Financial Statements
Plus Dane Housing Group Limited

For the year ended 31 March 2016

Registered Society No: 29480R
Homes and Communities Agency No: L4355

Contents

Association information

Board members	Linda Minnis (Chair) Anthony Barwise Tom Murtha Mervyn Jones Sandra Palmer Robin Lawler - appointed 1 April 2015 Brian Gowthorpe - appointed 1 April 2015 Cllr David Brown - appointed 1 April 2015 Gary Mason - appointed 1 April 2015, resigned 10 December 2015 Cllr George Davies - appointed 1 April 2015 Rob O'Malley – appointed 17 March 2016 Sir Peter Fahy – appointed 19 May 2016 Dr Ann Hoskins – appointed 19 May 2016
Secretary	Frank Harasiwka – appointed 8 July 2016 Matthew Cooper – appointed 21 March 2016, resigned 8 July 2016 Alison Carey resigned 21 March 2016
Registered office	Baltimore Buildings 13-15 Rodney Street Liverpool L1 9EF
Executive officers	Barbara Spicer (Chief Executive) Claire Griffiths (Executive Director - Property) Madeleine Nelson (Executive Director – Neighbourhoods) – appointed 20 April 2015 Matthew Cooper (Executive Director – Corporate Services) – appointed 2 November 2015, resigned 8 July 2016
Auditors	KPMG LLP One St Peter's Square Manchester M2 3AE
Bankers	National Westminster Bank plc Liverpool One Branch 49 South John Street Liverpool One L1 8BU

Chair's statement

I am pleased to report our performance during the 2015/16 financial year in what will be my last as Chair of Plus Dane.

Over the last twelve months we have worked to further strengthen the organisation following the governance downgrade in 2013. Whilst we were placed on the grading's under review list by the HCA for our viability in May, it was testament to the hard work and commitment of the team that we not only maintained our viability rating of V2 in the September Regulatory Judgement but were also upgraded to G2 for governance.

One of the highlights of this year following a challenging couple of years has been the development of a new corporate plan and suite of associated strategies which set out the clear strategic direction and ambition for the organisation over the next five years. Board and the leadership team worked alongside each other to develop these in consultation with colleagues from across the business, tenants and customers, and external stakeholders. Work has since been undertaken to ensure the corporate objectives are reflected in the individual work plans of all staff.

In the early part of the year we completed a comprehensive efficiency planning exercise, to understand where savings of up to 25% could be found within the business to ensure that we can prudently deal with any unforeseen challenges that are likely to impact on our income streams. On the back of this work, the new corporate plan is targeting 15% of these efficiencies over the next five years.

As we work to build our financial resilience, it is pleasing that we have significantly improved performance this year on re-let times and made improvements in void rent loss and income collection rates. Board took the decision to keep an in-house property repairs team for the next three years on the understanding that it could demonstrate improved efficiency; and it is pleasing that we have already begun to see some improvements, including a reduction in average repair costs per property whilst maintaining high levels of customer satisfaction. A number of actions are planned this year designed to drive further efficiencies from the service and the staff are very much on board.

We have had another successful year of performance delivering the Ellesmere Port and Neston housing management contract. Cheshire West and Chester Council has now began the tender process for the new contract, and Plus Dane is currently in the process of bidding for this, with the outcome expected in January 2017.

Plus Dane has taken an active role in combined authority discussions around housing in Liverpool City Region and also emerging proposals in Cheshire, and will continue to do so over the coming year.

In the September Regulatory Judgement, the HCA acknowledged the work that had been done to strengthen the board and sought assurances on succession planning for board members stepping down. Since then Plus Dane has appointed Sir Peter Fahy as the new Chair, who will formally take up the position at the AGM in September, when I will step down having served eleven years on the Board. Sir Peter joined the Board in May 2016 as Chair Designate to ensure a seamless handover. Five other new Board members were also appointed to join the Board between July and September 2016.

Chair's statement

There remain significant challenges for Plus Dane, and the sector more widely, that will need to be planned for and responded to - not least the emerging detail from the Housing and Planning Bill and deregulation of the sector, but I am confident that we are in a much stronger position to deal with these effectively and most importantly for the benefit of our tenants and customers.

