Co-operative and Community Benefit Society (FCA) No 30045R

Registered Housing Association No L4465

Great Places Housing Group Limited
Report and Financial Statements
For the Year ended 31 March 2016

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

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GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

ASSOCIATION INFORMATION

Board

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

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 (to 24/3/2016)

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

PWC
101 Barbirolli Square
Lower Mosley Street
Manchester
M2 3PW

Bankers

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

CHAIRMAN'S REPORT

I completed my report last year by briefly referencing the budget announcement regarding rent reductions and reflecting that our financial strength and continuously improving efficiency and effectiveness would provide a robust platform for our future ambitions.

The subsequent year has been a turbulent period culminating in the Brexit vote, but also a year in which Great Places has achieved record turnover of over £100M, a record pre-tax surplus of £12.6M and has grown to own or manage well over 18,000 homes with over 400 new homes completed in the year. Other results have been good too, with 9 of our 10 Critical Success Factors achieved and improvements in measures such as staff sickness absence, relet times and repairs satisfaction.

The Conservative Government elected in the May 2015 general election have introduced a range of policies and initiatives which have impacted the sector. The manifesto promise to widen the right to buy led to the NHF-brokered voluntary agreement between the sector and the Government, with pilot exercises now underway in advance of a full rollout.

The budget introduced a four year sequence of 1% rent reductions that will reduce Great Places rental income by over £10M per annum by 2019. Further welfare reform including the reduction in the Benefit Cap will adversely affect our customers.

The November 2015 Comprehensive Spending Review (CSR) reinforced the Government's commitment to home ownership with record amounts of public funding directed towards shared ownership and starter homes, but with very little funding available for rented products. Great Places will engage positively in this new environment, with increasing volumes of shared ownership homes to be developed together with increased outright sales output through Cube, whilst remaining mindful of the increasing exposure to the risks inherent in sales activity.

The CSR also saw the extension of the Local Housing Allowance to RP homes, which introduces a further indirect layer of rent control, one that could have devastating consequences for the Group's Supported Housing and Elderly Services activities if implemented as currently proposed. We have also seen the sector reclassified by the ONS as "public sector" with subsequent Government deregulation proposals designed to reverse that reclassification.

The 2016 Business Plan shows the Group remains financially strong, whilst maintaining significant development ambitions. We will soon begin to see the results of "Building Greatness" which combines many initiatives including procurement, modernisation and "invest to save" projects with a business transformation initiative, which will examine every facet of the Organisation's operations, driving out waste and inefficiency, improving effectiveness, productivity and VFM.

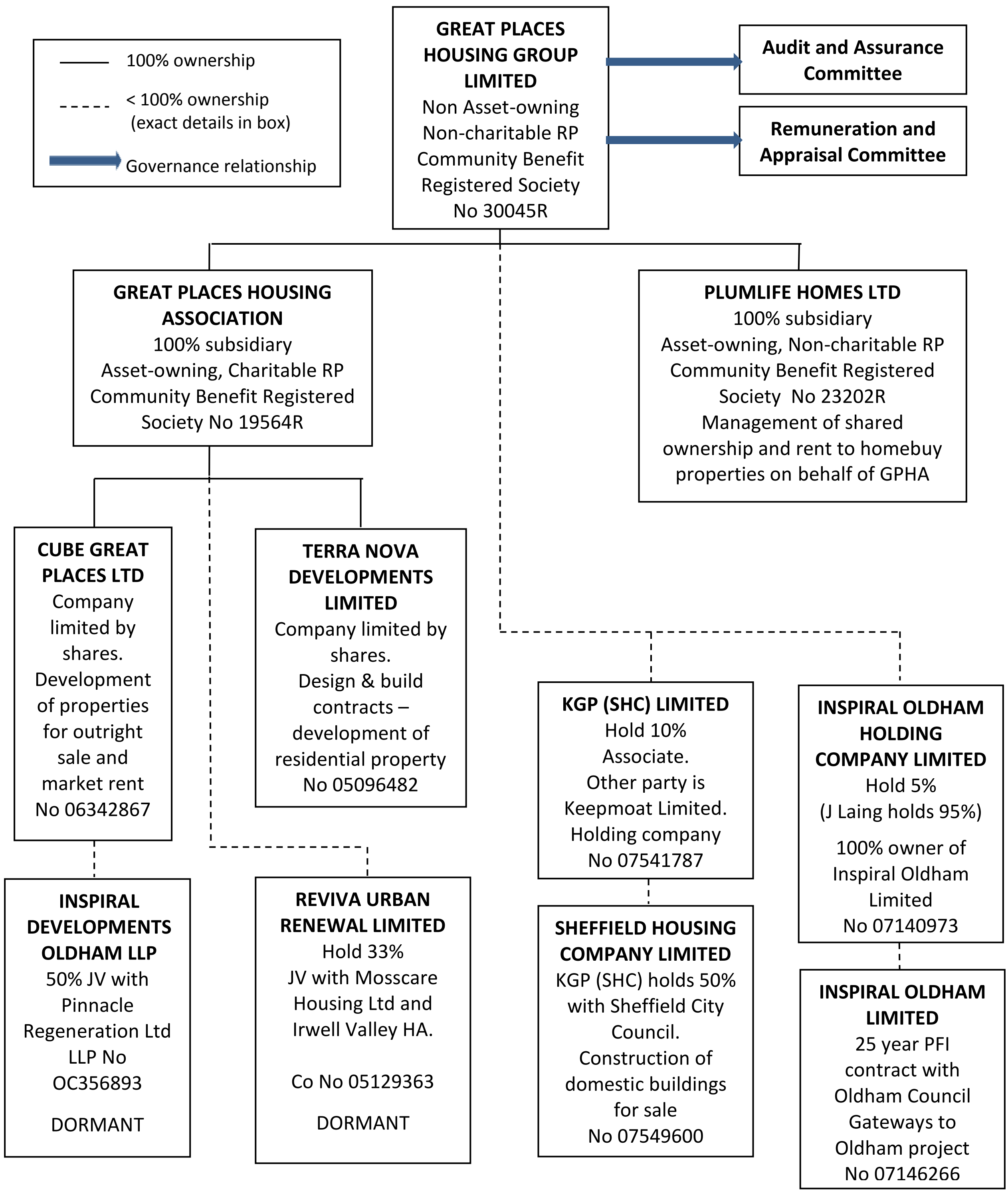
Whilst responding to an ever changing political, economic and regulatory environment, Great Places has seen of year of stability at Board level, with Governance arrangements further enhanced through the adoption of a new bespoke Code of Governance based on the latest NHF update. The Group volunteered to be a pilot for the HCA's In depth Assessment (IDA) process which confirmed our continuing G1 status.

Great Places has a clear commitment to its customers and their communities. We expect "building greatness" to improve our front line services and help allow us to continue to provide support to many of the most vulnerable groups in society, whilst building a significant volume of new homes that are so desperately needed across all customer segments.

Tony Davison
Chairman

STRATEGIC REPORT AND REPORT TO THE BOARD

<u>Legal and Governance structure</u>



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:

STRATEGIC REPORT AND REPORT TO 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 16 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 ("Promoting Board Excellence for Housing Associations") published in February 2015 as the basis for a bespoke Code of Governance for the Group ("the Code").

Having carefully assessed all of the requirements, using a detailed checklist and review process, the Group can confirm that it is fully compliant with the Code of Governance and has the HCA's highest G1 Governance assessment.

A range of information on the composition of our Board is included at note 11 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 development contracts.

The Great Places Board has 8 non-executive members, of whom there are 5 male and 3 female members. The Chief Executive is also a Board member. The average attendance of at Board meetings between March 2015 and February 2016 was 91%. During that period there were 8 scheduled Board meetings plus one additional Board meeting (to approve the updated business plan required by the Regulator), plus 2 strategic away days. In addition, training or information sessions are held prior to every regular Board meeting.

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 2015/16 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, and the Group is a key Homes and Communities Agency Development partner. Having volunteered to take part in the pilot process, Great Places received an "In-depth Assessment" (IDA) from the HCA in May/June 2015. This was a useful exercise for both parties and although no formal rating was given at the time, the HCA have re-affirmed the Group's G1/V1 status in February 2016.

STRATEGIC REPORT AND REPORT TO THE BOARD

Statement of compliance with HCA Financial Viability and Governance standard
The Board of Great Places has carefully considered its responsibilities under the HCA Economic Standards covering Rents, VFM and Governance and Financial Viability.

A detailed report has been considered by the Audit and Assurance Committee. This report reviews the evidence presented to support the compliance position against each required outcome of the standards as well as the guidelines laid out in the Code of Practice.

The Group's structure is relatively simple and the independence of Cube is designed to ensure social housing assets are not put at undue risk. The Group has thoroughly reviewed its risk management approach during 2015/16 and the revised risk framework allows the Board to understand what risks exist, their relative impact and likelihood, and the controls, mitigations and remedial actions in place. This is regularly reviewed throughout the year.

During the year the Group has made all required regulatory submissions on time and has enhanced internal processes to help ensure HCA data quality requirements can be better satisfied.

The Group has an excellent business planning process which embraces a rigorous approach to stress testing that has been externally reviewed and the identified improvements are being actioned. The assumptions adopted are carefully researched, and reflect the Group's risk appetite, being prudent in respect of liquidity and interest rate risk. In conjunction with the business planning process the Group has undertaken detailed and robust stress testing against a range of risks, both individually and in combination, assessing the scale and immediacy of the impact and identifying appropriate mitigation strategies that can be implemented.

As already referenced, the Group has adopted an updated Code of Governance, based on the 2015 revised NHF code, and this includes a suite of new supporting documents including refreshed terms of reference for the Audit and Assurance Committee and the Remuneration and Appraisal Committee, an updated schedule of reserved matters and a renewed scheme of delegations. Compliance is confirmed through the use of a governance checklist which is monitored on an ongoing basis through the year.

During the year the Group has continued to develop its Asset and Liability register and has also had this externally reviewed by our internal auditors with the report presented to the Board. The identified action plan will be implemented over the next few months and progress will be monitored by the Audit and Assurance Committee. The register links closely to the risk register and the business continuity plan, providing a thorough, accurate and up to date record of assets and liabilities. Each year the Board receives a report that explains the Group structure and all complex contractual arrangements, which also explains which if any of those arrangements could lead to any recourse to the Group's social housing assets.

In order to meet the requirements to adhere to all relevant law, the Group has developed a legal compliance register, and this is regularly monitored along with other key factors such as achievement of funders' covenants, project risk maps and delivery of critical success factors.

The Group's rents are reviewed annually in line with the HCA guidance and for all general needs properties the Group is fully compliant with the standard. A small number of Supported Housing rents remain above the guidance level, but are being reduced at a rate well in excess of the guidance rate. This matter has been discussed with the HCA.

STRATEGIC REPORT AND REPORT TO THE BOARD

The Board receives appropriate reports during the year in order to allow it to manage the affairs of the Group with the required degree of skill, independence, diligence, effectiveness, prudence and foresight. Therefore, having considered all of these factors, including the later section in this report on VFM, and following recommendation from the Audit and Assurance Committee which has considered a suite of supporting documents, the Board is able to certify that the Group is fully compliant with the HCAs Economic Standards covering Rents, Value for Money and Governance and Financial Viability.

Modern Slavery
Great Places, as an organisation with annual turnover in excess of £36M, is required, under the Modern Slavery Act, to adopt a Modern Slavery transparency statement outlining the steps that the Organisation has taken during the financial year to ensure that slavery and human trafficking is not taking part in any part of its business, including its supply chains. The Board of Great Places approved the statement in July 2016 and the full statement is published on the Great Places website.

Modern Slavery encompasses slavery, human trafficking, forced labour and domestic servitude. Traffickers and slave masters use whatever means they have at their disposal to coerce, deceive and force individuals into a life of abuse, servitude and inhumane treatment. Great Places is committed to preventing modern slavery in all forms throughout our direct operations and our wider supply chain.

In the period since the introduction of the legislation in October 2015, Great Places has focussed on the following areas:

- Development supply chain
- Repairs and asset management supply chain
- IT supply chain
- Facilities management supply chain
- Direct and agency worker employment practices

Over the next 12 months Great Places will engage with its wider supply chain, reprocure a number of contracts that fall within high risk areas and will deliver mandatory training to all employees about the implications of the Act.

As a result of these actions, the Group is able to conclude that we are not aware of any modern slavery or human trafficking incidents having occurred within Great Places or our supply chain during 2015/16, but will continue to act vigilantly in line with the Act.

Donations
During the years ended 31 March 2016 and 2015 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.

STRATEGIC REPORT AND REPORT TO THE BOARD

As well as owning or managing approaching 19,000 properties, the Group is a major developer of new affordable housing.

January 2016 saw the final 14 units handed over in the National Affordable Housing Programme 2008-2011 Homes and Communities Agency (HCA) programme which saw overall the delivery of 1,949 homes by the Group. The 2011-2015 Affordable Housing Programme (AHP) completed on schedule in March 2015 with 1,371 homes delivered.

Current contracts with the HCA are the Affordable Housing Guarantees Programme (AHGP 2013-2017) which will see the Group deliver 871 homes by March 2017, with over 300 of these already complete, and the 2015-2018 AHP2 programme.

This latter programme was originally contracted to deliver 445 homes, but as a result of the 2015 budget, has been subsequently renegotiated down to 276 properties (with over 40% of these now being shared ownership). We are on schedule to achieve all of our delivery targets.

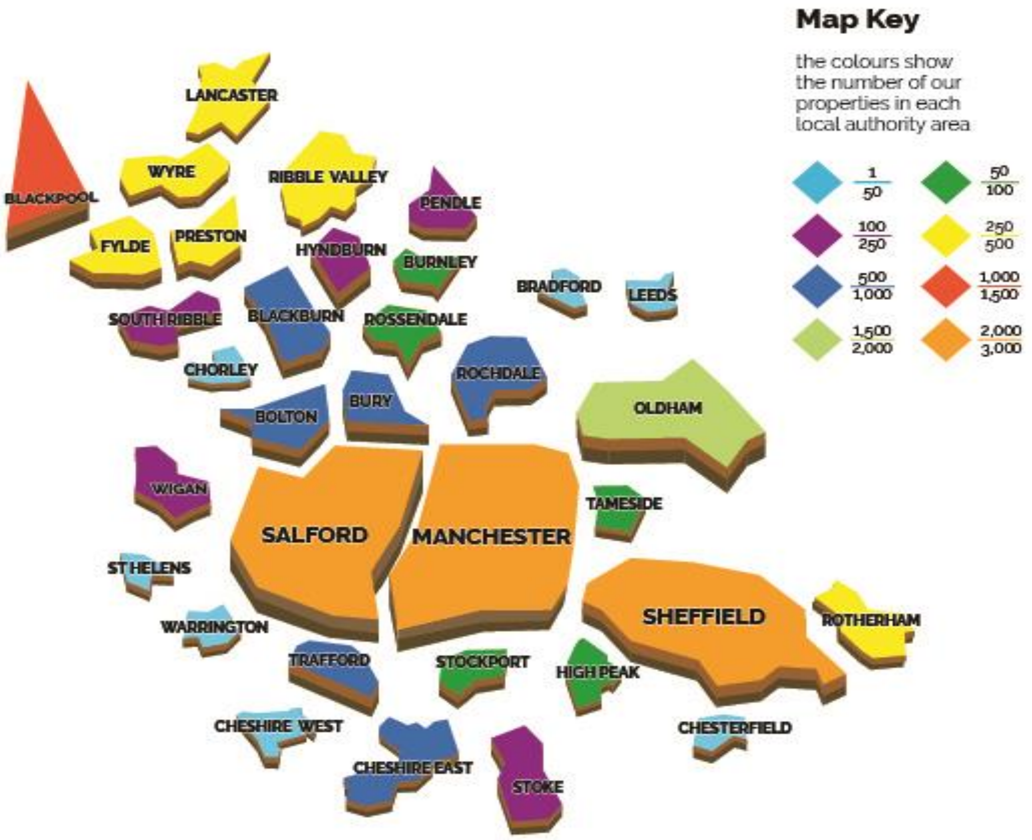
The Group's head office is located in South Manchester and the Group has regional offices in Salford, Blackpool, Oldham, Blackburn, Knutsford and Sheffield.

The Group is active in the 36 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.

HOUSING PROPERTIES OWNED/MANAGED	**As at 31 Mar 2016**	**As at 31 Mar 2015**	**As at 31 Mar 2014**	**As at 31 Mar 2013**	**As at 31 Mar 2012**
General Needs Housing	12,776	12,662	12,049	11,732	11,343
Of above – let as affordable rent	*2,853*	*2,353*	*1,576*	*847*	*247*
Sheltered Housing	300	300	299	299	299
Extracare Housing	180	180	134	134	134
Supported housing	1,105	1,140	1,259	1,284	1,306
Keyworker	245	243	245	353	414
Leasehold	822	584	558	519	468
Shared ownership	1,232	1,097	1,090	1,086	1,052
Homes managed (but owned by a third party)	1,117	676	726	710	800
PFI properties	632	633	425	381	331
Homes owned (but managed by a third party)	56	56	76	76	76
TOTAL	**18,465**	**17,571**	**16,861**	**16,574**	**16,223**
Properties under development	743	1,029	701	513	461

STRATEGIC REPORT AND REPORT TO THE BOARD

Our communities



Net growth of close to 900 units in 2015/16 represents an increase in properties owned or managed of 5.1%. Around 300 properties were disposed, handed back to landlords or staircased. There were 150 first tranche and outright sales. Around 1,100 new homes were brought into management - over 400 through development and around 600 through management arrangements at Tribe, Parkhill and with Sheffield Housing Company.

During 2015/16 Great Places has therefore not only grown to 18,000 properties, but is well on the way to achieve 19,000 homes, and this ongoing growth underpins the Group's realisation of economies of scale.

