2014**	**2015**	**2014**
	£'000	**£'000**	**£'000**	**£'000**
Expiring in one year or less	-	-	-	-
Expiring in more than one year but not more than two years	10,000	10,000	10,000	10,000
Expiring in more than two years	185,405	185,905	155,905	185,905
	195,405	195,905	165,905	195,905

Fair values of financial assets and liabilities

	2015		2014	
Primary financial instruments held or issued to finance the group's operations	**Book value**	**Fair Value**	**Book value**	**Fair Value**
	£'000	**£'000**	**£'000**	**£'000**
Financial assets	60,631	60,631	37,813	37,813
Short term financial liabilities and current portion of long term borrowings	(1,575)	(1,575)	(1,672)	(1,672)
Long term borrowings	(458,732)	(505,685)	(408,491)	(413,036)
Derivative financial instruments held to manage the interest rate profile				
Interest rate swaps	-	46,708	-	24,112

The fair values have been calculated by discounting cash flows at prevailing interest rates.

If the rates interest payable had been 0.5% higher/lower and all other variables were held constant, the Group's:

- Profit for the year ended 31 March 2015 would decrease/increase by £276,539
- Reserves would decrease/increase by £276,539.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial assets and liabilities (continued)

Gains and losses on hedges

As explained in the Operating and Financial review on page 26, the Group uses interest rate swaps to manage its interest rate profile. Changes in the fair values of these instruments, used as hedges, are not recognised in the financial statements until the hedged position matures.

Great Places' bond is listed on the Professional Securities Market (PSM) and therefore the directors have taken the exemption from adopting FRS 26.

Gains and losses recognised in 2014/15 reflect the actual interest costs charged to the Income and Expenditure account in the year at the hedged interest rates compared to actual interest rates.

An analysis of these gains and losses is as follows:

	Total net gains/ losses £'000
Unrecognised gains and losses on hedges at 1 April 2014	**(24,112)**
Gains and losses arising in previous years that were recognised in 2014/15	2,047
Gains and losses arising before 1st April 2014 that were not recognised in 2014/15	**(22,065)**
Gains and losses arising in 2014/15 that were not recognised in 2014/15	(24,643)
Unrecognised gains and losses on hedges at 31st March 2015	**(46,708)**
Of which:	
Gains and losses expected to be recognised in 2015/16	2,967
Gains and losses expected to be recognised in 2016/17 or later	(43,741)

NOTES TO THE FINANCIAL STATEMENTS

36. POST BALANCE SHEET EVENT

Non-adjusting event after the balance sheet date

In the Government's budget statement of 8 July 2015, the Government stated its intention to mandate:
• a reduction in social housing rents (including affordable rents and social rents) by 1% each year for the next four years, from April 2016; and
• residents living in social housing and earning more than £30,000pa (£40,000pa in London) will be required to pay market rent.

This event occurred after the balance sheet date and does not provide additional information about, nor represent a change in, conditions that existed at that date. Therefore, in accordance with Financial Reporting Standard 21 "Events after the balance sheet date", the Government's budget statement is a non-adjusting post balance sheet event. The financial statements do not reflect the possible financial consequences of the matters described below.

As per the accounting policy included in note 11, the Association carries its social housing properties at cost net of Social Housing Grant, depreciation and impairment. Where we determine that government intentions represent an indicator of impairment according to the underlying accounting framework (whether of specific classes of housing property or across the portfolio) we will be required to perform a review for impairment on assets or appropriate cash generating units affected in the financial year to 31 March 2016. We will record an impairment charge in the financial statements to 31 March 2016 where we identify assets or cash generating units subject to impairment review that are carried at an amount greater than their recoverable amount. However, until further details of the intentions are made available the Association has been unable to determine specific details of the financial impact.

Government intentions may also have the following material effect:

- Borrowings: The Association borrows against future rental income. A reduction in rental income may mean that the Association cannot borrow as easily in the future or that borrowings will only be available at a higher cost.
- Development plans: The current capital commitments presented within note 25 (both authorised and contracted and authorised but not yet contracted) have been determined on the basis of a predictable sustainable increase in rents for the foreseeable future. Government's intentions will require the board to reconsider the plans and may results in the Association scaling back certain developments so as to operate within revised rental income forecasts. This work is not complete as at the date of signing these financial statements.
- Going concern: The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announced intentions have led to a reassessment of the Association's business plan as well as an assessment of imminent or likely breach in borrowing covenants. No significant concerns have been noted. We consider it appropriate to continue to prepare the financial statements on a going concern basis.