Linda Minnis
Chair Plus Dane Housing
15 September 2016

Directors' Report

The Board has pleasure in presenting its report and financial statements for Plus Dane Housing Group Limited for the year ended 31 March 2016.

Principal Activity
Plus Dane provides affordable homes for rent and shared ownership together with housing support for vulnerable and elderly residents. It also has interests in major regeneration projects and partnerships to deliver change to the neighbourhoods and communities which it serves.

Status
Plus Dane Housing Group Limited is a Registered Society incorporated under the Co-operative and Community Benefit Societies Act 2014. It is registered with the Homes and Communities Agency as a Registered Provider of social housing as defined by the Housing and Regeneration Act 2008.

Business Review
Details of the organisations performance for the year and future plans are set out in the Strategic Report that follows this Directors' report.

Basis of accounting
The Group has transitioned from previously extant UK GAAP to FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts. The key changes have been the recognition of the net present value of any contractual agreements for a past deficit pension contributions and elimination of the revaluation reserve. Prior period balances have been adjusted to reflect this implementation which has resulted in an increase in reserves at 31 March 2015 of £4.4million (details are set out in note 33).

Tenant and Customer Involvement
By working closely with the tenants and customers the Group recognises that it can make a real difference to homes and neighbourhoods and improve future service provision and delivery. In 2015 Board recognised that a step-change was required in our approach to engagement and involvement which resulted in a new strategy and framework to ensure an environment is created in which our customers' voices are heard, listened to and acted upon in the shaping, improvement and scrutiny of the organisation.

The Tenants Together Forum, which has been in place since 2007, provides scrutiny and influence in developing policy and services and this will be taken further in the course of the next five years.

Employees
The strength of the Group lies in the quality and commitment of its employees.
The ability to meet its objectives and commitments to residents in an efficient and effective manner depends on the contribution of employees throughout the Group. The overall aim of the new People Strategy is to create an environment of engagement, accountability, empowerment and opportunity for its people in which all colleagues understand the contribution they make to business success and feel they make a valuable contribution.

The Group is committed to working towards equal opportunities for all its employees and continues to invest in staff training and development and has improved systems of appraisal and performance management.
The Group seeks employees' views on how to improve the organisation and the services it provides, as well as matters of common concern using surveys and union representation.

Directors' Report

The Group continues to provide information on the Group's objectives, progress and activities through a weekly email from the Chief Executive, Corporate Intranet and roadshows.

Efficiency
The Board is committed to delivering an effective and efficient service to tenants and other stakeholders and plans to employ a range of techniques to increase efficiency including re-evaluating procurement policies, use of our own in-house repairs service, strict budgetary control, applying techniques to improve procedures that add value to the customer, benchmarking with others and reducing staff turnover, sickness and absenteeism.

Health and safety
The Board is aware of its responsibilities on all matters relating to health and safety. The Association has prepared detailed health and safety policies and provides Board and staff training and education on health and safety matters. In 2015 a comprehensive internal audit was carried out on all matters of health and safety and all recommendations have been completed or are in progress.

Board members and Executive Directors
Those Board members who served during the period and the Group's executive directors are set out on page 1.

While the Board is responsible for the Group's overall strategy, management is delegated to the Chief Executive. The Executive Management Team consisting of Executive Director – Corporate Services, Executive Director – Neighbourhoods and Executive Director – Property act as executives within the authority delegated by the Board and meet fortnightly under the chairmanship of the Chief Executive to consider management issues and key decisions.

The Board
The Board comprises up to twelve non-executive members and is responsible for the strategy, policy framework and managing the affairs of the Group. The Board members are drawn from a wide background bringing together professional, commercial and local experience. The Board delegates the day-to-day management and implementation of that framework (via the intra group agreement) to the Chief Executive and other members of the Group's executive team.

Independent and Tenant Board members are selected by a panel of Board members (including the Chair and the Chief Executive) following public advertisement for recruitment.

Remuneration policy
The Governance and Nominations Committee, comprising a Chair and a minimum of two other Board members, is responsible for setting the Group's remuneration policy for its executive directors. It also recommends to the Board the remuneration levels for board members.