Listening to our customers

In 2014 the Group successfully recruited a group of customers to form a new scrutiny panel, "Insight". The panel has now completed a number of major scrutiny exercises, considering areas such as the complaints process, community safety and tenant communications. In each case "Insight" has presented its findings and recommendations for improvement to the Board. Implementation of the recommendations made by "Insight" is given similar weight to those of the Internal Auditors, with close monitoring by the Audit and Assurance Committee. We are now looking at re-inventing our customer involvement activities to supplement the work of "Insight".

STRATEGIC REPORT AND REPORT TO THE BOARD

OBJECTIVES AND STRATEGY

Vision, values and objectives
The Group's vision and values were updated at the end of 2014 following extensive internal and external consultation.

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

When updating the vision and values, the Group also created a new three year Corporate Plan, establishing six key priorities:

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

The Corporate Plan sets out what we want to achieve over a three year period 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.

During 2015/16 we have delivered against the six key priorities as follows:

CUSTOMERS AND COMMUNITIES	ASSETS
• Improved the overall satisfaction with Great Places as a landlord including when looking at segments such as BME residents and tenants with disability or a long term illness; • Undertaken our "One Great Neighbourhood" consultation focusing targeted activity in our six priority neighbourhoods; • Maintained satisfaction with neighbourhood as a place to live; • Implemented a new Social Investment strategy; • Developed and introduced a new Customer Experience strategy; • Created a new Environmental Manager post with responsibility for co-ordination of all caretaking activities.	• Launched the repairs distribution centre together with the "Stock Right Now" IT system. This has brought immediate benefits to materials usage, travel time, waste disposal costs, procurement savings and productivity improvements; • Improved our understanding of our assets with 82% of properties now having an up to date stock condition survey. Our target is to achieve 100% within the next two years; • Replaced around 2,300 components in over 1,700 properties including over 500 new bathrooms, kitchens and boilers; • Renewed our focus on energy efficiency within the context of affordability and whole house costs, with average SAP ratings newly introduced as a critical success factor for 2016/17.

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FINANCIAL VIABILITY	PEOPLE
• Responded to a range of policy changes including the 4 year rent reduction with a new business plan that maintains the Group's financial strength; • Retained V1 status with HCA; • Maintained our credit ratings; • Re-aligned roles and responsibilities within Business Systems team to ensure delivery of organisational priorities; • Continued the implementation of the Business Systems strategy, optimising the mix of acquisition or development of systems using the best available platforms. There has been significant progress on projects including: ▪ core housing management system upgrade; ▪ mobile working applications; ▪ disaster recovery infrastructure; ▪ CRM system and repairs scheduling; ▪ new printing and copying devices; ▪ customer and staff apps; ▪ website.	• The 2015 staff engagement survey produced positive results with the best ever response rate and 81% staff engagement score; • Introduced a new e-learning package that underpins our commitment to training across the Organisation, with an initial focus on Heath and Safety; • Retained our Investors in Excellence accreditation; • Positive re-assessment against the OHSAS 18001 quality standard for Health & Safety; • Commenced the implementation of the new Organisational Development Strategy, including introducing HR Business Partners to build a high performance culture and a strongly engaged workforce; • Introduced a competency framework and an updated appraisal process; • Undertaken a fundamental review and reimplementation of the HR and Payroll IT system ; • Launched the "Building Greatness" Business Transformation programme.
GOOD GOVERNANCE	**GROWTH**
• Great Places participated in a Homes and Communities Agency pilot "In depth assessment" in May 2015. A positive result was achieved. There were a small number of areas for improvement that have subsequently been implemented; • The Group's G1/V1 status was confirmed by the HCA in February 2016; • Appointed new Internal Auditors (PWC) for the start of 2015/16 financial year. This led to much improved Internal Audit arrangements including a more robust audit planning process that linked closely to the risk register. No critical audit recommendations were received during the year; • A new Code of Governance and associated suite of documents was approved and full compliance with new NHF governance code was achieved; • A new risk and assurance strategy was approved at Board in October 2015;	• Homes owned or managed grew by almost 1000 during the year with all HCA delivery targets met; • Development strategy updated to reflect latest operating and political environment. Changes made to department structure to fit the new strategy implemented; • Updated strategy for Market sales and market rent through Cube approved; • Delivery of c£6M of sales revenue and £1.7M of profit from Cube outright sales schemes; • Agreement with HCA for "tenure flex" allowing rented properties to be switched to shared ownership; • Plumlife delivered c120 first tranche sales equating to c£7M of sales income; • Plumlife successfully won the contract to provide management services to "Tribe" – a private sector redevelopment of three tower blocks in East Manchester. All 192 properties were let ahead of agreed timescales and at higher then expected rents.

STRATEGIC REPORT AND REPORT TO THE BOARD

Business & Finance Review

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. This section is complimented by the risk section provided later in this strategic report.

Challenges	Commentary and context
External – Economic Environment	It is difficult to gauge where exactly the UK economy stands within a world economic environment which is fragile and still responding to the Brexit vote. Indicators such as GDP growth, employment and unemployment levels and real earnings growth present little consistent evidence of a definite trend. Inflation remains extremely low driven partly by record low oil prices, and interest rates also remain low, with base rate now at 0.5% for over seven years. Continuing low interest rates have helped the sector report record surpluses, despite a large proportion of RP debt being fixed rate. It is likely post Brexit that rates will fall in the short to medium term before starting to rise, but the extent of eventual rate increases is a huge unknown, with far less consensus as to where rates will eventually settle. It is likely that the new “norm” could be significantly below long term historic averages.
External – Political environment	The Government has introduced a range of challenging policies for the Group and its customers including the reduction in the benefit cap from £26k to £20k, and the continued roll out of Universal credit. Whilst the four year rent reduction is some good news for our customers, it has a major adverse affect on the Group. The Group has further strengthened its Financial Inclusion resource and a restructured social investment team is helping more tenants into employment. The housing management system has also been upgraded with the “arrangements” module soon to be launched – this will greatly assist arrears management activity. The extension of the rules around Local Housing Allowances (LHAs) to RP properties will further constrain rental growth in many areas. It is still unclear if LHAs will be applied to Supported Housing, but if it is, it will have a deep-reaching impact on the Group’s ability to continue providing services to vulnerable residents. Whilst the Government has recognised the need to build more homes, it has reinforced its commitment to increasing home ownership through the starter home initiative and by focussing any grant available on shared ownership. The extension of Right to Buy to Housing Association properties brings several challenges including trying to meet the aspiration of one for one replacement. The Brexit vote to leave the EU on 23rd June 2016 was unexpected and generated some immediate adverse reaction in currency and stock markets which had priced in a remain outcome. There is undoubtedly going to be a period of uncertainty and Great Places will remain alert to anything that might impact its business. In particular property sales (both shared ownership and open market) will be kept under careful review.

STRATEGIC REPORT AND REPORT TO THE BOARD

Challenges	Commentary and context
External – Regulatory Environment	The HCA introduced an updated regulatory code including a new Governance and Financial Viability Standard in April 2015. Great Places volunteered to be a pilot for the new "In depth analysis" (IDAs) element and has also progressed work on stress testing and its Asset and Liability register. The decision by the ONS to reclassify RPs as public bodies in November 2015 led to the Government proposing a range of deregulatory actions designed to reverse the ONS decision - in little more than 6 months concerns around a tough new regulatory regime have been replaced by concerns around the potential consequences of deregulation. In June 2015 the HCA published new data on unit operating costs and this signals a new focus by the HCA on costs within the existing VFM framework.
External – Housing market	We have seen steadily increasing house prices during 2015, with no material change in housing supply. Pre-Brexit, house price growth was predicted to be strong through 2016 and beyond, though this is now far less likely. Brexit may mean house prices rise more slowly than earnings growth, potentially easing affordability for people seeking to get on the housing ladder, but the availability of mortgages may again become a challenge. With Government focus strongly on home ownership, including the starter homes initiative and right to buy, as well as a grant regime targeting shared ownership (demonstrated by the new HCA SOAHP prospectus), the Group's exposure to the housing sales market is heightened and we will move into a more pro-cyclical operating environment. That same focus means demand for the Group's core social housing properties is likely to remain strong. The Group achieved well over 100 first tranche shared ownership sales in the year and will be close to doubling that in 2016/17. Staircasing activity remains relatively low but with signs that it is beginning to grow.
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 are new entrants to the banking offer, but with largely similar products to the established players. Funding through the Capital markets is still available, but whilst gilt rates have stayed low, spreads have increased sharply. The highly successful AHF Guarantee Programme bond has now been closed to new business. The ONS reclassification does not seem to have had any material impact on funding availability and the Government's measures to deregulate and hence get the ONS decision reversed suggests that this will not restrict funding lines. Great Places' borrowing in the year comprised almost entirely the £29.5M from AHF. The 2016/17 business plan indicates that the Group will not need to draw down any new external finance until 2020/21, with existing facilities lasting until September 2020. However our tough liquidity requirements will mean discussions around new facilities will need to commence up to 3 years before that date.

STRATEGIC REPORT AND REPORT TO THE BOARD

Challenges	Commentary and context
External – costs and inflation	CPI has remained low and well below target during 2015, largely driven by low oil prices. Global growth has slowed. UK unemployment has reduced and wage growth has also slowed, with the impact across the RP sector of the rent reduction likely to depress earnings growth further. Construction output growth fell in 2015 and previous shortages of building materials seems to have eased, however labour and skills shortages remain a constraint. Construction inflation was only 0.8% in year to Dec 2015, with prices of new housing materials dropping by 1.7%. The BCIS forecasts that material prices will rise by 1.6% in 2016. Average weekly earnings in construction rose by over 6% in 2015, far exceeding increases in the wider economy. Earnings represent c40% of the Group's total cash operating costs, so controlling earnings growth is critical. The impact of the National Living Wage and the potential knock on impact on pay differentials makes the challenge tougher.
External - Supporting People	Significant pressure on Supporting People income continues and we have budgeted for further reductions through 2015/16 to 2017/18 by which time SP income will be barely a third of its 2012 levels in real terms.
Internal – Business Transformation	The Group has embarked on a process of business transformation designed to deliver efficiency and effectiveness, removing waste and duplication across all activities. Given the challenges noted directly above, the process has commenced in the Supporting Housing function and will move into General Needs housing by mid 2016. Business Transformation is closely linked with the approved Business Systems strategy which is now delivering a programme of enhancements and upgrades to existing and new systems and infrastructure, to ensure it is fit for purpose and future proofed.
Internal – In house repairs	The repairs and asset management team restructure completed in late 2014 and much of 2015 was dedicated to the creation of an in-house Distribution Centre (DC) for repairs materials. This successfully launched in October 2015. The DC is a key element of the programme of work required to further enhance the repairs service including mobile working technology, logistics and scheduling, materials supply and labour productivity.
Internal – Delivery of HCA targets	The Group has again achieved all of its HCA Framework Delivery Agreement targets and remains on target to hit all remaining HCA milestones through to March 2018. A key challenge for 2016 will be optimising the outcomes from the expected 2018-2021 SOAHP HCA bidding round.
Internal – Financial strength	The Group has grown its surplus to over £12M in 2015/16 and delivered excellent results in Operating margin, Surplus % of turnover and interest cover. Both Moodys and Fitch have reaffirmed their ratings of Great Places following their 2015 Annual Reviews (Moodys A2, Fitch A+) and more recently the Brexit vote, although Moodys changed their outlook to negative. The Group also maintained its top financial viability rating (V1) from the HCA in February 2016.

STRATEGIC REPORT AND REPORT TO THE BOARD

For completeness it is appropriate to note that a number of challenges identified last year have been removed from the table above to reflect the continually changing environment:

Welfare reform and rent collectability issues are now incorporated into the political challenge above. The inflation differential challenge is now included with the broader inflation item whilst interest rate issues are now within the economic environment challenge.

The pension challenge identified last year has been eliminated following the closure of the Group's final salary scheme, whilst the primary challenges presented by Accounting Changes have now been fully worked through.

Finally the challenge around the affordability of rents remains, although the 4 year rent reduction will have a small positive impact on affordability.

Results for Financial Year ended 31st March 2016
The Group has achieved a surplus after tax of £12.4M for the year ended March 2016, an increase of (£1.1M/9.2%) over the restated surplus achieved in the year to 31 March 2015.

Turnover (excluding Joint ventures) was £103.9M (2014/15 restated: £89.5M) – the increase due primarily to the levels of outright sales and first tranche sales included within this total. Social Housing lettings turnover increased from £78.5M (restated) to £82.9M (5.6%).

Operating surplus was £28.5M compared to £30.6M (restated) in 2014/15. The surplus on social housing activities was £28.1M, slightly down on the £29.3M achieved in 2014/15 (restated). This represents 99% (2014/15: 96%) of the total operating surplus.

Housing properties at cost reached £1,139M, (2014/15 restated: £1,093M) up £46M/4.3% in the year. This was due to Gross cash capital expenditure of £58M, funded primarily by £31M of additional debt, as well as by £8.5M of grant and £18.5M of sales receipts.

During 2015/16 Great Places continued its very significant commitment to new and existing homes. Nearly £70M was invested in building new homes, with over 400 new homes delivered in the year plus another 600 brought into management through our work with Sheffield Housing Company and projects at Tribe (East Manchester) and Parkhill (Sheffield).

Nearly £15M of expenditure facilitated nearly 2,300 programmed improvements to almost 1,700 properties in the existing portfolio, whilst there was also £10.8M outlay on the Group's responsive, relet and servicing maintenance activities. This included investment in the repairs material distribution centre of c£0.3M. These figures demonstrate that Great Places has again allocated close to £100M of funding to expand or improve the homes it provides.

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

STRATEGIC REPORT AND REPORT TO THE BOARD

For the year ended 31 March	2016 £M	2015 restated £M	2015 £M *	2014 £M *	2013 £M *	2012 £M *
Income Statement						
Total turnover	103.9	89.5	84.3	85.0	79.9	72.1
Operating surplus	28.5	30.6	28.7	25.5	22.9	17.7
Surplus for the year after tax	**12.4**	**11.3**	**10.9**	**9.2**	**7.4**	**7.3**
Balance Sheet						
Housing properties at cost	1,139.4	1,092.6	1,104.0	1,033.2	971.5	923.3
Social housing grant	-	-	(535.4)	(517.8)	(506.9)	(502.6)
Depreciation	(134.6)	(124.4)	(74.6)	(73.0)	(66.2)	(61.0)
Investment properties	13.9	12.7	12.7	-	-	-
Other fixed assets	6.4	6.5	6.5	7.2	7.7	7.8
Fixed assets	**1,025.1**	**987.4**	**513.2**	**449.6**	**406.1**	**367.5**
Investments	9.9	10.2	0.6	0.2	0.8	-
Net current assets	29.7	25.0	34.9	27.9	29.8	14.1
Total assets less current liabilities	**1,064.7**	**1,022.6**	**548.7**	**477.7**	**436.7**	**381.5**
Creditors due after one year	551.5	517.7	469.3	411.7	379.9	332.0
Social Housing Grant	473.7	475.1	-	-	-	-
Reserves	39.5	29.8	79.4	66.0	56.8	49.5
	1,064.7	**1,022.6**	**548.7**	**477.7**	**436.7**	**381.5**

For the year ended 31 March	2016	2015 restated	2015 *	2014 *	2013 *	2012 *
Statistics and key ratios						
Surplus % Surplus for the year as % of turnover	11.9%	12.7%	12.9%	10.7%	9.3%	10.1%
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)	212%	210%	185%	186%	178%	213%
Interest Cover (As above, but with major repair capitalisation limited to 40% of total major repair expenditure)	202%	194%	169%	170%	156%	181%
Gearing (Total borrowings less cash at bank and in hand)/ (Housing properties at cost less properties under construction	44.0%	44.5%	44.0%	40.5%	41.5%	38.5%
Social Housing Letting interest cover (Surplus on social housing lettings / net interest paid (in cash flow statement))	1.3x	1.4x	1.3x	1.1x	1.6x	1.4x

STRATEGIC REPORT AND REPORT TO THE BOARD

For the year ended 31 March	2016	2015 restated	2015 *	2014 *	2013 *	2012 *
Operating Margin before interest % (Operating surplus / turnover excluding grant amortisation)	28.9**	36.2	34.1	30.0	28.8	24.5
Recurrent cash interest cover (Operating surplus plus depreciation and impairment / net interest in cash flow statement)	2.0x	2.1x	1.8x	1.7X	2.3x	2.3x
Debt to revenue (Loans less fees plus finance leases / turnover)	4.8x	5.2x	5.5x	4.8x	4.8x	4.6x

* Information is under old UK GAAP and has not been restated for FRS 102.

** The dip in operating margin in the year is partly due to £3.3M of additional pension costs incurred in 2015/16 following the latest SHPS revaluation, with the increase in liability now recognised in full in the year in order to comply with FRS102. An increase in relatively lower margin sales activity has also had an adverse impact on this measure.

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. Board focus is on a much smaller suite of "Critical Success Factors" each of which is supported by a wider range of performance indicators.

CRITICAL SUCCESS FACTOR	2014-15 YEAR END	2015-16 MINIMUM TARGET	2015-16 STRETCH TARGET	2015-16 ACTUAL RESULT	
Overall Satisfaction	86.4%	88.0%	90.0%	88.3%	Target met
Repairs Satisfaction	89.2%	90.0%	92.0%	91.2%	Target met
Satisfaction with Quality of Home	80.6%	84.2%	87.8%	81.4%	Target Missed
Group Surplus before tax	£10.7M	£11.2M	£11.2M	£12.6M	Target met
Current Arrears including HB	3.4%	3.8%	3.2%	3.3%	Target met
Average re-let time (days)	28.5	27.0	24.0	23.9	Target met
Development Program Completions	730	301	301	368	Target met
Maintain G1 and V1 Ratings	Maintained	Maintained	Maintained	Maintained	Target met
Average days sickness per employee	9.1	8.0	7.4	7.1	Target met
No of households into work	44	70	100	129	Target met

As the tables above and overleaf show, 2015/16 has seen the majority of targets exceeded and an improvement on the 2014/15 results for the majority of indicators, including step change improvements in some areas such as number of households into work, staff sickness and satisfaction with complaints handling.

STRATEGIC REPORT AND REPORT TO THE BOARD

Objective	Indicative measures	2015/16 Results		2014/15	2013/14
		Actual	Target	Actual	Actual
CUSTOMERS AND COMMUNITIES					
Customers	Overall Satisfaction	88.30%	88.00%	86.40%	83.50%
	Satisfaction with call handling	93.60%	-	96.10%	92.00%
	Satisfaction - complaints handling	76.20%	-	59.40%	60.00%
Communities	Tenancy turnover	8.40%	-	9.60%	9.40%
	Satisfaction with neighbourhood	85.50%	-	85.20%	83.70%
	No of households into work	129	70	44	43
ASSETS					
Repairs Delivery	Satisfaction with repairs service	91.20%	90.00%	89.20%	82.90%
	Satisfaction – quality of repair	92.70%	-	91.20%	87.60%
	Appointments at tenant's convenience	92.70%	-	93.10%	91.00%
Asset Management	Satisfaction with quality of home	81.40%	84.20%	80.60%	77.00%
	Decent Homes standard	100.00%	100.00%	100.00%	100.00%
	Gas servicing compliance	100.00%	100.00%	100.00%	100.00%
FINANCIAL VIABILITY					
Overall budget	Achievement of budget surplus	£12.4M	£11.2M	£11.2M	£9.2M
Turnover	Achievement of budget turnover (excluding grant amortisation)	£98.7M	£90.6M	£84.3M	£85.1M
	Average relet time	23.9 days	27.0 days	28.5 days	33.0 days
	Current arrears	3.30%	3.80%	3.40%	3.60%
Operating costs	Achievement of budget (per the management accounts) (excluding cost of sales)	£48.1M	£48.9M	£55.6M	£59.6M
GROWTH					
Building new affordable homes	Satisfaction with new home	98.10%		97.20%	91.60%
	Units started/completed	94/368	8/301	909/730	893/576
PEOPLE					
Engaged staff	% of staff who are satisfied with Great Places as an employer	79.00%	-	76.00%	80.00%
	Staff turnover	16.90%	-	21.40%	9.80%
	Sickness absence	7.1 days	8.0 days	9.1 days	9.1 days
GOOD GOVERNANCE					
Continuous improvement	Implementation of internal audit recommendations	82.00%	85.00%	95.00%	87.00%

STRATEGIC REPORT AND REPORT TO THE BOARD

VALUE FOR MONEY (VFM) SELF ASSESSMENT

A FULL ACCESSIBLE VERSION OF THIS SELF ASSESSMENT WILL BE AVAILABLE ON OUR WEBSITE (www.greatplaces.org.uk) BY THE END OF SEPTEMBER 2016.

VFM: OVERVIEW

Great Places understands the importance of getting more out of our available resources to provide more high quality homes and a good customer service – thereby demonstrating value for money. We are a **profit for purpose** organisation aiming to maximise our surplus to enable us to deliver our identified priorities and to attain our vision of Great Homes, Great Communities, Great People.

We have a simple philosophy, using a basic calculation: We want to make money so we don't need to borrow so much. This suppresses our interest bill which feeds directly into new supply and enables us to build more homes and grow the business, and focus on other key corporate priorities.

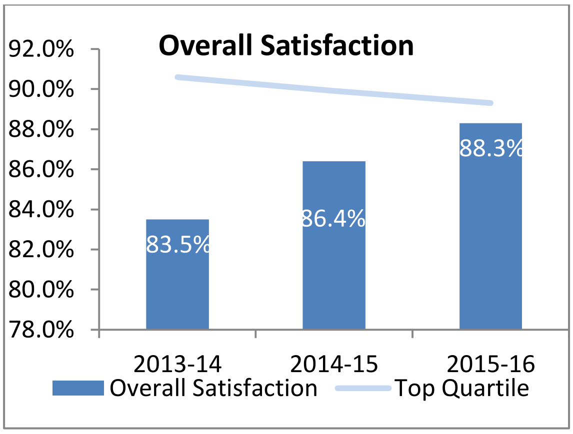
For us, delivering value for money is an integral part of our overall strategy to deliver our corporate priorities, rather than as an add-on or standalone activity. Our Board monitor progress against the 3-Year Corporate Plan, designed to ensure we maintain an emphasis on delivering core objectives, 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.

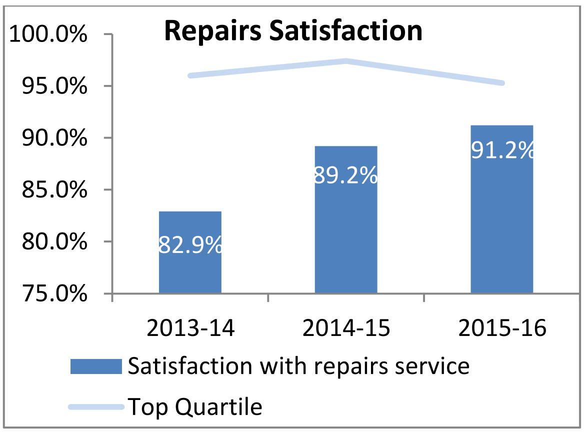
With this clear focus on what matters most, 2015/16 was a successful year with highlights including:

1. Record turnover and surplus
2. Target exceeded for 9 out of 10 Critical Success Factors (CSFs)
3. 462 new homes built and record property sales performance
4. Significant increase in both overall customer and repairs satisfaction
5. Best ever arrears performance and record low void-loss

Some of these items are considered elsewhere within this strategic report (and hence not repeated), whilst all will be analysed in the full VFM self assessment that will be available by the end of September.

Customer Satisfaction



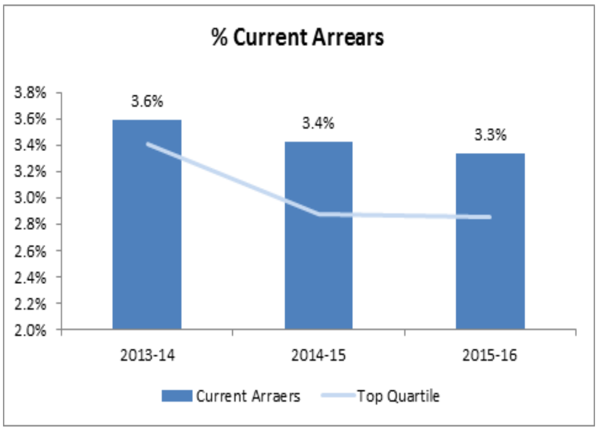


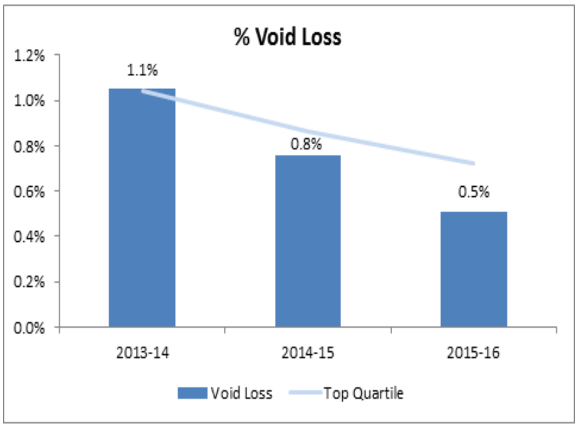
Source: Housemark

STRATEGIC REPORT AND REPORT TO THE BOARD

We have improved both these measure of satisfaction over a three year period, during which the benchmark top quartile for our peer group has reduced. The increase in repairs satisfaction is driven by a big improvement in the time taken to complete repairs which was down to an average of 15 days for the last quarter of 2015/16.

Arrears and void loss





Source: Housemark

Arrears performance has improved from 3.6% to 3.3% over the past 3 years despite the adverse impact of welfare reform. While the benchmark top quartile for void loss has improved, this has been matched by the improvement in Great Places void loss performance. The continuing excellent performance on -voids and bad debts has made a considerable positive contribution to the Group surplus in the year and we expect these two areas to generate significant benefits against our business plan in subsequent years, despite the welfare reform changes.

Delivery of new homes

The Group completed 115 shared ownership first tranche sales in 2015/16, almost double what it had ever achieved before, and expects to sell nearer 200 in 2016/17. The average time to sell each home (from build completion to sale completion) was 15 weeks and customer satisfaction was 94% demonstrating that we have the experience and infrastructure needed to meet the new home ownership agenda.

We also sold 34 homes for outright sale through our commercial subsidiary Cube, with almost £1M of the profit gift aided back to its charitable parent.

STRATEGIC REPORT AND REPORT TO THE BOARD

VFM – UNDERSTANDING OUR COSTS

Great Places key cost and performance trends are summarised in the VFM table below:

VFM highlights		2015/16	2014/15 restated	2014/15	2013/14	2012/13	2011/12
Financial VFM indicators							
Operating cost (exc cost of sales) per home	A	£3,488	£3,188	£2,993	£3,268	£3,129	£3,371
Management cost per home	B	£871	£791	£822	£881	£820	£810
Planned & routine maintenance cost per home	C	£584	£597	£597	£598	£607	£651
Rent void loss per home	D	£48	£66	£66	£80	£74	£75
Housing management VFM indicators							
Current rent arrears	E	3.3%	3.4%	3.4%	3.6%	3.5%	4.1%
Relet times – general needs properties (days)	F	24	28	28	34	25	27
Resident satisfaction – overall	G	88.3%	86.4%	86.4%	83.5%	88.2%	86.9%
Resident satisfaction – repairs	G	91.2%	89.2%	89.2%	82.9%	92.2%	92.1%

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

A: Operating costs have increased by 9%, mainly due to increased pension liabilities of £3.3M.	E: Arrears levels improved to a record low of 3.3%
B: Management costs have increased by 10% - also due to pension liabilities.	F: Relet times have improved by a further 4 days
C: Maintenance costs have reduced by c2%.	G: Satisfaction levels have increased again, and have now largely reversed the deterioration in 2013/14
D: Void Loss per home has reduced by over 25%	

Great Places has presented the previous table in each of its previous VFM self assessments and lines A-C in the table are largely similar to the figures recently produced by the HCA, which has renewed its focus on costs. In June 2016 the HCA issued information to all RP Chairs and Chief Executives. The table below shows what was issued to Great Places, clearly showing Great Places as an efficient organisation, with costs under control and largely in the best-performing quartiles.

Entity	Social Housing Units Managed	Social Housing Cost CPU (£K)	Management CPU (£K)	Service Charge CPU (£K)	Maintenance CPU (£K)	Major Repairs CPU (£K)	Other Social Housing Costs CPU (£K)
Great Places HA	15,077	3.06	0.94	0.29	0.68	0.86	0.28
Sector Level Data							
Upper Quartile		4.30	1.27	0.61	1.18	1.13	0.41
Median		3.55	0.95	0.36	0.98	0.80	0.20
Lower Quartile		3.19	0.70	0.23	0.81	0.53	0.08
GPHA Quartile		Best	2nd	2nd	Best	3rd	3rd

Source: HCA

Key points include:

- The costs are for GPHA (not GPHG) and are for the year ended 31st March 2015.
- For GPHG, we calculate the equivalent social housing cost per unit is £2.74k.
- This GPHG figure will increase slightly to £2.80k for 2015/16, mainly driven by the accounting treatment of historic pension liabilities.
- Based on the current business plan, by 2019/20 GPHG's social housing cpu will have reduced to £2.58k which is a 6% reduction on 2015 figure and a decrease of nearer 20% in real terms.
- We are comparatively big spenders on our major works investment, but this is a priority area linked to improving the quality of our homes.

STRATEGIC REPORT AND REPORT TO THE BOARD

We recognise the role of benchmarking in monitoring our costs and performance, in absolute, relative and trend terms, as well as assessing the comparative costs of delivering specific services. We utilise both the HouseMark and RSM back office benchmarking clubs - benchmarking of costs helps us develop a thorough understanding of our costs and what drives them.

Bringing the responsive repairs service in-house (we now have a repairs team of around 75 operatives, plus call handling, supervision and management), has reduced the cost pressures we face from maintenance contractors, but has increased our exposure to areas such as building materials and fuel. This exposure has been specifically addressed by opening our own distribution centre, which is helping drive down materials costs and reduce traveling.

This does mean that the Group's main cost pressure area is overwhelmingly staff costs – the salary bill (including NI & pensions) is now just over £20M with well over 600 staff employed. The ability to control salary related costs is therefore a key challenge for the Group.

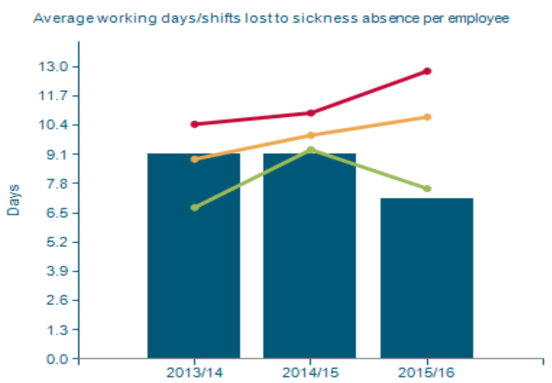
Increasing pension deficits also bring cost pressure. From April 2016 the Group closed its final salary pension scheme to new and existing members and replaced it with a career average scheme, plus also a new lower cost defined contribution scheme which is used for auto-enrolment. This has helped control ongoing pension costs and will also increase future cost certainty.

As a significant developer and with a large major repair investment programme, the Group's other main area of cost is construction. The development programme is substantial and we have already adopted all the obvious tactics to keep costs controlled. We lead a framework arrangement (Innovation Chain North West) that has just been re-procured (Spring of 2016), and this helps drive down contractor and consultant prices. We also use our VAT minimisation vehicle Terra Nova to continue to deliver VAT efficiencies.

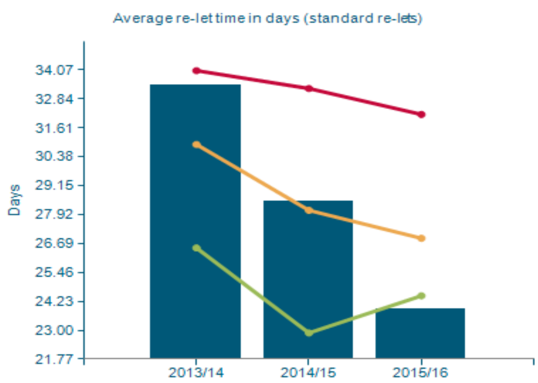
VFM – UNDERSTANDING OUR PERFORMANCE

VFM is not just about costs, but must consider the range and quality of services provided, and the resources required to deliver them. Our balanced scorecard and the suite of CSFs ensure we consider performance in the round.

Where we have benchmarked our performance it is with a group of 28 organisations who are similar in terms of size, geography, stock and tenant profile. We have used this group for benchmarking purposes consistently for a number of years.

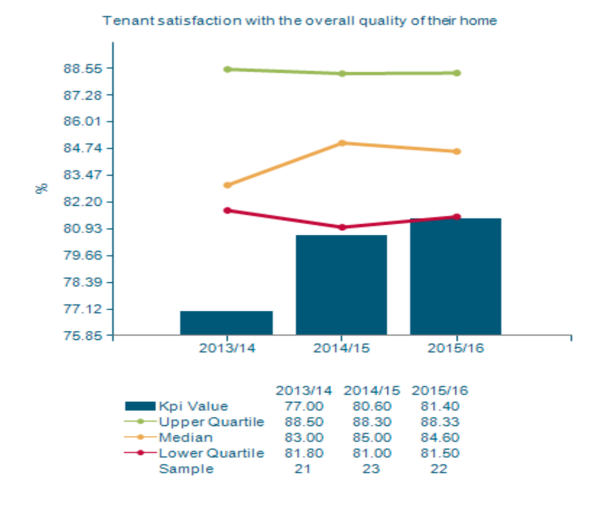


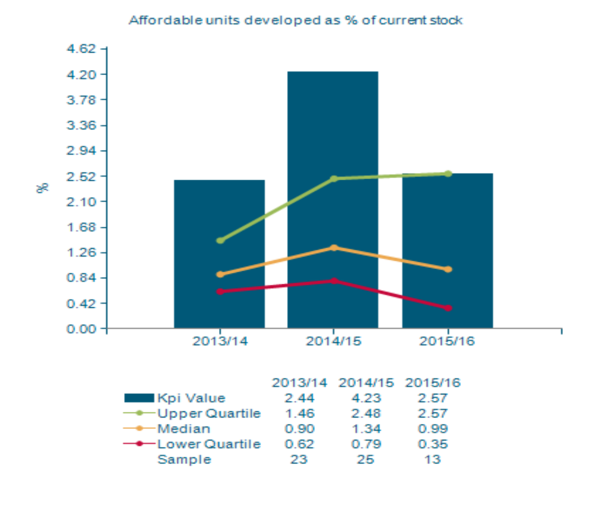
	2013/14	2014/15	2015/16
Kpi Value	9.1	9.1	7.1
Upper Quartile	6.7	9.3	7.6
Median	8.9	10.0	10.8
Lower Quartile	10.4	10.9	12.8
Sample	25	25	13



	2013/14	2014/15	2015/16
Kpi Value	33.40	28.50	23.90
Upper Quartile	26.50	22.89	24.47
Median	30.90	28.10	26.91
Lower Quartile	34.04	33.28	32.17
Sample	24	24	15

STRATEGIC REPORT AND REPORT TO THE BOARD





Source: Housemark

The graphs above show improving performance in areas as diverse as sickness absence, relet times and tenant satisfaction with the quality of their home. Whilst the absolute performance in respect of affordable homes delivery has dipped, it remains top quartile, with the reduction in the year being primarily due to timing of delivery with the HCA programmes.