The Committee pays close attention to remuneration levels in the sector in determining the remuneration levels of the Chair, Chairs of Committees, Board Members, Independent Members and executives.

Details of the emoluments of Board Members and Executive Directors are set out in note 5.

Directors' Report

Statement of Board's responsibilities in respect of the Board's report and the financial statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of compliance

In preparing this report a review of Group governance procedures has been undertaken and the Association complies with the HCA Governance and Financial Viability Standard.

NHF Code of Governance

The Group complies with the principal recommendations of the NHF Code of Governance 2015 and has adopted a number of policies and procedures to achieve these.

Internal control assurance

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

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

Directors' Report

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing and has been in place throughout the period commencing 1 April 2015 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference, including a detailed intra-group agreement between the Association and its subsidiaries, supported by detailed service level agreements and delegated authorities for Audit & Risk and Governance & Nomination Committees;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes with detailed financial budgets and forecasts;
- review of the Association's risks by the Board and Audit & Risk Committee;
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- appraisal of major development projects by the Property Panel;
- a sophisticated approach to treasury management which is subject to external review on a regular basis;
- regular reporting to senior management and the Board/appropriate committee of key business objectives, targets and outcomes;
- Board approved Probity Suite and whistleblowing policies which covers expectations of fraud and code of conduct;
- detailed policies and procedures in each area of the Association's work; and
- regular monitoring of loan covenants and requirements for new loan facilities.

A monitor on fraud is maintained and reviewed by the Audit & Risk Committee at every meeting. There were no frauds reported during the period under review.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control. The Group Audit Committee was formed to oversee the internal control framework for all companies within the Group.

The means by which the Audit & Risk Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, fraud reports, management assurances, the external management letter and specialist reviews on areas such as treasury, health and safety and efficiency. The Audit & Risk Committee received and considered reports from management on these risk management and control arrangements at each meeting during the year and the Board discusses risk at each meeting.

The Audit & Risk Committee has received the Director of Business Assurance annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor, and has reported its findings to the Board.

Annual General Meeting

The Annual General Meeting will be held on 15 September 2016.

Directors' Report

Auditors
A resolution to reappoint KPMG as auditors will be proposed at the Annual General Meeting.

The Directors Report was approved on 15 September 2016 and signed on its behalf by:

Frank Harasiwka
Company Secretary
15 September 2016

Strategic Report

Five Year Summary
The board is pleased to report a surplus for the year of £5.2m (2015: £9.5m) in what has been a challenging year. We have continued to invest in both our existing stock and undertake a series of new developments, for both sale and rent. The group continues to track progress against commitments under the 2011/15 Affordable Homes Programme, completing a further 30 affordable homes this year in addition to 63 via other funding streams.

Income and expenditure account
The following table provides a summary of the Group's results:

For the year ended 31 March	2016*	2015**	2014	2013	2012
	£m	£m	£m	£m	£m
Income from lettings	64.4	61.1	55.8	52.8	48.3
Group turnover	96.9	103.7	87.0	73.6	57.4
Operating surplus	20.6	22.7	16.6	14.4	12.4
Surplus on sale of property	0.6	4.6	0.3	0.3	0.1
Net interest payable	14.1	13.5	11.3	11.3	9.5
Surplus for the year after tax	5.2	9.6	4.8	3.3	3.1

*FRS102
**restated for FRS102

Group turnover has decreased by £6.8m in the year, of which £4.4m is in respect of the fee income for the Ellesmere Port and Neston contract on planned repairs.

Social housing income has increased by £3.3m impacted by the CPI movement which was based on September 2014 CPI plus 1%. This gave rise to an increase of 2.2%. Further, additional developed properties have also increased turnover for the Group as well as a number of properties moving from target to affordable rent. The Rent to Homebuy contract generated turnover of £1.4m. Continued low interest rates mean that despite borrowing more, the Group minimised the impact on interest this year.