VFM: EMBEDDING A STRATEGIC APPROACH

Having a strategic overarching approach to VFM, and making decisions to ensure we make the best use of the Group's resources, is not new for Great Places and the significant 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 continued to embed a more strategic and structured approach to VFM throughout the organisation, including:

- An increased emphasis on spreading the VFM message, using a variety of communication methods including Team Talks, Chief Executive "roadshows", the staff newsletter, intranet articles, and blogs from the Chief Executive and Directors;
- The creation of the repairs **Distribution Centre** is a clear example of the strategic approach to VFM. Existing supply chain arrangements were not providing the service and support needed to drive forward the performance and cost effectiveness of the in-house repairs team. Significant upfront investment (research time, staffing costs, establishment costs, IT systems, stock holding etc) was required to develop our own solution which was predicated on a business case that incorporated benefits from more effective procurement, more appropriate van stock, increased first time fixes, reduced travelling (time and fuel), reduced waste disposal costs and greater productivity. The savings are being carefully monitored and to date are outperforming the business case assumptions;
- **"Building Greatness"** - our new efficiency philosophy. This pulls together various strands of activity including a revised improvement methodology based around systems thinking. It incorporates a business transformation approach that will drive out inefficiency and waste, and redesign working practices. Building Greatness also includes procurement savings, business systems projects and a greater emphasis on professional standards.

- The **"Great Value"** group has reviewed its role and now has three principal objectives:
  a) To provide assurance on the delivery of efficiency and improving business performance;
  b) To drive the efficiency agenda across all parts of the organisation, and
  c) To ensure that savings are real and hit the bottom line - the **'guardian of the savings'**;
- We continue to **invest heavily in Information technology.** Within the next few months we will finalise the implementation of new contact centre technology and complete the roll out of mobile working for our front line staff, whilst our website will be completely updated over the next 12 months, ensuring we have the right technological platform to commence a programme of channel shifting and giving our customer real choice in how they access our services;
- We have reviewed the structure and resourcing of a number of key functions. This includes the **social investment team -** with an increased focus on getting our tenants into work and improving the linkage to our financial inclusion team.

VFM: ENSURING WE ACHIEVE THE PLANNED EFFICIENCIES

When producing a revised business plan in October 2015, we identified a number of explicit cost-saving actions or assumptions – these were made as specific as was possible at the time, with commitments made by each functional director.

Putting together the budget and business plan for 2016/17 provided the opportunity to develop a process by which the savings committed to could be monitored and tracked, to determine which of the immediate cost saving assumptions have actually been turned into real budget savings and to review progress against longer term cost savings assumptions and efficiencies – where actions may be underway but results will not materialise until subsequent years. An update will be provided to the Board twice annually – once to coincide with the new budget/business plan, and once mid-year.

The first update was presented to the Board in January 2016 and showed that we were ahead of schedule overall, with many areas outperforming the expected savings, but with one or two areas slipping behind and being subject to increased scrutiny.

VFM: IMPROVING OUR APPROACH TO PROCUREMENT

The central Procurement Team continues to deliver successful procurement exercises which ensure compliance, generate cashable efficiencies and drive social value from the Great Places supply chain.

An exercise has just been completed to review procurement priorities across the Organisation and to ensure the procurement plan remains appropriate, timely and relevant. It is highly likely that most of the 'low hanging fruit' has already been realised and for many goods and services we are now undertaking second procurement processes.

Recent procurement activity has generated savings that are expected to total over £3.5M over the course of new contracts ranging from 2-5 years (see table below). The team is actively working to improve our contract management arrangements to maximize the opportunities to achieve these savings in full.

STRATEGIC REPORT AND REPORT TO THE BOARD

Contract	Savings over the life of the contract	Length of Contract (Years)	Contract	Savings over the life of the contract	Length of Contract (Years)
Internal audit	£32,000	2	Major works	£14,805	4
Energy	£156,000	5	Grounds Maintenance	£800,000	3
IT storage	£58,894	3	Printers	£100,000	3
Fleet	£550,000	5	HCA Audit	£4,800	3
Asbestos	£96,039	3	Commercial gas	£100,000	3
Investment	£1,600,000	4	WAN (wide area network)	£120,000	3
Telephony	£16,915	3			
Total saving				**£3,649,453**	

An estimate of the total value of all the contracts planned to be procured in the next 12 months is £25million (assuming 4 year contract periods).

The expertise built up by the procurement team also generates savings in the procurement process itself. The last Innovation Chain North West (ICNW) framework cost around £160k in external consultancy costs. The current reprocurement of ICNW has required substantially less procurement consultancy with costs expected to only be around £50,000.

VFM: RESPONDING TO THE MERGER CODE

We note the moves to create a Merger Code and understand the principles within it. We acknowledge the need for these decisions to be more objective than in the past and that merger can provide a clear and demonstrable route for achieving significant VFM savings.

Great Places itself is the result of several successful mergers with both failing and not-failing organisations and we are well aware of the benefits that can be realised, particularly if there are clear objectives and difficult decisions are made swiftly. We will continue to maintain a similarly objective approach to any opportunities in the future and are actively looking at options around shared services with other organisations. The HCA understands our position and interest in being on their ‘white knight’ list and we acknowledge both the opportunities and the risks of following the principles in the Merger Code.

VFM: UNDERSTANDING OUR ASSETS

Great Places have developed a set of tools that allows us to understand the relative value of every property we own. Combining a suite of past and future performance factors such as rent levels, voids and demand, planned investment works, energy performance and stock isolation allows us to identify with some accuracy those properties which perform well and those which don’t.

This allows us to consider the **return on assets** through assessment against a target level of net rental income over a thirty year period, but rather than exclusively using a financial measure, we also consider other performance measures, customer satisfaction and environmental impact.

We have identified 168 neighbourhoods across all of our 12,500 General Needs stock enabling us to consolidate individual property data in order to see how each neighbourhood is performing. This allows us to identify that 3% of our stock doesn’t achieve our target profitability over the next 30 years. This intelligence is used to identify neighbourhoods and properties which are profitable (or not) and allows us to identify where intervention is required / would be beneficial.

STRATEGIC REPORT AND REPORT TO THE BOARD

This approach helps us improve the sustainability of our portfolio, to identify and dispose of unsustainable and non-viable stock, to divest less profitable business streams, to reinvest sales proceeds in sustainable neighbourhoods, and to identify our high value stock so we can decide if and when to make high cash-generative disposals.

Based on these processes and principles, we are now able to make informed, evidence-based VFM decisions using relative performance data. This is a far more strategic approach than our historic approach of simply considering voids for disposal.

The impact and effectiveness of this sustainability toolkit is shown in that 4 of our top 5 previous worst performing neighbourhoods have improved by an average 22% across key metrics during the past year following specific interventions. Equally, during 2015/16, we used the data to dispose of 77 individual properties which performed poorly.

We will continue to do more around understanding our return on assets, as measured against our objectives and in terms of getting a better idea of management 'effort' for each property and then costing it, as well as building in external factors such as crime, indices of multiple deprivation etc.

VFM: CONCLUSION

Once again Great Places believes that there is a single, simple output that shows the performance of Great Places stands out from the crowd - delivery of new homes.

Last year, we built 462 new homes and saw a net growth of 900 units, an increase in stock of 5%. Around 300 properties were disposed of, there were 150 first tranche and outright sales and around 1,100 new homes were brought into management – nearly 500 through development and around 600 through management arrangements at Tribe, Parkhill and with Sheffield Housing Company, helping to deliver high quality homes using our own funds and levering in the investment of others. In terms of what Great Places manages to achieve in new delivery, for an Organisation of our size, we consider that we are delivering exceptional VFM.

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.

These financial statements are the first to reflect the implementation of the new UK financial reporting standards through the introduction of FRS 102. This has involved a restatement of the results for the 2014/15 financial year. The impact of FRS 102 is fundamental, including the replacement of the Income and Expenditure Account with the "Statement of Comprehensive Income", the revised treatment of Grant, which now sits as a long term creditor in the balance sheet, and recognition of fair value movements on financial instruments, investment properties and pensions. Note 37 – "First time adoption of FRS 102" – summarises the changes to the financial statements.

STRATEGIC REPORT AND REPORT TO THE BOARD

Treasury Management Policy, capital structure, cash flows and liquidity
The Group reviewed and revised its Treasury Strategy in July 2015 and will do so again in July 2016.

The Group borrowed £30.5 million during the year which was achieved through:

- £29.5M of affordable homes guarantee funding arranged through AHF and EIB completed in September 2015 at a 30 year fixed rate of 2.388%; and
- A net £1M increase in the revolving credit facility.

This was utilised to part-fund the Group's ongoing development activity. Just over £1.5 million of existing loans were repaid, giving a net increase in debt of £28.9 million.

Capital Structure (loan and finance lease liabilities)						
As at 31 March	**2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Maturity	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	3,208	1,610	1,760	1,796	1,651	1,697
Between one and two years	2,659	3,165	1,828	1,777	1,684	1,725
Between two and five years	34,537	5,337	14,160	8,151	6,945	5,411
After five years	462,616	464,062	399,297	372,537	324,227	284,001
TOTAL	**503,020**	**474,174**	**417,045**	**384,261**	**334,507**	**292,834**
Fixed including Cancellable	473,020 (94%)	444,157 (94%)	380,371 (91%)	345,835 (90%)	210,484 (63%)	194,551 (66%)
Variable	30,000 (6%)	30,017 (6%)	36,674 (9%)	38,426 (10%)	124,023 (37%)	98,283 (34%)
Own name Bond Issue	201,712	201,748	181,453	148,578	-	-
Post 2007 facilities	265,226	234,722	194,095	194,095	291,296	246,017
Other legacy debt	36,082	37,704	41,497	41,588	43,211	46,817

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 July 2015 specifies that a minimum of 75% fixed rate debt should be maintained. As at 31st March 2016 the Group had 94% fixed rate debt.

During 2016/17 the Group expects to borrow c£34 million of debt, from the already arranged and secured Santander and RBC facilities. All of this is expected to be on variable terms and hence the proportion of fixed rate debt will move below 90% by March 2017.

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.

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Security Position As at 31st March 2016	Total Units	MVST (£M)	Units at MVST	EUV-SH (£M)	Units at EUV-SH	Loan support-able (£M)	Current loan (exc leases) (£M)	Loan draw-able (£M)
2007 refinanced facility	4,734	£233.1	3,908	£37.3	826	£236.2	£184.1	£50.8
Bond	3,902	£168.5	2,650	£60.1	1,252	£203.8	£201.7	£0.0
Other Debt	4,779	£67.3	1,209	£158.8	3,570	£194.4	£113.9	£49.0
Properties valued, not yet charged or drawn	102	£7.2	102	£0.0	0	£5.9	£0.0	£5.9
Properties not yet valued	1,671	£94.9	1,671	£0.0	0	£82.0	£0.0	£82.0
Total	**15,188**	**£570.9**	**9,540**	**£256.2**	**5,648**	**£722.4**	**£499.7**	**£187.7**

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.

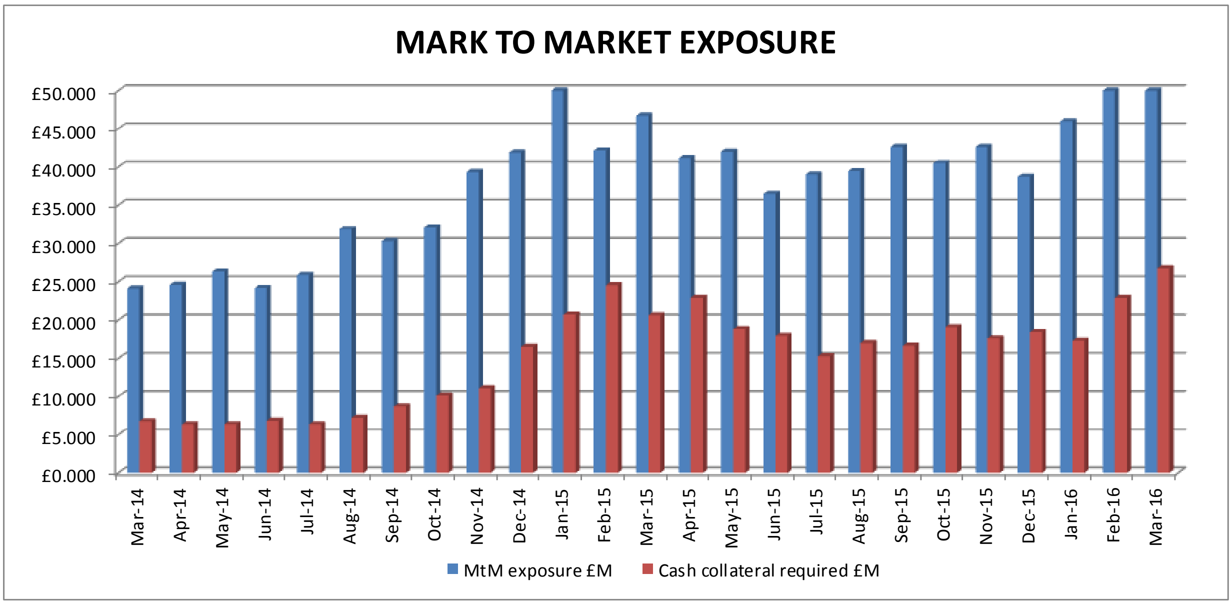
The fixed rate transactions include a mix of embedded and stand alone swaps. The stand alone swaps are transacted through International Swaps and Derivatives Association ('ISDA') agreements.

A total of £26.7M of cash collateral (as shown on the following table) was provided to counterparties at 31st March 2016 and is included within investments on the balance sheet. The average maturity of the swaps is 14 years.

Standalone Swaps – Mark to Market (MtM) Exposure					
Counterparty	**Unsecured Threshold**	**MtM Exposure**	**Collateral requirement**	**Property**	**Cash**
Barclays	£7,500,000	£10,044,292	£2,544,292	£0	£2,950,000
Lloyds	£7,500,000	£13,702,731	£6,202,731	£0	£7,010,000
RBS	£3,000,000	£15,409,636	£12,409,636	£0	£12,920,068
Santander	£4,900,000	£8,978,624	£4,078,624	£0	£3,840,000
Credit Suisse	£3,000,000	£1,081,904	£0	£0	£0
As at 31st March 2016	**£25,900,000**	**£49,217,187**	**£25,235,283**	**£0**	**£26,720,068**
As at 31st March 2015	**£25,900,000**	**£46,707,633**	**£22,809,873**	**£0**	**£20,600,505**
As at 31st March 2014	**£25,900,000**	**£24,111,815**	**£4,600,796**	**£0**	**£6,751,000**
As at 31st March 2013	**£25,900,000**	**£35,622,445**	**£12,138,466**	**£0**	**£12,011,000**
Movement in year		**£2,509,554**	**£2,425,410**	**£0**	**£6,119,563**

A further £1.6M of cash collateral was repaid by two counterparties following the valuations made on 31st March 2016 and this was paid to Great Places on 1st and 4th April 2016.

Over the last couple of years, 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, fluctuate substantially.



The fixed rates of interest on the whole portfolio range from 2.19% to 11.50%. On the standalone swaps the fixed rates range from 2.19% 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 15. 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 51). The major influences on the scale and timing of future borrowings are the costs, grant and sales receipts for 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 £34m in 2016/7, £10m in 2017/18, £40m in 2018/19 and £20m in 2019/20 – a total of £104m. At March 2016, undrawn long term bank facilities amount to £106m, with a further £49m of short term revolving facilities also available. These facilities are intended to finance the Group's ongoing development activity. The current business plan indicates the facilities meet our cash requirements until around June 2020.

As at 31st March 2016 the Group had £50m of the long term facilities fully secured, plus all of the £49m revolving facility, comfortably meeting the tougher liquidity requirements set out in the Treasury Management Policy which was updated in March 2016. Further security will be put in place during 2016/17. The Group also has 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

Great Places delivers a wide range of largely top quartile services to over 18,000 homes including a significant portfolio of supported housing, and is also one of the most prolific developing Housing Associations in the North of England. The ability to continue this combination relies on the Group remaining financially strong, being attractive to lenders and investors and continuing to be well governed. The future outlook for Great Places is positive, but is dependent on a number of factors:

Firstly, the Group must ensure it delivers on the savings and efficiencies built into the latest business plan and which largely offset the impact of the July 2015 Budget rent reductions. It must also absorb the continuing adverse impact of Welfare reform and any other policy change that may occur. Failure to do so will see surplus and margins eroded, and the Group's ability to attract future funding at competitive rates, which will curtail the Group's continuing development aspirations.

Secondly, the process of Business Transformation must help the Group become even more efficient and cost effective. Root and branch review of all activities must help eliminate waste and duplication, ensure we maximise the benefits of technology whilst delivering excellent services. Business Transformation is the cornerstone of Group's medium term efficiency strategy and will help re-establish some of the financial strength that the rent reductions have diluted.

Thirdly, the Group must respond appropriately to ongoing changes in Supported Housing. The Group already cross subsidises these activities, but the proposals to introduce LHA caps to the vast majority of our Supported schemes, coupled with ongoing reductions to Supporting People funding, will have a significant impact on Great Places and our agency partners.

Fourthly, Great Places must successfully deliver its existing HCA Development commitments (c760 units by March 2018) and position itself to maximise the future opportunities that will arise in a period where the Government is focussed on the home ownership agenda. The Group has already revised the mix of its current programmes, increasing the proportion of shared ownership, as a response to the rent reduction which reduced the viability of rented schemes.

The prospectus for the 2016-2021 Shared Ownership Affordable Housing Programme (SOAHP) gives the opportunity to bid for shared ownership grant funding, primarily in the period 2018-2021, which fits neatly with the Group's business plan future development ambitions of a 300 unit per annum programme that will be predominantly shared ownership.

STRATEGIC REPORT AND REPORT TO THE BOARD

The introduction of the Voluntary Right to Buy scheme will generate cash receipts that the Group plans to recycle into replacement of the lost assets, potentially as either affordable rent or shared ownership homes.

In addition the Group is looking to expand the outright sales activity undertaken by Cube, to c100 units per annum, in order to generate profit to subsidise wider Group activity.

The rise in shared ownership and outright sales activity significantly increases the sales risk inherent in the Group's operations. 2015/16 saw around 150 such properties sold by the Group's Plumlife sales team and in 2016/17 that will grow to over 200.

The Housing Market is relatively strong in some (but far from all) areas and the Group feels confident in its market awareness that it can identify the right locations for sales activity, whilst remaining vigilant as to a potential market slow down and not getting left with large numbers of unsold stock property.

The Group also plans to expand its market rental activity, with around 100 market rent units at 6 different schemes operated through Cube under the Plumlife brand and has taken 192 units into management through involvement in the hugely successful "Tribe" development in East Manchester. Current developments in Salford and South Manchester will deliver 56 new market rent properties on two sites over the next 18 months.

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 2020. 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.

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 Board approved a new Risk and Assurance Strategy in October 2015, with updates to the risk register, risk map, risk assessment, scoring, appetite and mitigations. The risk register is reviewed on an ongoing basis by management and half-yearly at Board level.

The strategic register currently contains 22 risks as shown in the following extract from the register (risks 1.4 and 4.1 have recently been removed, but remain within departmental risk registers). Risks 3.5 and 4.4 are new risks relating to specific activities that have been deemed important enough to merit a place on the strategic register. Whilst the wording of some risks may differ, the Great Places register has been cross checked against other independently produced schedules of key risks and there are no obvious omissions.

STRATEGIC REPORT AND REPORT TO THE BOARD

No.	Corporate Priority	Risk	Pre-Control Score	Post-Control Score
1.1	Customers & Communities	Poor customer experience	L/H	VL/M
1.2	Customers & Communities	Un-sustainable neighbourhoods	L/M	L/L
1.3	Customers & Communities	Ability to deliver supported housing	M/H	M/H
1.5	Customers & Communities	Ability to pay rent	H/H	H/M
2.1	Growth	Development programme failure	M/H	L/M
2.2	Growth	Failure to maximise growth opportunities	M/M	L/M
2.3	Growth	Failure of the sales programme	H/H	M/H
3.1	Assets	Poor performing repairs delivery	H/H	M/M
3.2	Assets	Failure to manage assets	H/H	M/H
3.3	Assets	Reduced asset value	H/VH	M/M
3.4	Assets	Loss of assets due to Right to Buy	M/M	L/M
3.5	Assets	Impact of new Repairs Distribution Centre	M/M	L/M
4.2	People	Reduced staff engagement	M/M	L/M
4.3	People	Right people, right cost, right time	M/H	M/M
4.4	People	Impact of Building Greatness	M/H	L/M
5.1	Financial Viability	Finance is unavailable or too expensive	H/VH	L/H
5.2	Financial Viability	Reduced surplus	VH/VH	H/M
5.3	Financial Viability	Failure to achieve value for money	M/M	L/L
5.4	Financial Viability	Ineffective business systems	H/H	H/M
6.1	Good Governance	Regulatory downgrade	H/M	M/M
6.2	Good Governance	Failure to comply with health & safety legislation	H/H	H/M
6.3	Good Governance	Insufficient internal controls	H/M	H/M

The risks with the highest post control scores are explained in a little more detail in the following table, however far greater detail is included in the full Strategic risk register.

STRATEGIC REPORT AND REPORT TO THE BOARD

Risk description, impact and consequence	Controls and mitigations
1.3 Inability to deliver Supported Housing on the same scale The Group's ability to deliver supported housing services is constrained by income reductions imposed by commissioning bodies or by Government rent policy, or by losing contracts in a competitive market. **Results in:** A potential inability for the Group to continue to provide the same level of support for the most vulnerable people in our communities.	• Management restructure completed during 2015; • Supported Housing is the first area of the business to be subject of Business Transformation; • Regular liaison with local authorities, commissioning bodies and partner agencies; • Actively seeking and winning new income streams, including those that are not property reliant, such as floating support type services; • Bidding for work as part of a consortium rather than going alone; • Consider alternative uses for buildings, redevelopment or disposal;
1.5 Ability to pay rent Customers are unable to pay their rent as they receive reduced benefit due to Welfare Reform. Direct payment of rent to the customers under Universal Credit leads to non-payment as customers use the funds for other costs. Increased collection costs due to more individual transactions. **Results in:** An adverse impact on cash collection and financial strength.	• Newly created regional rent teams focussing on arrears are supported by specialist teams including social investment and financial inclusion • The core housing system has been upgraded and advanced income management software is soon to be implemented • The Allpay contract has been re-procured and transaction costs have reduced • Detailed customer and vulnerability profiling allows tailoring of services and proactive recognition of potential issues in advance.
2.1 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 funding – be that through grant, debt or other sources. Failure of programme due to the insolvency of key partners or contractors. Relationships with developers fail and opportunities cease to come forward;	• Following a restructure in early 2016, the Group has appropriately resourced, clearly focused, high quality and experienced development team which has the full confidence of the HCA and is well respected by local authorities and other partners; • The Group has a good track record of adapting to changing political priorities; • The Group leads the ICNW procurement framework which ensures a pool of high quality contractors and consultants. This is being currently re-procured; • Funding is in place to meet all committed projects and programmes; • There are programmes of disposals and conversions that help create capacity;

STRATEGIC REPORT AND REPORT TO THE BOARD

Risk description, impact and consequence	Controls and mitigations
2.1 Development programme failure (continued) Fail to sell outright or shared ownership sales products at the right price or within the right timescales (see also 2.3 sales risk). **Results in:** Not meeting growth, sales and financial targets. A breakdown in the relationship with the HCA and other partners. Loss of influence. Damage to reputation.	• 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 which will help maximise the flow of S106 and other opportunities; • The sales team is experienced and fully resourced to meet more challenging sales volume targets; • We are currently recruiting a specialist resource that will help to deliver an appropriate land bank; • Robust development policies and procedures are supported by independent audit arrangements.
3.1 Poor performing repairs delivery A failure to effectively deliver the responsive repairs service, with increased likelihood of unanswered calls, missed appointments, fewer first time mixes, ineffective logistics, poor productivity, reduced customer satisfaction (risk 1.1) and poor value for money. **Results in**: Potential serious detriment under our duty of care to customers and potential regulatory intervention linked to the home standard. Reduced Customer satisfaction. Reduced VFM.	• Staff team fully restructured. • Enhancements continue to be made to the AXIS CRM system for call handling and job scheduling / zoning. • A detailed review of the materials supply chain and associated logistics led to the decision to set up an in-house Distribution centre, which went live in October 2015 and has had immediate positive impacts on materials availability and cost, productivity, sub contractor usage and first time fixes (see also risk 3.5). • Upgraded mobile devices have been provided for all operatives with specific measures put in place to address known areas of poor coverage. • The fleet has been re-procured, with savings in both leasing and fuel costs achieved.
3.2 Failure to manage assets Poor quality or out of date information, and/or a reliance on cloned/extrapolated information. Unable to fully utilise the asset management system. **Results in**: An inability to fully understand the condition of the property portfolio, with an increased likelihood of our homes falling into poor condition, becoming non-compliant with legislation or the regulatory standard, or losing value (see also risk 3.3).	• Restructured staff team including specialist Asset Management and Compliance roles. • Upgrades planned for PIMSS asset management system, taking advantage of currently unused functionality notably around compliance and gas servicing. • Ongoing programme of stock condition surveys to be undertaken by in-house staff with target of 100% surveys by March 2018. • Investment programme works to be based on more cost effective three-year cycles rather than annual programmes.

STRATEGIC REPORT AND REPORT TO THE BOARD

Risk description, impact and consequence	Controls and mitigations
4.4 Impact of Building Greatness (Business Transformation initiative) Lack of appropriate resources to deliver on a wide enough scale. Unable to create sufficient buy in across the Organisation. **Results in:** Failure to deliver the efficiencies that is targeted. Failure to embed the culture change that is needed to deliver sustainable benefits.	• Properly resourced team including existing staff and consultancy. Existing staff back-filled so that they can focus on the new role and not worry about their "day job". • Executive team all attend the project Board and are involved in the ongoing activities of the team. • Strong communications plan to everyone in the Organisation not just the areas immediately affected. • Open and transparent approach – all staff are encouraged to come and see what the team is doing. • Building Greatness has its own risk register.
5.1 Finance is unavailable or too expensive There is a sector wide reduction in the availability of suitable finance. 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. Great Places becomes less attractive to funders / investors and its ability to attract suitable finance is diminished. The Group has insufficient unencumbered assets to meet the security requirements for the Group's planned debt. **Results in:** The Group does not have the required funding in place, or cannot afford the extra funding, to meet development or other aspirations.	• Ensure financial strength with growing surplus, twin credit ratings and V1 HCA assessment; • Robust, high quality business planning and stress testing processes in place; • Funding in place up to 2020/21, a minimum of 12 months funding secured in advance and a £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;
5.2 Reduced surplus Rental income growth is constrained by Government policy or regulatory change - such as rent formula change, LHA restrictions, benefit changes, affordability etc. (see also risk 1.5 above).	• Prudent business plan assumptions allow headroom for adverse changes, and feed into a robust budgetary process, detailed sensitivity analysis and stress testing; • Seek opportunities for profitable diversification such as outright sales, and also look to create alternative, ideally unregulated, income streams;

STRATEGIC REPORT AND REPORT TO THE BOARD

Risk description, impact and consequence	Controls and mitigations
5.2 Reduced surplus (continued) Shallow demand leads to increased void loss. Rising inflation or weak cost control means expenditure rises more quickly than expected. **Results in:** Reduced surplus could lead to a failure to meet financial targets or expectations, or generate covenants breaches.	• Core neighbourhood strategy actively tackles issues around areas of low demand; • Well resourced and properly skilled procurement resources ensure that VFM is a priority and also establishes a link between costs and CPI not RPI; • Quality management accounting and performance reporting regime supports a robust cost control environment; • “Building Greatness” Business Transformation programme identifies and eliminates inefficiency, waste and duplication;
5.4 Ineffective Business systems Failure to provide our staff with the tools they need to do their jobs effectively. Failure to offer our customers an attractive, modern means of interaction and engagement. Failure to protect our data due to poor IT security. Failure to ensure data is of sufficient quality. **Results in:** Inefficiency, waste and duplication. Inaccurate or missing data leads to incorrect decisions being made. Poor productivity and staff frustration. Customer-facing services are out-dated and unattractive to customers. Data breaches can lead to prosecution, fines and reputational damage.	• The new Business Systems Strategy sets out priorities for next 3 years; • There is consistency between the Business Systems strategy and the Business Transformation initiative; • A robust project governance structure has been introduced; • Infrastructure reviewed and upgraded including enhanced business continuity processes; • The skills base of the Business systems team has been enhanced; • The Group has built up a broad market intelligence capacity which, combined with improved relationship management with key suppliers, means all options are carefully evaluated before decisions made; • A more balanced approach recognises the benefits of both in-house development and off the shelf system acquisitions; • Penetration testing has been undertaken and far tougher and more resilient controls and practices implemented;
6.1 Failure of Governance Failure to comply with the code of Governance; Failure to comply with the regulatory framework including the VFM standard (risk 5.3); Failure to have an effective, embedded risk and assurance framework;	• The Group is fully compliant with its new Code of Governance (based on the new 2015 NHF Code) and has updated its suite of Governance documents; • The Group’s risk management approach has been reviewed and thoroughly renewed during 2015/16, including creation of a new Head of Assurance post; • 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;

STRATEGIC REPORT AND REPORT TO THE BOARD

Risk description, impact and consequence	Controls and mitigations
6.1 Failure of Governance (continued) Failure to be aware of, or respond to changes in legislation or regulation; **Results in:** Regulatory downgrade, negative reputational impact, breach of legislative requirements or difficulties in obtaining funding.	• The Group volunteered to pilot in the HCA's In Depth Assessment (IDA) process and has implemented all the lessons learned from that exercise; • The Group has an up to date Register of Assets and Liabilities; • The Group's VFM self assessments have both been adjudged by the HCA as being compliant;
6.2 Failure to comply with Health and 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. **Results in:** Statutory action by the HSE and/or regulatory failure due to creating "serious detriment" under our duty of care to customers.	• 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; • "Near miss" reporting introduced; • Tenant H&S compliance policies and procedures; • 3rd party audit arrangements; • 10 month gas servicing cycle provides headroom to deal with all problem cases; • Over 12 months of continuous 100% gas safety compliance;
6.3 Failure of internal controls Failure to maintain effective financial and other controls; Failure to effectively manage people, or performance; to protect social housing assets or data. Failure to sufficiently plan for business interruption; **Results in:** Negative reputational impact, breach of legislation, breach of regulatory standards, regulatory action, 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 linked to the risk register; • Maintenance of appropriate segregation of responsibilities; • 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;

STRATEGIC REPORT AND REPORT TO THE BOARD

Board members and executive directors

The Board members and the executive directors of the Group as at 31st March 2016 are set out on page 1. Details of all the members and directors that have served during the period from 1st April 2015 up to the date these statements have been signed are disclosed in note 11.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. In recognition of the increasing challenges and responsibilities facing the Board and the time and effort they put into performing their duties, 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 11.

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. A bonus arrangement exists for the executive directors, but has not been triggered in either 2014/15 or 2015/16. Further information on the emoluments of the executive directors is included in note 11 to the audited financial statements.

Executive Pensions

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

Staff Pension costs

As at 31st March 2016 the Group participates in four defined benefit pension schemes, the Social Housing Pension Scheme (SHPS, 176 staff participate), the Pension Trust Growth Plan (2 staff participate), the South Yorkshire Pension Fund (SYPF, 10 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.

Up to 31st March 2016, SHPS provided a final salary related scheme for staff employed prior to April 2007 and a career average salary related scheme for staff employed after that date. The 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) as at September 2011.

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

STRATEGIC REPORT AND REPORT TO THE BOARD

The Group pays deficit reduction contributions over periods that will end between October 2020 and October 2026. From March 2015, as a result of the introduction of new UK GAAP, these payments will be disclosed as a liability, reducing to nil over the period to October 2026. These payments and liabilities reflect the deficit reduction plans implemented by SHPS. See notes 27 and 38.

A SHPS defined contribution scheme is also available (244 participants) – this is also open to all new employees as well as having formed the basis for auto-enrolment in November 2013. The scheme requires contributions of either 3% or 5% from both employee and employer. The Group is pleased that the introduction of the lower cost 3% option has helped membership of this scheme increase by 70% in the year.

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

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

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

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

The primary forms of assurance include:

- A new Risk and Assurance Strategy is supported by an embedded framework of risk registers at strategic, operational and project level, including articulation of risk appetite, tolerance levels and risk targets. These are monitored at high level at every Board meeting, with detailed 6 monthly reviews, and additional scrutiny provided by the Audit and Assurance Committee.
- Effective recruitment and selection processes are in place.
- The scheme of delegation sets out financial approval levels across the Group, and these are replicated in our invoicing system to ensure that authorisation levels are adhered to.
- A range of strategic documents are "owned" at Board level, whilst the intranet ensures that all documents are regularly reviewed and approved at the appropriate management level.
- Both the internal and external auditors have the opportunity to meet the members of the Audit and Assurance committee without officers present to allow them to raise any concerns.

STRATEGIC REPORT AND REPORT TO THE BOARD

- Compliance reports and regulatory judgements issued by the HCA, other regulatory bodies and the Group's credit rating agencies.
- A full range of insurances are in place to safeguard assets. These are regularly reviewed to ensure they are fit for purpose.
- A rigorous approvals process (and scheme of delegations contained within the Code of Governance) to ensure that all significant new initiatives or investments are subject to formal authorisation procedures by the Executive Team, the Board or its Committees.
- A range of surveys including customer satisfaction and employee satisfaction, including detailed analysis of the results and actions taken to address areas of concern.
- Whistleblowing and anti-fraud policies, and a register of all actual or potential fraud which is reported to the Audit and Assurance Committee, and to the regulator via an annual report.
- Appropriate tenant involvement structures to ensure the customers voice is taken into account, including our tenant scrutiny group "Insight" and our mystery shoppers.
- A risk based assurance system which ensures checks are carried out at a local level on key procedures to ensure processes are being followed and risks are minimised.
- Supported housing scheme audits conducted to monitor the quality of outcomes at a local level in order to identify trends, training requirements, policy limitations, etc.

Specific progress during 2015/16

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

Audit work in 2015/16

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

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

STRATEGIC REPORT AND REPORT TO THE BOARD

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

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

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

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

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

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

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

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

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 2016) which demonstrates that the Group has funding facilities in place that will last for over three years and that it is fully able to service its debt facilities whilst continuing to comply with all its funders' covenants. Therefore the Board continues to adopt the going concern basis in the financial statements.

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

STRATEGIC REPORT AND REPORT TO THE BOARD

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

Statement of compliance
In preparing the Strategic Report and the Report of the Board, the Board has followed the principles set out in the SORP 2014.