Strategic Report

Balance Sheet

As at 31 March	2016* £m	2015** £m	2014 £m	2013 £m	2012 £m
Housing properties	576.1	576.6	301.4	277.4	253.2
Other fixed assets	15.8	16.9	15.5	16.0	16.1
Tangible fixed assets	591.9	593.5	316.9	293.4	296.3
Net current (liabilities)assets	(1.9)	(4.8)	(0.2)	(0.2)	3.8
Total assets less current liabilities	595.5	594.0	316.7	293.2	273.1
Loans (due over one year)	304.4	306.6	291.1	272.9	255.3
Creditors due after one year	244.2	245.1	1.1	0.9	0.9
Pension provision	7.8	14.7	8.6	11.9	9.3
Reserves:					
Revenue reserve	39.1	27.6	21.3	14.7	14.5
Revaluation reserve	0	0	(6.7)	(8.4)	(8.1)
Designated reserves	0	0	1.3	1.2	1.2
Total Net Assets	39.1	27.6	15.9	7.5	7.6
Housing stock, owned and managed (units)	18,768	18,768	18,538	18,295	12,395

*FRS102
**restated for FRS102

The Group is showing a position of £1.9m net current liabilities (2015: £4.8m liabilities) because a loan of £5.6m, held in three60, was due for renewal during 2015/16 and consequently disclosed within current liabilities in addition to a deferred tax asset which was released to the Statement of Comprehensive income in 2015/16. The loan was repaid during the year.

The Group has recorded a deficit of £0.3 million in respect of the investment properties held by the group which has arisen as a consequence of the year end valuation. The freehold commercial investment properties were subject to a directors valuation as at 31 March 2016 and a downward movement of £0.3m arising from the revaluation has been debited as an impairment charge to the Statement of comprehensive income. Further details on this matter are included in note 13 to the financial statements.

During the year 109 new homes were completed (2015: 426) and 169 homes were in development at the year end (2015: 323).

Strategic Report

The Group's five year accommodation figures and Statistics are summarised below:

Group Highlights – Summary

	2016	2015 *Restated	2014	2013	2012
Accommodation figures					
Total housing stock owned and managed (number of dwellings):	**18,768**	**18,768**	**18,538**	**18,295**	**12,395**
Social housing	18,675	18,676	18,447	18,201	12,200
Non-social housing	93	92	91	94	195
Statistics					
Surplus/(deficit) for the year as % of turnover	5.4%	9.2%	5.5%	4.4%	5.3%
Surplus/(deficit) for the year as % of income from lettings	8.1%	15.5%	8.6%	6.2%	6.3%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.4%	4.5%	2.8%	2.1%	2.1%
Rent arrears (gross arrears as % of rent and service charges receivable)	6.1%	5.7%	8.3%	8.4%	8.4%
Liquidity (current assets divided by current liabilities)	93%	84%	99%	99%	121%
Interest cover (surplus before interest payable divided by interest payable)	1.43	1.71	1.47	1.27	1.31
Total reserves/(deficit) per home owned and managed (excluding Ellesmere Port and Neston)	£3,009	£2,129	£1,643	£1,154	£1,167

Objectives and Strategy

The purpose, objectives and strategy of the organisation are set out in the 2016-2021 corporate plan. This revised plan affirms the organisation's social purpose and details the four strategic objectives that will drive the aspiration each of which are underpinned by detailed delivery plans. The delivery of these plans is monitored by the Board, tenants and customers.

Plus Dane is an organisation with a social purpose; there to provide housing at below market cost to tenants and customers of modest means, allowing them to build the next steps in their lives where appropriate.

Its long term aspiration is that through well-managed change and business transformation to be sustainable, growing and fully engaged with its stakeholders; delivering services and products that are co-designed and targeted to local needs and markets. Services, both internal and external, will be digital by design.

Plus Dane's five year plan consists of four long term goals, which focus on its customers, financial resilience, people and products and services:
By 2021 Plus Dane will:

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1. Provide a range of products and services that its customers want and can afford resulting in higher retention rates, lower customer debt and higher advocacy levels.
2. Be financially resilient by improving its operating margin to 25%, and optimising all income streams whilst maximising return on its investments.
3. Grow the organisation to achieve a greater positive impact and economies of scale; with a good mix of traditional and non-traditional income streams; increasing stock numbers substantially through organic growth and the pursuit of mergers and acquisitions that are aligned to its core purpose.
4. Have created an environment of engagement, accountability, empowerment and opportunity for its people in which all colleagues understand the contribution they make to business success and feel they make a valuable contribution.