REPORT OF THE BOARD

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

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

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

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association’s transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with 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 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

STRATEGIC REPORT AND REPORT TO THE BOARD

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

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

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

Phil Elvy
Company Secretary

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

We have audited the financial statements of Great Places Housing Group Limited for the year ended 31 March 2016 which comprise the consolidated and association statement of comprehensive income, the consolidated and association balance sheet, the consolidated and association statement of changes in reserves, the consolidated statement of cash flows 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 2016 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 2015.

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
- 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

Date: 2/08/2016.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 £'000	2015 restated £'000
Turnover			
(excluding amortisation of government grants, first tranche sales and outright sales)		**84,083**	80,148
Amortisation of government grants	4	**5,246**	5,129
First tranche sales and outright sales	4	**14,590**	4,173
Total Turnover	4	**103,919**	89,450
Operating costs	4	**(64,203)**	(55,833)
Cost of sales	4	**(11,245)**	(3,053)
Operating surplus	5	**28,471**	30,564
Surplus on sale of fixed assets – housing properties	6	**5,287**	2,558
Share of operating loss of joint venture	16	**-**	(8)
Interest receivable	7	**265**	185
Interest and financing costs	8	**(21,779)**	(20,789)
SHPS pension remeasurement	27	**65**	(385)
Movement in fair value of financial instruments	8	**(75)**	(696)
Movement in fair value of investment properties	13	**380**	-
Surplus on ordinary activities before taxation		**12,614**	11,429
Tax on surplus on ordinary activities	10	**(222)**	(80)
Surplus for the financial year		**12,392**	11,349
Actuarial gains/(losses) on defined benefit pension schemes		**221**	(422)
Movement in fair value of hedged financial instruments	8	**(2,921)**	(21,388)
Other comprehensive income		**(2,700)**	(21,810)
Total comprehensive income for the year		**9,692**	(10,461)

All amounts relate to continuing activities.

The accompanying notes on pages 52 to 105 form part of these financial statements.

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

Board member	Board member	Secretary
A. Davison	R. Sear	P. Elvy

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME

	Note	2016 £'000	2015 restated £'000
Turnover	4	**16,126**	14,427
Operating costs	4	**(16,137)**	(13,886)
Operating (deficit) / surplus	5	**(11)**	541
Interest receivable and other income	7	**18,141**	17,235
Interest and financing costs	8	**(18,187)**	(17,309)
Movement in fair value of financial instruments	8	**-**	-
SHPS pension remeasurement	27	**16**	(111)
(Deficit)/surplus on ordinary activities before taxation		**(41)**	356
Tax on surplus on ordinary activities	10	**(9)**	(31)
(Deficit)/surplus and total comprehensive income for the financial year		**(50)**	325

All amounts relate to continuing activities.

The accompanying notes on pages 52 to 105 form part of these financial statements.

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

Board member	Board member	Secretary
A. Davison	R. Sear	P. Elvy

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

CONSOLIDATED BALANCE SHEET

	Note	2016 £'000	2015 restated £'000
Tangible fixed assets			
Housing properties	12	**1,139,447**	1,092,572
Less: depreciation	12	**(134,608)**	(124,398)
Investment properties	13	**13,905**	12,705
Other tangible fixed assets	14	**6,353**	6,538
		1,025,097	987,417
Fixed asset investments			
Homebuy loans	15	**8,796**	9,586
Investments	16	**999**	508
Investment in associate	16	**43**	15
Investment in joint venture	16	**101**	101
Total fixed asset investments		**9,939**	10,210
Total fixed assets		**1,035,036**	997,627
Current assets			
Stock and work in progress	17	**15,094**	7,516
Debtors	18	**9,376**	12,980
Investments	19	**29,424**	34,270
Cash and cash equivalents		**31,014**	26,304
		84,908	81,070
Creditors: Amounts falling due within one year	20	**(55,263)**	(56,107)
Net current assets		**29,645**	24,963
Total assets less current liabilities		**1,064,681**	1,022,590
Creditors:			
Deferred capital grant due after more than one year	21	**(473,686)**	(475,108)
Other creditors falling due after more than one year	21	**(540,370)**	(508,795)
Provision for liabilities	27	**(10,595)**	(8,192)
Pension liability	35c	**(577)**	(734)
Net assets		**39,453**	29,761
Capital and reserves			
Share capital (non-equity)	28	**-**	-
Cash flow hedge reserve		**(46,765)**	(43,844)
Designated reserve		**153**	175
Revaluation reserve		**1,999**	1,861
Income and expenditure reserve		**84,066**	71,569
Consolidated funds		**39,453**	29,761

The accompanying notes on pages 52 to 105 form part of these financial statements.

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

Board member	Board member	Secretary
A. Davison	R. Sear	P. Elvy

ASSOCIATION BALANCE SHEET

	Note	2016 £'000	2015 restated £'000
Tangible fixed assets			
Other tangible fixed assets	14	**1,219**	1,353
Fixed asset investments			
Investments	16	**421**	421
Investment in associate	16	**63**	63
Total fixed asset investments		**484**	484
Total fixed assets		**1,703**	1,837
Debtors: Amounts falling due after one year	18	**429,054**	436,093
Current assets			
Debtors	18	**22,844**	5,499
Investments	19	**26,720**	32,668
Cash and cash equivalents		**276**	1,479
		49,840	39,646
Creditors: Amounts falling due within one year	20	**(39,283)**	(40,486)
Net current assets/(liabilities)		**10,557**	(840)
Total assets less current liabilities		**441,314**	437,090
Creditors:			
Amounts falling due after more than one year	21	**(440,054)**	(436,093)
Provisions for liabilities	27	**(2,976)**	(2,663)
Net liabilities		**(1,716)**	(1,666)
Capital and reserves			
Share capital (non-equity)	28	**-**	-
Cash flow hedge reserve		**-**	-
Income and expenditure reserve		**(1,716)**	(1,666)
Association's deficit		**(1,716)**	(1,666)

The accompanying notes on pages 52 to 105 form part of these financial statements.

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

Board member	Board member	Secretary
A. Davison	R. Sear	P. Elvy

STATEMENT OF CHANGE IN RESERVES
CONSOLIDATED

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2015	**(43,844)**	**1,861**	**175**	**71,569**	**29,761**
Surplus for the year	**-**	**-**	**-**	**12,392**	**12,392**
Actuarial gains on defined benefit pension scheme	-	-	-	221	221
Movement in fair value of hedged financial instruments	(2,921)	-	-	-	(2,921)
Other comprehensive income for the year	**(2,921)**	**-**	**-**	**221**	**(2,700)**
Reserves Transfers:					
Transfer from revaluation reserve to income and expenditure reserve (note 13)	-	138	-	(138)	-
Transfer of expenditure from income and expenditure reserve	-	-	(22)	22	-
Balance at 31 March 2016	**(46,765)**	**1,999**	**153**	**84,066**	**39,453**

	Cash flow hedge reserve £'000	Revaluation reserve £'000	Designated Reserve £'000	Income and expenditure reserve £'000	Total £'000
Balance at 1 April 2014	**(22,456)**	**1,861**	**175**	**60,642**	**40,222**
Surplus for the year	**-**	**-**	**-**	**11,349**	**11,349**
Actuarial gains on defined benefit pension scheme	-	-	-	(422)	(422)
Movement in fair value of hedged financial instruments	(21,388)	-	-	-	(21,388)
Other comprehensive income for the year	**(21,388)**	**-**	**-**	**(422)**	**(21,810)**
Reserves Transfers:					
Transfer from revaluation reserve to income and expenditure reserve (note 13)	-	-	-	-	-
Transfer of expenditure from income and expenditure reserve	-	-	-	-	-
Balance at 31 March 2015	**(43,844)**	**1,861**	**175**	**71,569**	**29,761**

STATEMENT OF CHANGE IN RESERVES
ASSOCIATION

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2015	**(1,666)**	**(1,666)**
Deficit for the year and total comprehensive income	**(50)**	**(50)**
Balance at 31 March 2016	**(1,716)**	**(1,716)**

	Income and expenditure reserve	Total
	£'000	£'000
Balance at 1 April 2014	**(1,991)**	**(1,991)**
Surplus for the year and total comprehensive income	**325**	**325**
Balance at 31 March 2015	**(1,666)**	**(1,666)**

GREAT PLACES HOUSING GROUP LIMITED
Year ended 31 March 2016

CONSOLIDATED STATEMENT OF CASH FLOWS

	2016	2015 restated
	£'000	£'000
Cash flows from operating activities		
Surplus for the financial year	**12,392**	11,349
Depreciation of fixed assets - housing properties	**13,870**	12,577
Impairment – housing properties	**222**	150
Depreciation of fixed assets - other	**736**	881
Amortised grant	**(5,274)**	(5,122)
Share of surplus/(deficit) in joint venture	**-**	(8)
Net fair value losses/(gains) recognised in profit or loss	**(305)**	696
Interest payable and finance costs	**21,779**	20,789
Interest received	**(265)**	(185)
Taxation expense	**222**	80
Difference between net LGPS pension expense & cash contribution	**64**	32
Surplus on the sale of fixed assets - housing properties	**(5,287)**	(2,558)
Decrease / (increase) in trade and other debtors	**(1,068)**	945
Decrease / (increase) in stocks	**(7,578)**	11,052
Increase / (decrease) in trade and other creditors	**(2,759)**	(1,507)
Difference between net SHPS/PTGP pension expense and cash contribution	**2,403**	(281)
Cash from operations	**29,152**	48,890
Corporation tax paid	**(27)**	(236)
Net cash generated from operating activities	**29,125**	44,654
Cash flows from investing activities		
Purchase and construction of fixed asset housing properties	**(58,187)**	(84,900)
Social housing grant received	**8,539**	21,064
Sale of fixed asset housing properties (net)	**15,165**	8,393
Fixed asset investments – net cash received	**47**	(372)
Sale of other fixed assets	**-**	15
Purchase of other fixed assets	**(551)**	(564)
Purchase and construction of investment properties	**(462)**	-
Purchase of current asset investments	**(28,633)**	(38,913)
Sale of current asset investments	**33,479**	15,096
Interest received	**265**	185
Net cash used in investing activities	**(30,338)**	(79,996)
Cash flows from financing activities		
Interest paid	**(22,285)**	(21,587)
Loan issue costs and other fees incurred	**(752)**	(881)
Bank Loans received	**62,500**	29,805
Bond Issues received	**-**	41,131
Bank Loans repaid	**(33,540)**	(14,062)
Property leases repaid	**-**	(63)
Net cash from financing	**5,923**	34,343
Increase / (decrease) in cash	**4,710**	(999)
Cash at beginning of year	**26,304**	27,303
Cash at end of year	**31,014**	26,304

NOTES TO THE FINANCIAL STATEMENTS

1 Legal status

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

2 Accounting policies

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

Basis of accounting

The financial statements of the Group and Association have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Great Places Housing Association included the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015. Information on the impact of first-time adoption of FRS 102 is given in note 37.

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

In preparing the separate financial statements of the parent association, advantage has been taken of the following disclosure exemptions available in FRS 102:

- No cash flow statement has been presented for the parent association;

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

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. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Reserves

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

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

NOTES TO THE FINANCIAL STATEMENTS

2 Accounting policies (continued)

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.

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

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

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

- Whether there are indicators of impairment of the Group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. We have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost.
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- Whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership properties between current and fixed assets.
- The exemptions to be taken on transition to FRS 102.
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- What constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

NOTES TO THE FINANCIAL STATEMENTS

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

Other key sources of estimation uncertainty

Tangible fixed assets (see notes 12 to 16)
Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Policies

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

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

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

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

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

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

All other leases are treated as operating leases. The annual rentals are charge to the income statement 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 statement of the Group.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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

Continuing activities

		2016		
GROUP	**Turnover**	**Cost of Sales**	**Operating Costs**	**Operating Surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**82,946**	**-**	**(54,851)**	**28,095**
Other social housing activities				
Supporting people	2,640	-	(4,121)	(1,481)
Properties owned but managed by other organisations	1,299	-	(683)	616
First tranche shared ownership sales	8,496	(7,323)	-	1,173
SHPS pension deficit (note 27)	-	-	(3,264)	(3,264)
Marketing income	493	-	(118)	375
Other	970	-	(393)	577
	13,898	**(7,323)**	**(8,579)**	**(2,004)**
Non-social housing activities				
Market and commercial rented	981	-	(773)	208
Developments for sale	6,094	(3,922)	-	2,172
	7,075	**(3,922)**	**(773)**	**2,380**
	103,919	**(11,245)**	**(64,203)**	**28,471**

		2015 – restated		
GROUP	**Turnover**	**Cost of Sales**	**Operating Costs**	**Operating Surplus**
	£'000	**£'000**	**£'000**	**£'000**
Social housing lettings	**78,531**	**-**	**(49,249)**	**29,282**
Other social housing activities				
Supporting people	3,226	-	(4,540)	(1,314)
Properties owned but managed by other organisations	1,262	-	(1,048)	214
First tranche shared ownership sales	3,650	(2,938)	-	712
Homebuy agency income	509	-	(231)	278
Marketing income	201	-	(266)	(65)
Other	1,278	(1)	(334)	943
	10,126	**(2,939)**	**(6,419)**	**768**
Non-social housing activities				
Market and commercial rented	270	-	(87)	183
Developments for sale	523	(114)	(78)	331
	793	**(114)**	**(165)**	**514**
	89,450	**(3,053)**	**(55,833)**	**30,564**

NOTES TO THE FINANCIAL STATEMENTS

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

ASSOCIATION	2016			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Management and development services	16,126	-	(15,514)	612
SHPS Pension deficit (note 27)	-	-	(623)	(623)
	16,126	**-**	**(16,137)**	**(11)**

ASSOCIATION	2015 - restated			
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Management and development services	14,427	-	(13,886)	541
	14,427	**-**	**(13,886)**	**541**

NOTES TO THE FINANCIAL STATEMENTS

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

Particulars of income and expenditure from social housing lettings

GROUP	2016 General needs housing £'000	2016 Supported housing and housing for older people £'000	2016 Key worker housing £'000	2016 Low cost home ownership £'000	2016 Total £'000	2015 Total (restated) £'000
Rent receivable net of identifiable service charges	58,112	7,838	952	3,712	70,614	65,836
Service income	2,237	3,346	-	174	5,757	5,992
Charges for support services	-	346	-	-	346	380
Net rental income	**60,349**	**11,530**	**952**	**3,886**	**76,717**	**72,208**
Amortised government grants	4,123	760	1	362	5,246	5,129
Other income	314	580	89	-	983	1,194
Turnover from social housing lettings	**64,786**	**12,870**	**1,042**	**4,248**	**82,946**	**78,531**
Management	14,743	616	27	657	16,043	13,852
Services	2,606	2,851	273	213	5,943	6,382
Routine maintenance	8,991	1,083	106	193	10,373	10,250
Planned maintenance	378	40	1	-	419	242
Major repairs expenditure	6,146	251	16	(6)	6,407	4,231
Bad debts	404	34	(8)	(20)	410	116
Property lease charges	211	116	-	-	327	374
Depreciation of housing properties:						
-annual charge	11,346	1,588	64	795	13,793	12,518
-accelerated on disposal of components	828	64	-	-	892	1,112
Impairment of housing properties	222	-	-	-	222	150
Other costs	21	1	-	-	22	22
Operating expenditure on social housing lettings	45,896	6,644	479	1,832	54,851	49,249
Operating surplus on social housing lettings	**18,890**	**6,226**	**563**	**2,416**	**28,095**	**29,282**
Void losses	323	392	110	54	879	1,167

NOTES TO THE FINANCIAL STATEMENTS

5 Operating surplus

The operating surplus is arrived at after charging:

	Group 2016	Group 2015 Restated	Association 2016	Association 2015
	£'000	£'000	£'000	£'000
Depreciation of housing properties	13,870	12,577	-	-
Accelerated depreciation on component disposal	892	1,133	-	-
Impairment of housing properties	222	150	-	-
Depreciation of other tangible fixed assets	736	881	685	812
Amounts paid under operating leases:				
-Land and buildings	241	238	-	-
-Vehicles	486	405	486	405
-Photocopiers and printers	15	21	15	21
Auditors' remuneration (excluding VAT)				
-for the audit of the financial statements	51	51	12	12
-for other audit related services	2	2	-	-
-for other services relating to taxation	18	20	6	10

6 Surplus on sale of fixed assets – housing properties

Group

	Shared Ownership 2016	Other housing properties 2016	Total 2016	Total 2015 restated
	£'000	£'000	£'000	£'000
Disposal proceeds (net of costs)	2,805	12,687	15,492	10,828
Carrying value of fixed assets	(1,483)	(3,406)	(4,889)	(5,074)
	1,322	9,281	10,603	5,754
Capital grant recycled (note 24)	(712)	(4,135)	(4,847)	(2,756)
Disposal proceeds fund (note 25)	-	(469)	(469)	(440)
	610	4,677	5,287	2,558

The Association has no sales of housing properties.

7 Interest receivable and other income

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

	Group 2016	Group 2015	Association 2016	Association 2015
	£'000	£'000	£'000	£'000
Interest receivable and similar income	265	185	2	5
Loan interest recharged to Group companies	-	-	18,139	17,230
	265	185	18,141	17,235

NOTES TO THE FINANCIAL STATEMENTS

8 Interest and financing costs

Policies

Interest payable

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

a) interest on borrowings specifically financing the development programme after deduction of interest on social housing grant (SHG) in advance; or
b) interest on borrowings of the 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 statement in the year.

Derivative instruments and hedge accounting

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

The Group has designated each of the swaps, with the exception of the Credit Suisse swap, against existing drawn floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in Other Comprehensive Income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in Income and Expenditure.

Leased assets

The interest element of rental payments is charged to the income statement over the period of the agreement in proportion to the balance of capital repayments outstanding.