The plan contains key milestones for each deliverable and a range of indicators in a balanced scorecard against which Senior Management and the Board monitor performance against these objectives. Performance is reported in detail quarterly, the approach ensures that Board has a holistic view of the organisation in terms of performance, programme delivery and strategic risk management.

Operating performance in the period

In 2015/16 under Board's direction, and with a clarity of purpose driven by the Chief Executive, the following were achieved:

- Financial stabilisation particularly in connection with the organisation's funding arrangements and three60
- Organisational stability through improved staff engagement and communication, protected learning budget, clear processes for managing change and successful restructures in HR, Property and Neighbourhoods
- Governance arrangements continuing to embed with improved lines of sight through the unitary Board, robust and effective succession planning and recruitment; improved governance rating by the Regulator and adoption of the Code of Governance 2015 and the Merger Code
- Strategic direction – a new Corporate Plan with a clearly stated purpose and the "Big 4" strategic goals; redefined risk appetite that once again supports a growth agenda; and a financial strategy that includes a clear financial framework for decision making and efficiency programme
- Step change in approach to performance management resulting in improved outturns particularly in financial management, health and safety, income management and tenancy turnover.

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The table below provides a summary of performance against each perspective of the Balanced Scorecard

Perspective	On/above target	Below target
Financial	5	0
Customer	10	0
Business Process	2	5
People	0	1
Total	17	6

Overall, Q4 showed strong or improving outturns in

- Financial management and control achieving an operating margin of 23% against a target of 19.9%; key drivers being prudent assumptions on bad debt, salary savings on unfilled posts throughout the year, additional surplus through the DLO and lower void costs due to relief on council tax.

- Income management resulting in higher collection rates of both current and former tenant arrears when compared to last year.

- Tenancy management – turnover rates in both overall tenancies and those failing in 12 months both below target and improved on last year.

- Ellesmere Port & Neston contract delivery was strong with no cash penalties incurred.

- Gas Safety (99.9%) has had a strong performance throughout 2015/16; at the end of the year 1 property had an expired certificate and was in the legal process.

- Total Absence has reduced from 4.2% in Q1 to 3.8% in Q4; the equivalent of 9.5 days lost per employee.

- Whilst there is significant improvement overall in average relet times when compared to performance in 14/15 - performance has deteriorated in turnaround in properties that have become vacant since April 2015. There were still a number of long terms voids which were let during the year, together with some difficulties lettings properties in two of the sheltered schemes in particular, impacted on turnaround time, although overall, at 36 days, this was still within the target of 61, and a significant improvement on the previous year.

- Void rent loss outturn was 1.55% (equivalent to £1.2 million), which is a very significant reduction from 2.41% the previous year, and an improvement on the target of 1.75%, with only 0.54% of the stock empty at year end. Close work between Property and Housing teams focused on sustainable lettings – which is also reflected in tenancies failing within 12 months being within the target of 15%. Where targets

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have not been achieved these have been investigated and analysed and corrective actions put into place.

Cheshire Performance
With a focus on improving income management and improved retention; the key performance highlights for Plus Dane (Cheshire) are:

- The proportion of tenancies failing in the first twelve months has improved from 18.5% last year to 15.2% in 2015/16.
- Rent collection rate has improved to 99.4% from 97.8%; with current arrears for General Needs and Housing for Older People reducing from 2.8% to 2.1%
- The average time to relet a property has reduced from 44 days to 33.
- Percentage of properties with a valid gas safety certificate is 100%
- Satisfaction with neighbourhoods has increased to 91.9%
- Satisfaction with completed repairs has reduced slightly compared to last year moving from 94% to 93.5%.

Merseyside Performance
With a focus on improving income management and improved retention; the key performance highlights for Plus Dane (Merseyside) are:

- Tenancy turnover has improved from 8.3% to 7.6% against a target of 10%;
- Rent collection rate has improved to 99.7% from 97.6%; with current arrears for General Need and Housing for Older People improving from 4.6% to 4.4%.
- The average time to relet a property has reduced from 79 days to 38.
- Percentage of properties with a valid gas safety certificate is 100%.
- Satisfaction with completed repairs has improved from 90.5% last year to 93% in 2015/16.