	Group		Association	
	2016	2015 restated	2016	2015 restated
	£'000	£'000	£'000	£'000
Finance leases	178	141	-	-
Loans and bank overdrafts	21,918	21,178	18,139	17,230
Unwinding of pension discount cost (note 27)	148	241	48	79
Other finance costs including non utilisation fees, commitment fees and arrangement fees amortised or written off	933	932	-	-
	23,177	22,492	18,187	17,309
Interest payable capitalised on housing properties under construction	(1,398)	(1,703)	-	-
	21,779	20,789	18,187	17,309

NOTES TO THE FINANCIAL STATEMENTS

8 Interest and financing costs (continued)

	Group		Association	
	2016	**2015 restated**	**2016**	**2015 restated**
	£'000	**£'000**	**£'000**	**£'000**
Other financing costs (note 22c)				
Loss on fair value of non-hedged derivative instruments	75	696	2,996	22,084
Gain on fair value of non-hedged derivative instruments	-	-	(2,996)	(22,084)
Other financing costs through other comprehensive income				
Loss on fair value of hedged derivative instruments	2,921	21,388	-	-
	24,775	**42,873**	**18,187**	**17,309**

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

It is the Association which is the legal party to the swap agreements, but subsidiary Great Places Housing Association (GPHA) has indemnified the Association against any obligations in relation to the swaps. Therefore the ultimate cost is borne by GPHA and the Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21).

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

9 Gift Aid

A gift aid payment of £500,000 was made by Plumlife Homes Limited to Great Places Housing Association on 30th March 2016.

Two further gift aid payments were declared by the Boards of Terra Nova Developments Limited and Cube Great Places Limited of £110,000 (2015: £150,000) on 3 May 2016 and of £957,728 (2015: £nil) on 2 February 2016 respectively. It is therefore deemed for the purposes of s338 of the Income & Corporation Taxes Act 1988 to be a charge on income in the respective accounting period.

These transactions are eliminated on consolidation.

NOTES TO THE FINANCIAL STATEMENTS

10 Tax on surplus on ordinary activities

Policies

Taxation
Current and deferred taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except that a change attributable to an item of income and expense is recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the United Kingdom.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Current tax				
UK corporation tax charge for year	207	36	-	(10)
Adjustments in respect of prior years	(6)	(1)	(12)	(4)
	201	35	(12)	(14)
Deferred tax				
Net origination and reversal of timing differences	16	45	16	45
Adjustments in respect of prior years	5	-	-	-
Effect of tax rate change on opening balance	-	-	5	-
	21	45	21	45
	222	80	9	31

NOTES TO THE FINANCIAL STATEMENTS

10 Tax on surplus on ordinary activities (continued)

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Tax reconciliations				
Surplus on ordinary activities	12,614	11,429	(41)	467
Less: exempt due to charitable status of subsidiary association	(11,589)	(10,681)	-	-
	1,025	748	(41)	467
Whereon corporation tax at the standard rate of 20% (2015: 21%)	205	157	(8)	98
Effects of:				
Expenses not deductible for tax purposes (primarily property depreciation and development expenditure)	8	-	8	-
Income not taxable for tax purposes – fixed assets	(9)	(13)	-	-
Chargeable gains	1	1	-	-
Adjustments to tax charge in respect of previous periods – current tax	(6)	(1)	(12)	(4)
Adjustments to tax charge in respect of previous periods – deferred tax	4	-	-	-
Marginal relief	(2)	(1)	-	-
Adjustment re SHPS deficit adjustment	-	(52)	-	(52)
Capital allowances in excess of depreciation	-	(56)	-	(56)
Deferred tax charge for the year	21	45	21	45
Total tax charge	222	80	9	31
Deferred tax				
At 1 April 2015 / 2014	117	162	117	162
Charge for year	(21)	(45)	(21)	(45)
At 31 March 2016 / 2015 – asset (note 18)	96	117	96	117
Comprising				
Accelerated capital allowance	81	102	81	102
Short term timing difference	15	15	15	15
	96	117	96	117

11. 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**	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Emoluments of the Association's executive directors (including pension contributions)	692	662	692	662
Of which: Amount paid to third parties	126	137	126	137

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**	
	2016	**2015**	**2016**	**2015**
	No.	**No.**	**No.**	**No.**
£20,001 to £30,000	-	1	-	1
£100,001 to £110,000	1	-	1	-
£110,001 to £120,000	-	2	-	2
£120,001 to £130,000	2	1	2	1
£130,001 to £140,000	-	1	-	1
£140,001 to £150,000	2	-	2	-
£150,001 to £160,000	1	1	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**	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	155	141	155	141
Total	155	141	155	141

The chief executive received emoluments totalling £155,000. 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 £14,210 (2015: £12,867) was paid by the employer in addition to those made by the chief executive himself.

NOTES TO THE FINANCIAL STATEMENTS

11. Directors and members (continued)

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.

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	
	2016	2015	2016	2015
	No.	No.	No.	No.
£60,001 to £70,000	4	4	4	3
£70,001 to £80,000	4	2	2	1
£90,001 to £100,000	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.

11a. Boards and Committees

Name	Date served (if not for whole period)	GPHG	GPHA	PLUMLIFE	CUBE	A&AC	R&AC	2016 £'000	2015 £'000
Andrew Beeput	To 11/9/2014	✓	✓	✓		✓		-	2
Celia Cashman		✓	✓	✓		✓		6	3
Janet Clafton	To 11/9/2014	✓	✓	✓				-	2
Tony Davison		✓	✓	✓			✓	14	14
Jan Fitzgerald		✓	✓	✓			✓	6	3
Christine Goulden	To 11/9/2014	✓	✓	✓				-	2
Jerry Green		✓	✓	✓		✓		7	7
Roger Kirkwood	To 11/9/2014	✓	✓	✓		✓		-	2
Brendan Nevin		✓	✓	✓				6	3
Jenny Rayner		✓	✓	✓			✓	8	8
David Robinson		✓	✓	✓	✓		✓	6	5
Richard Sear		✓	✓	✓		✓		6	5
Tony Snape	To 11/9/2014	✓	✓	✓		✓		-	5
Thea Stein	To 11/9/2014	✓	✓	✓			✓	-	3
Will Taylor					✓			2	2
								61	66

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

12 Tangible fixed assets – housing properties

Policies

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Policies (continued)

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

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

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

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

The DRC will be based upon the lower of:
- the cost of constructing an equivalent asset on the same site together with the original land costs
- the cost of acquiring an equivalent asset on the open market.

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

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

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

Policies (continued)

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

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

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

GROUP	Social housing properties held for letting	Other social housing properties held for letting	Housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total housing properties
Cost	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2015 (restated)	905,721	1,087	79,509	99,431	6,824	1,092,572
Additions	853	-	39,266	175	12,717	53,011
Components capitalised	8,138	-	-	2	-	8,140
Interest capitalised	-	-	688	-	710	1,398
Schemes completed	66,754	-	(66,265)	5,831	(6,320)	-
Disposals	(9,458)	-	-	(2,833)	-	(12,291)
Component disposals	(2,798)	-	-	-	-	(2,798)
Reclassification	191	-	(238)	(538)	-	(585)
At 31 March 2016	969,401	1,087	52,960	102,068	13,931	1,139,447
Depreciation and impairment						
At 1 April 2015 (restated)	116,558	135	150	7,555	-	124,398
Charged in year	13,058	8	-	804	-	13,870
Component disposal	(1,906)	-	-	-	-	(1,906)
Released on disposal	(1,669)	-	-	(307)	-	(1,976)
Impairment charge	222	-	-	-	-	222
At 31 March 2016	126,263	143	150	8,052	-	134,608
Net book value						
At 31 March 2016	**843,138**	**944**	**52,810**	**94,016**	**13,931**	**1,004,839**
At 31 March 2015	**789,163**	**952**	**79,359**	**91,876**	**6,824**	**968,174**

NOTES TO THE FINANCIAL STATEMENTS

12 Tangible fixed assets – housing properties (continued)

GROUP

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

Social housing grant	**2016**	**2015 restated**
	£'000	**£'000**
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	527,752	524,031
Revenue grant	60,584	53,858
	588,336	**577,889**

Housing properties book value, net of depreciation impairment	**2016**	**2015 restated**
	£'000	**£'000**
Freehold land and buildings	739,745	728,979
Long leasehold land and buildings	265,094	239,195
	1,004,839	**968,174**

Impairment

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

ASSOCIATION

The association has no housing property assets.

13 Tangible fixed assets – investment properties

Policies

Investment properties

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

Group	**Investment Properties Competed £'000**	**Investment Properties Under Construction £'000**	**Investment Properties Total £'000**
Completed investment properties			
At 1 April 2015 (at valuation)	12,705	-	12,705
Additions	-	820	820
Revaluation	380	-	380
At 31 March 2016	**13,085**	**820**	**13,905**

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible fixed assets – other

Policy

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

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

GROUP	Freehold offices	Computers	Motor Vehicles	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2015	6,102	3,033	47	9,182
Additions	-	551	-	551
Disposals	-	(1,101)	-	(1,101)
At 31 March 2016	**6,102**	**2,483**	**47**	**8,632**
Depreciation and Impairment				
At 1 April 2015	917	1,710	17	2,644
Charged in year	51	673	12	736
Released on disposal	-	(1,101)	-	(1,101)
At 31 March 2016	**968**	**1,282**	**29**	**2,279**
Net book value				
At 31 March 2016	**5,134**	**1,201**	**18**	**6,353**
At 31 March 2015	**5,185**	**1,323**	**30**	**6,538**

NOTES TO THE FINANCIAL STATEMENTS

14 Tangible fixed assets – other (continued)

ASSOCIATION	Computers	Motor Vehicles	Total
	£'000	£'000	£'000
Cost			
At 1 April 2015	3,033	47	3,080
Additions	551	-	551
Disposals	(1,101)	-	(1,101)
At 31 March 2016	**2,483**	**47**	**2,530**
Depreciation			
At 1 April 2015	1,710	17	1,727
Charge for the year	673	12	685
Released on disposal	(1,101)	-	(1,101)
At 31 March 2016	**1,282**	**29**	**1,311**
Net book value			
At 31 March 2016	**1,201**	**18**	**1,219**
At 31 March 2015	**1,323**	**30**	**1,353**

15 Investments – Homebuy loans

Policy

Homebuy loans
Homebuy loans are treated as concessionary loans. They are initially recognised as a loan at the amount paid to the purchaser and are subsequently updated to reflect accrued interest and any impairment loss is recognised in income statement to the extent that it cannot be offset against the Homebuy grant. Grant relating to Homebuy equity is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit. The 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.

GROUP	2016	2015
	£'000	£'000
At 1 April 2015 / 2014	9,586	10,162
Interest receivable	-	-
Loans redeemed	(828)	(576)
Reclassification	38	-
At 31 March 2016 / 2015	**8,796**	**9,586**

16 Fixed asset investment

Policies

Associates and joint ventures
An entity is treated as an associated undertaking where the group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint venture where the group is party to a contractual agreement with one or more parties from outside the group to undertake an economic activity that is subject to joint control.

In the consolidated accounts, interests in associated undertakings are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the group. In the consolidated balance sheet, the interests in associated undertakings are shown as the group's share of the identifiable net assets, including any unamortised premium paid on acquisition.

Other fixed asset Investments
All other investments are accounted for at cost less any accumulated impairment.

Fixed asset investments Group	**Joint Venture Inspiral Developments Oldham LLP**	**Joint Venture Reviva Urban Renewal**	**Joint Ventures Total**	**Associated undertaking Keepmoat Great Places**	**Other Investments**
	£'000s	**£'000s**	**£'000**	**£'000s**	**£'000s**
Cost					
At 1st April 2015	47	10	57	63	508
Additions	-	-	-	-	538
Disposal – loans redeemed	-	-	-	-	(47)
At 31st March 2016	47	10	57	63	999
Share of retained profits					
At 1st April 2015	44	-	44	(48)	-
Adjustment	-	-	-	1	-
Profit for the year	-	-	-	27	-
At 31st March 2016	44	-	44	(20)	-
Net Book Value					
At 31st March 2016	**91**	**10**	**101**	**43**	**999**
At 31st March 2015	**91**	**10**	**101**	**15**	**508**

NOTES TO THE FINANCIAL STATEMENTS

16 Fixed asset investment (continued)

The Group has the following interests in Joint ventures

	2016 £'000s	2015 £'000s
Share of current assets	149	149
Share of liabilities – due within one year	(48)	(48)
Share of net assets	**101**	**101**

Other investments comprise: Shared equity loans £548,000 (2015: £57,000); Help to Buy Investment £30,000 (2015: £30,000); Investment in Inspiral Oldham Holding Company Ltd £421,000 (2015: £421,000).

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. The company did not trade in the current year.

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 2016 IDO made a profit of £nil before tax (2015: £17,000) and £nil after tax (2015: £17,000) and has capital and reserves of £89,000 (2015: £89,000).

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

NOTES TO THE FINANCIAL STATEMENTS

16 Fixed asset investment (continued)

Association

	Associated undertaking Keepmoat Great Places £'000s	Other Investments £'000s
Cost		
At 1st April 2015	63	421
Additions	-	-
Repayments in the year	-	-
At 31st March 2016	**63**	**421**

17 Stock and work in progress

Policy

Properties for sale

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

Materials Stock

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

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Shared ownership properties:				
- completed	2,854	-	-	-
- under construction	7,268	3,952	-	-
Other properties for sale:				
- under construction	104	-	-	-
Work in progress	4,561	3,564	-	-
Materials stock	307	-	-	-
	15,094	**7,516**	**-**	**-**

The figures above include £752,238 (2015: £60,839) of capitalised interest.

NOTES TO THE FINANCIAL STATEMENTS

18 Debtors

Policy

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

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

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

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

	Group		Association	
	2016	2015	2016	2015
Due within one year		restated		restated
	£'000	£'000	£'000	£'000
Rent and service charges receivable	4,148	4,279	-	-
Provision for bad and doubtful debts	(2,276)	(2,255)	-	-
	1,872	2,024	-	-
Due from subsidiary undertakings	-	-	17,965	485
Trade debtors	404	605	17	88
Social housing grant receivable	729	5,380	-	-
Others debtors	5,414	4,091	58	69
Interest rate swap (note 8 / 22c)	-	-	4,550	4,588
Deferred tax (note 10)	96	117	96	117
Prepayments and accrued income	861	763	158	152
	9,376	**12,980**	**22,844**	**5,499**
Due after more than one year				
Due from subsidiary undertakings	-	-	385,771	395,844
Interest rate swap (note 8 / 22c)			43,283	40,249
	-	-	429,054	436,093
Total debtors	**9,376**	**12,980**	**451,898**	**441,592**

The Association's debt due after more than one year represents amounts due from subsidiary undertakings of £429,054k (2015: £436,093k). This is the on-lent Group loan facility which is included as debt (notes 20 and 21) and interest rate swap balance (note 22c).

NOTES TO THE FINANCIAL STATEMENTS

19 Current asset investments

Policy

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

	Group		Association	
	2016	2015 restated	2016	2015 restated
	£'000	£'000	£'000	£'000
Other investments	29,424	34,270	26,720	32,668

These are monies held by counterparties as collateral for loans or interest rate swaps and are held separately to cash at bank.

20 Creditors: amounts falling due within one year

Policy

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

20 Creditors: amounts falling due within one year

	Group		Association	
	2016	2015 restated	2016	2015 restated
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 22a)	3,135	1,539	37	-
Obligations under finance leases (note 22b)	73	71	-	-
Trade creditors	2,265	2,574	417	423
Rent and service charges received in advance	1,948	1,818	-	-
SHG received in advance	225	1,336	-	-
Deferred capital grant (note 23)	5,325	5,298	-	-
Amounts owed to group undertakings	-	-	26,720	27,496
Recycled capital grant fund (note 24)	-	358	-	-
Disposal proceeds fund (note 25)	-	287	-	-
Corporation tax	210	36	-	-
Other taxation and social security	420	496	208	292
Interest rate swap (note 22c)	4,550	4,588	4,550	4,588
Leaseholder sinking funds	8,518	7,260	-	-
Other creditors	13,883	13,835	6,085	6,277
Accruals and deferred income	14,711	16,611	1,266	1,410
	55,263	**56,107**	**39,283**	**40,486**

Included within cash balances is £8,518,000 (2015: £7,260,000) which is specifically held in trust for leaseholders to cover anticipated future expenditure in relation to their sinking fund liabilities.

21 Creditors: amounts falling due after more than one year

	Group		Association	
	2016	2015 restated	2016	2015 restated
	£'000	£'000	£'000	£'000
Debt, net of arrangement fees (note 22a)	489,523	462,020	396,771	395,844
Obligations under finance leases (note 22b)	3,199	3,272	-	-
Deferred capital grant (note 23)	473,686	475,108	-	-
Recycled capital grant fund (note 24)	3,866	2,779	-	-
Disposal proceeds fund (note 25)	470	446	-	-
Interest rate swap (note 22c)	43,283	40,249	43,283	40,249
Other creditors	29	29	-	-
	1,014,056	**983,903**	**440,054**	**436,093**
Creditors: amounts falling due after more than one year excluding deferred capital grant	540,370	508,795	440,054	436,093

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

Policies

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

The Group has designated each of the swaps other than the one held with Credit Suisse against existing drawn floating rate debt. To the extent that the hedge is effective, movements in fair value adjustments are recognised in the Other Comprehensive Income statement. For the Credit Suisse swap, which is not effectively hedged, any movements in fair value are recognised in the surplus or deficit for the year.

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

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 statement on a straight line basis over the term of the asset.

	Group		Association	
	2016	**2015**	**2016**	**2015**
a) Loans are repayable as follows:	**£'000**	**£'000**	**£'000**	**£'000**
In one year or less or on demand	3,135	1,539	37	-
In more than one year, but not more than two years	2,585	3,092	934	-
In more than two years, but not more than five years	34,301	5,108	28,992	-
In more than five years	459,727	461,092	366,845	395,844
	499,748	470,831	396,808	395,844
Less: Loan arrangement fees	(7,090)	(7,272)	-	-
	492,658	463,559	396,808	395,844

	Group		Association	
Bond issue premium and discount	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
November 2012 bond issue proceeds	150,000	150,000	150,000	150,000
Discount on November 2012 issue	(1,353)	(1,377)	(1,353)	(1,377)
December 2013 bond issue proceeds	31,780	31,780	31,780	31,780
Premium on December 2013 issue	848	863	848	863
October 2014 bond issue proceeds	18,220	18,220	18,220	18,220
Premium on October 2014 issue	2,217	2,262	2,217	2,262
	201,712	201,748	201,712	201,748

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

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.

Loans are repayable at varying rates of interest in instalments. Housing loans are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest. Further details are given in note 36.

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

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%.

b) Obligations under finance leases:

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
In one year or less or on demand	73	71	-	-
In more than one year, but not more than two years	74	73	-	-
In more than two years, but not more than five years	236	229	-	-
In more than five years	2,889	2,970	-	-
	3,272	**3,343**	**-**	**-**

c) Interest rate swaps

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
In one year or less or on demand	4,550	4,588	4,550	4,588
In more than one year, but not more than two years	4,550	4,587	4,550	4,587
In more than two years, but not more than five years	13,038	13,071	13,038	13,071
In more than five years	25,695	22,591	25,695	22,591
	47,833	**44,837**	**47,833**	**44,837**

NOTES TO THE FINANCIAL STATEMENTS

22 Debt analysis (continued)

c) Interest rate swaps (continued)

It is the Association which is the legal party to the swap agreements but subsidiary Great Places Housing Association (GPHA) has indemnified the Association against any obligations in relation to the swaps and therefore the ultimate cost is borne by GPHA. The Association shows an equal gain and loss in relation to its fair value asset due from GPHA (note 18) and the fair value liability to the swap counterparties (notes 20 and 21). The fair value movements in the year are set out in note 8. Details of the swap arrangements the association has entered into are set out below:

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 2016 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 2016 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 2016 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 2016 is £26 million at a rate of 4.82%.

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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 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 2016 is £20m at a rate of 2.2975%.

22 Debt analysis (continued)

d) Debenture stocks:

Included in the loan balances above are the following balances:

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
THFC (Indexed 2) Ltd. -				
5.5% Index- linked stock, 2024				
Balance as at 31 March	483	519	-	-
THFC Ltd -				
11.5% Debenture stock, 2016				
Balance as at 31 March	1,500	1,500	-	-
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

23 Deferred capital grant

Policy

Government grants

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

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

Grant relating to Homebuy loans is recognised as deferred income until the loan is redeemed and the grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent that the proceeds permit.

NOTES TO THE FINANCIAL STATEMENTS

23 Deferred capital grant (continued)

GROUP	Social housing grant	Homebuy grant	Total	Total
	2016	2016	2016	2015
	£'000	£'000	£'000	£'000
At 1 April 2015 / 2014	470,820	9,586	480,406	468,516
Grants received in the year	10,494	-	10,494	25,041
Grants recycled in the year	(4,019)	(828)	(4,847)	(2,756)
Grants disposed in the year	(1,734)	-	(1,734)	(5,885)
Grants amortised in the year	(5,274)	-	(5,274)	(5,122)
Reclassification	(47)	38	(9)	-
Transferred to properties for sale	(25)	-	(25)	612
At 31 March 2016 / 2015	**470,215**	**8,796**	**479,011**	**480,406**

ASSOCIATION
The Association has no deferred capital grant.

24 Recycled capital grant fund

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

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
At 1 April 2015 / 2016	3,137	3,611	-	-
Grants recycled	4,847	2,756	-	-
Interest accrued	21	23	-	-
Development of properties	(4,139)	(3,253)	-	-
At 31 March 2015 / 2016	**3,866**	**3,137**	**-**	**-**

25 Disposal proceeds fund

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

NOTES TO THE FINANCIAL STATEMENTS

25 Disposal proceeds fund (continued)

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

26 Financial instruments

Policy

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

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

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

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost:				
- Homebuy loans	8,796	9,586	-	-
- Trade receivables	404	605	17	88
- Other receivables	8,972	12,375	404,048	396,667
- Current asset investments	29,424	34,270	26,720	32,668
- Cash and cash equivalents	31,014	26,304	276	1,479
Intergroup derivative financial instrument measured at fair value through income and expenditure:	-	-	47,833	44,837
Total financial assets	78,610	83,140	478,894	475,739

NOTES TO THE FINANCIAL STATEMENTS

26 Financial instruments (continued)

	Group		Association	
	2016	2015	2016	2015
Financial liabilities	£'000	£'000	£'000	£'000
Financial liabilities measured at historical cost:				
- Loans payable	492,658	463,559	396,808	395,844
- Trade creditors	2,265	2,574	417	423
- Other creditors	44,280	45,291	34,279	35,475
- Finance leases	3,272	3,343	-	-
- Deferred capital grant	479,011	480,406		
Derivative financial instruments designated as hedges of variable interest rate risk	46,765	43,844	-	-
Derivative financial instruments measured at fair value through income and expenditure	1,068	993	47,833	44,837
Total financial liabilities	**1,069,319**	**1,040,010**	**479,337**	**476,579**

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

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

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

In the Association financial statements, a subsidiary, Great Places Housing Association, has indemnified the Association against any obligations in relation to the swaps, an equal and opposite unhedged asset and liability is shown in the balance sheet and the gains and losses in the income statement offset each other.

NOTES TO THE FINANCIAL STATEMENTS

27 Provisions for liabilities

Policy

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

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

	Group		Association	
Pension deficit contribution provision	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2015 / 2014	8,192	8,473	2,663	2,801
Charged to income and expense:				
- Remeasurement - amendments to the contribution schedule	3,264	-	623	-
- Remeasurement - changes in assumptions	(65)	385	(16)	111
Unwinding of discount (interest expense - note 8)	148	241	48	79
Contribution paid	(944)	(907)	(342)	(328)
At 31 March 2016 / 2015	**10,595**	**8,192**	**2,976**	**2,663**

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

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

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

28 Non-equity share capital

	2016	**2015**
	£	**£**
Shares of £1 each issued and fully paid		
At 1 April	8	11
Shares issued during the year	-	3
Shares surrendered during the year	-	(6)
At 31 March	**8**	**8**

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.

29 Financial commitments

	Group		Association	
a) Capital expenditure commitments were as follows:	**2016 £'000**	**2015 £'000**	**2016 £'000**	**2015 £'000**
Expenditure contracted for but not provided in the accounts	55,696	119,421	-	-
Expenditure authorised by the Board, but not contracted	50,689	55,535	-	-
	106,385	**174,956**	**-**	**-**

Capital commitments for the Association will be funded as follows:

	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Existing loan facilities	40,877	101,604	-	-
First tranche and outright sales	19,553	37,113	-	-
Grants	9,170	13,768	-	-
Existing reserves	36,785	22,471	-	-
	106,385	**174,956**	**-**	**-**

b) Operating leases:

The Group and the Association had minimum lease payments under non-cancellable operating leases as set out below:

	Group		Association	
Other:	**2016 £'000**	**2015 £'000**	**2016 £'000**	**2015 £'000**
Within one year	82	271	82	271
Two to five years	179	16	179	16
	261	**287**	**261**	**287**

NOTES TO THE FINANCIAL STATEMENTS

30 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 16.

31 Contingent liabilities and cross guarantees

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

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

Cross guarantees
Following 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. The guarantee structure also covers the interest rate swaps entered into by GPHG.

As disclosed in note 18, £385.771M (2015: £395,844) of the Group's loans are on lent to GPHA under this structure.

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions

The Group has taken advantage of the exemption available under FRS 102 not to disclose transactions with wholly owned subsidiary undertakings.

Joint venture and associated companies
No transactions took place between the Group and its Joint Venture and associated companies during the year.

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

	2016 £'000	2015 £'000
Loans	63	63
Trading balances	(125)	(125)
	(62)	**(62)**

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	
	2016 £'000s	2015 £'000s	2016 £'000s	2015 £'000s	2016 £'000s	2015 £'000s
Non-regulated entities						
Cube Great Places Limited	31	60	-	-	304	101
Terra Nova Developments Limited	30	30	-	-	-	-
Regulated entities						
Great Places Housing Association	9,200	8,350	1,094	1,059	18,139	17,230
Plumlife Homes Limited	310	265	420	379	-	-
	9,571	**8,705**	**1,514**	**1,438**	**18,443**	**17,331**

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions (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 May 2016 Terra Nova declared a gift aid payment to GPHA of £110,000 (2015: £150,000). In February 2016 Cube Great Places Limited declared a gift aid payment of GPHA of £957,728 (2015: £nil).

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	3,285	583	3,868

NOTES TO THE FINANCIAL STATEMENTS

32 Related party transactions (continued)

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 £11,070 (2015: £942,397) relating to housing property design and build services.

During the year GPHA had intra-group transactions with its subsidiary Terra Nova of £22,377,000 (2015: £30,051,000) relating to housing property design and build services.

During the year Plumlife Homes Limited had intra-group transactions with Terra Nova of £112,500 (2015: £18,500) relating to marketing services.

Joint Ventures and associated companies

Cube Great Places Limited has paid £nil (2015: £nil) to its joint venture Inspiral Developments Oldham LLP, a non-regulated entity, during the year and received back £nil (2015: £125,000).

GPHG has an investment of £420,642 (2015: £420,642) 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 (2015: £62,866).

33 Accommodation in management and development

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

	Group		Association	
	2016	2015	2016	2015
	No	No	No	No
General housing				
- social rent	10,223	10,609	-	-
- affordable rent	2,853	2,353	-	-
Supported housing	1,285	1,320	-	-
Key worker housing	245	243	-	-
Low cost home ownership	2,054	1,681	-	-
Total owned	**16,660**	**16,206**	-	-
Accommodation managed for others	1,749	1,309	-	-
Total managed	**18,409**	**17,515**	-	-
Accommodation in development at year end	743	1,029	-	-

34 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	
	2016	2015	2016	2015
	No	No	No	No
Housing accommodation	56	56	-	-

NOTES TO THE FINANCIAL STATEMENTS

35 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 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 other comprehensive income.

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 statement in the period to which they relate.

Employee numbers

Average monthly number of employees expressed as full time equivalents:

	Group		Association	
	2016	**2015**	**2016**	**2015**
	No	**No**	**No**	**No**
Administration	116	107	106	99
Development	43	43	43	43
Housing, support and care	332	337	-	-
Maintenance	123	115	123	115
	614	**602**	**272**	**257**

Employee costs:

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Wages and salaries	16,789	15,672	8,014	7,198
Social security costs	1,388	1,279	704	608
Other pension costs	1,193	2,014	544	822
SHPS provision movements (see note 27)	(861)	(281)	(310)	(138)
SHPS remeasurement (see note 27)	3,264	-	623	-
	21,773	**18,684**	**9,575**	**8,490**

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

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

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

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

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

Deficit contributions

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

a) Social Housing Pension Scheme

Present value of provision

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Present value of provision	**10,502**	**8,122**	**2,976**	**2,663**

Reconciliation of opening and closing provisions

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Provision at start of period	8,122	8,401	2,663	2,801
Unwinding of the discount factor (interest expense)	147	239	48	79
Deficit contribution paid	(935)	(900)	(342)	(328)
Remeasurements - impact of any change in assumptions	(64)	382	(16)	111
Remeasurements - amendments to the contribution schedule	3,232	-	623	-
Provision at end of period	**10,502**	**8,122**	**2,976**	**2,663**

Income and expenditure impact	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Interest expense	147	239	48	79
Remeasurements – impact of any change in assumptions	(64)	382	(16)	111
Remeasurements – amendments to the contribution schedule	3,232	-	623	-

Assumptions	**Group and Association**	
	2016	**2015**
	% per annum	**% per annum**
Rate of discount	2.06	1.92

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

35 Employees (continued)

a) Social Housing Pension Scheme

Deficit contribution schedule

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

	Group		Association	
Year ending	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Year 1	1,271	936	415	342
Year 2	1,321	975	433	358
Year 3	1,372	1,016	451	374
Year 4	1,426	1,059	471	391
Year 5	1,236	1,104	377	409
Year 6	1,031	904	276	313
Year 7	1,068	689	287	210
Year 8	908	716	207	220
Year 9	734	545	120	137
Year 10	757	360	124	48
Year 11	390	372	64	50
Year 12	-	192	-	26

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

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

b) Pension Trust's Growth Plan

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension Trust's Growth Plan

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2013 to 31 March 2023:	£13,900,000 per annum (payable monthly and increasing by 3% each on 1st April)

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

Deficit contributions

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

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

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

Present values of provision

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension Trust's Growth Plan

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

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

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

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

Deficit contribution schedule

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

b) Pension Trust's Growth Plan

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

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

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 (GMPF). They are both defined benefit multi-employer benefit schemes administered under the Regulations governing the Local Government Pension Scheme. At 31 March 2016 there were 17 active members of the Schemes employed by the Group.

The Group's contribution to the LGPS for the year ended 31 March 2016 was £59,000 (2015: £62,000) and the employer's contribution rate is 12.4% (2015: 11.3%) for SYPA and 18.2% (2015: 17.6%) for GMPF of pensionable pay. We estimate that the contributions to be paid in the next financial year will be £62,000.

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

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

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

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

	As at 31/03/16	As at 31/03/15
Rate of increase in salaries	3.50% - 3.85%	3.60% - 3.85%
Discount rate for scheme liabilities	3.50% - 3.70%	3.20% - 3.40%
Rate of increase in pensions	2.10% - 2.20%	2.10% - 2.40%
Inflation (CPI)	2.10%	2.10%

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes (Group)

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

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

35 Employees (continued)

c) Local Government Pension Schemes (Group)

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

36 Financial liabilities

The Group's policy on Treasury management, capital structures, cash flow and liquidity is set out at pages 26-29 of the Strategic Report and Report of the Board.

Financial liabilities – 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 (loans and finance lease) at 31st March was:

	Group		Association	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Floating rate	30,000	30,017	32,095	31,095
Fixed rate	473,020	444,157	414,832	385,376
Total (notes 22a and 22b)	**503,020**	**474,174**	**446,927**	**416,471**

The Group's fixed rate financial liabilities have a weighted average interest rate of 4.45% (2015: 4.59%) and the weighted average period for which it is fixed is 23.6 years (2015: 22.7 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 22.

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	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Expiring in one year or less	10,000	-	10,000	-
Expiring in more than one year but not more than two years	-	10,000	-	10,000
Expiring in more than two years	154,905	185,405	154,905	155,905
	164,905	**195,405**	**164,905**	**165,905**

37 First time adoption of FRS 102

	Note	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Other Comprehensive Income year ended 31 March 2015	Reserves at 31 March 2015
		£000	£000	£'000	£000
As previously stated under former UK GAAP		65,992	10,882	2,542	79,416
Transitional adjustments					
Recognition of net present value of defined benefit pension deficit reduction plan provision	a	(8,473)	281	-	(8,192)
Defined benefit pension scheme	b	-	(31)	31	-
Fair value movement on hedged financial instruments	c	(22,456)	-	(21,388)	(43,844)
Fair value movement on non hedged financial instruments	c	(297)	(696)	-	(993)
Restatement of properties as Investment properties	d	2,575	420	(2,995)	-
Grant amortisation of grant previously allocated to land assets	e	2,881	493	-	3,374
Adjustment for stock swaps with other housing providers	f	-	-	-	-
As stated in accordance with FRS 102		40,222	11,349	(21,810)	29,761

Association	Note	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Reserves at 31 March 2015
		£000	£000	£000
As previously stated under former UK GAAP		**810**	**187**	**997**
Transitional adjustments				
Recognition of net present value of defined benefit pension deficit reduction plan provision	a	(2,801)	138	(2,663)
Fair value movement on non hedged financial instruments	c	-	-	-
As stated in accordance with FRS 102		**(1,991)**	**325**	**(1,666)**

37 First time adoption of FRS 102 (continued)

a Defined benefit pension deficit reduction provision (note 27)

Under section 28 of FRS 102 the Group is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. A discount rate of 2.06% (2015: 1.92%) has been used. This has resulted in a liability of £8,473K (Association £2,801K) being recognised as a provision in the opening reserves at 31 March 2014 and a net credit to the surplus for the year ended 31 March 2015 of £281K (Association £138K).

b Defined benefit pension scheme (note 35c)

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

c Financial instruments (note 22c)

The Group has several interest rate swap agreements in place, all of which are classified as non-basic or 'other' financial instruments. All swaps are effectively hedged other than one with Credit Suisse which is not in relation to any particular loan. Under old UK GAAP there was no requirement to recognise the fair values in relation to these financial instruments in the financial statements. However, FRS 102 is clear that 'other' financial instruments must be shown in the financial statements at their fair value. The fair values of the swaps have been calculated at the year-end based on market information. The movement on the hedged Swaps are shown in Other Comprehensive Income and the movement on the Credit Suisse Swap is shown in the Statement of Comprehensive Income before Surplus on Ordinary Activities.

The ultimate liability and cost is shown in the financial statements of subsidiary, Great Places Housing Association, as that entity has indemnified the Association against any costs in relation to the swap agreements. However, as the Association is the legal counterparty to the swaps an equal and opposite unhedged asset and liability is shown in the balance sheet and the gains and losses in the income statement offset each other.

37 First time adoption of FRS 102 (continued)

d Investment properties

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

e Grant accounting

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

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

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

f Stock swaps from other registered providers

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