Future Prospects
During 2015/16 Board have stated clearly the organisation's purpose, aspiration and ambition. Through a series of planning events Board have ensured that they have a clear and contemporary view of the operating environment and a strong grasp on the organisation's capacity and capability to deliver against that backdrop.
Within the 2016 Corporate Plan four strategic goals have been stated and are underpinned by the following activities:

Customers, Products & Services

- In 2016 Plus Dane will deliver a new Customer Access Strategy. It will change the way Plus Dane interacts with customers and ensure a clear understanding of how its current and future tenants and customers wish to do business with the organisation and what products and services they want to be delivered. By 2018 the customer experience will be significantly improved and the organisation's understanding of current and future needs will be clearer, all driven by customer insight and intelligence.
- Throughout 2016 a refreshed Tenant and Customer Engagement strategy will be implemented. It will create an environment in which our customers' voices will be heard, listened to and acted upon in the shaping, improvement and scrutiny of the organisation.

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- Continuing throughout 2016 Plus Dane will review all neighbourhood housing services, empty property management, income and financial inclusion to ensure it is able to provide targeted support for tenants and to safeguard income for the business, particularly in response to the Welfare Reform changes.
- A new Supported Housing Strategy will be developed in 2016, which will set out the framework for services to support Plus Dane's most vulnerable tenants and clients, considering the financial viability and service impact, particularly in the context of reducing external funding and the potential rent regime changes.
- Plus Dane's specialist community safety service will be extended across the organisation in 2016, to provide expert, specialist and consistent support to tenants and communities.
- Plus Dane through its non-core housing offer will focus on
  - supporting tenants out of dependency,
  - helping people stay in their homes longer,
  - protecting its assets where it is the majority landlord, and
  - maximising the Plus Dane pound.

  To support these aims Plus Dane will specifically:
  - develop its capacity building and employment initiatives to support tenants into sustainable employment.
  - maintain and develop new strategic partnerships that build the capacity of tenants to be more independent
  - access external funding to deliver tangible benefits to tenants and customers.
- From April 2016 Plus Dane will deliver a digital by design approach. Aimed at both internal and external services it will look to future IT and digital design and not seek to "catch up" with others, with a drive to maximise return on investment.
- Plus Dane continues to deliver its repairs service in the most effective and efficient way. In the first instance Board have asked the DLO to concentrate on maximising its efficiency over a three year period from April 2016 to March 2019; Plus Dane will also review its repairs policy and increase its investment in stock to ensure better value for money.
- By March 2017a full review of office accommodation will be completed in conjunction with the Customer Access and People strategies, with the main aims of improving customer service provision, creating a great working environment and reducing costs both financial and environmental.

Financial Resilience

- From April 2016 deliver a new Financial Strategy. Through prudent management and organisation stability it will deliver:
  - Covenant headroom of greater than 10%
  - Group interest cover which exceeds 120%
  - Debt per unit to be less than £25k
  - Operating margin which exceeds 25% (with a "profit for purpose" goal)
  - A fully funded development programme with no reliance on sales income or right to buy

Strategic Report

- By March 2017 a simplification process will be complete. This will bring together all owned stock into one organisation.
- The organisation will refinance during 2018.
- Throughout the period of the plan will continue with our strategic aim of managing the disposal of assets held within three60.

Growth

A new Growth and Investment Strategy will begin from April 2016. It will deliver

- At least 438 new build units upto March 2018 with potential scope for an additional 150 by then Thereafter we will seek to increase new build development aiming towards circa 400 per year, financing and market conditions allowing
- A piece of work will be commissioned to help Board decide what the optimum size is for the organisation moving forward. This will include a full matrix of opportunities within Merseyside and Cheshire by end of 2016
- In determining optimum size Board will in the future consider potential mergers and adopt the National Housing Federation merger code. In terms of any current approaches to merger Plus Dane's Board have determined:
    - They do not seek any further geographic spread, and therefore potential partners need to be in their core area of Cheshire and/or Merseyside
    - Any merger would need to demonstrate the ability to add to the financial resilience of the organisation, for example, improve margins by generating synergies and should enable any new organisation to do more than the individual entities
    - They would prefer not to enter into any discussion about group structures, only structures that would drive out efficiencies and ensure good governance through proper consolidation
    - The most important consideration would be that any potential partner was able to demonstrate that it shared the same value base as Plus Dane
- Plus Dane's Help to Buy Contract continues to generate a significant financial surplus into the organisation. Throughout 2016, Plus Dane will aim to exceed its performance targets with the HCA and ensure it is in a strong position to secure an extension to the contract from 2017-2020.
- Building on its significant experience in both delivering and managing homes for others Plus Dane will continue to explore new opportunities in this area, where they can demonstrate a positive strategic and financial impact on the organisation; delivering profit for a purpose. By quarter 1 2017/18 Board will have determined its position regarding rebidding for the Ellesmere Port & Neston housing management contract.

In the course of this year respond to the opportunities presented as part of the emerging devolution arrangements in both Merseyside and Cheshire.

Strategic Report

People

- A new People strategy will go live from April 2016. This will focus on managerial capability and leadership capacity whereby:
  - 100% of Leadership Team will have undertaken development in line with the Leadership Framework within the next two years
  - 90% of managers will achieve a coaching qualification within five years
  - 50% of colleagues will see Leadership Team as effective role models
  - 5% of the workforce will be made up apprentices or student placements within the next five years
- A fundamental aspect of its People strategy is to develop a plan to attract, develop and retain the talents required to achieve Plus Dane's goals which is underpinned by a competitive employment offer.
- By its AGM in 2016 Plus Dane will have delivered a robust approach to Board succession planning resulting in 50% of the Board being refreshed. The plan will refresh regularly the composition of Board and Committees and continues to develop the right mix of skills and experience to support the strategic direction of the organisation.

Value for Money

The Value for Money (VFM) statement is aimed at our tenants, customers, Board Members, employees and stakeholders to set out where the organisation is on its aim to provide excellent and efficient services. The VFM Strategy defines value for money as the relationship between effectiveness, efficiency and economy; the aim being to ensure a good balance between all three – relatively low costs, high productivity and successful outcomes.

By setting out its current performance and future aspirations the organisation aims to be accountable to its tenants and customers, Board, employees, the regulator and wider stakeholder base.

Understanding and achieving VFM is a key goal for Plus Dane and is closely aligned to the strategic goal of Financial Resilience; delivering value creates opportunity for Plus Dane to further its social and charitable objectives. Plus Dane considers that any additional value that is derived could be applied to

- Improving its core housing offer – better and targeted services leading to higher levels of customer retention and advocacy
- Further development of its non-core housing offer – including the development of capacity building and employment initiatives to support tenants into sustainable employment
- Building new homes for rent and home ownership.

As referenced in the section below the operating environment creates additional challenge as Policy decisions, new legislation and economic uncertainty prevail and Plus Dane is mindful that VFM is a prime element in strengthening the organisation's position to withstand 'shocks'.
Against this Board are clear that Plus Dane needs to be clear on where performance is good an improving; and where improvement is needed and how it will be effected.

The 2015/16 value for money statement seeks to achieve two things:

Strategic Report

- To outline of Plus Dane's value for money performance
- To demonstrate Board's way forward and the actions that have been determined to progress.

The full Value for Money statement can be found on http://www.plusdane.co.uk/publications-and-performance/annual-report-and-value-for-money-statement however 2015/16 headlines are shown below:

Compared to our peers we have found the following:

- Overall customer satisfaction remains in line or above the targets that have been set and above the median comparator group
- Core business activities such as income collection (99.6%) and relets (36.6 days) are improving compared to previous year but have some way to go to be truly optimised
- Our social housing lettings operating margin has improved over the last five years to 28.6% and compares well to the comparator median of 30%
- Our net margin's underlying trend is one of an improving position at 6.3%
- Overall operating costs have reduced by 2% on previous year (c. £1M).

Over the next three years we will:

- Continue to reduce our cost base by c. £6M with reductions in staffing costs of £1.8M
- Continue to carry out service reviews across both customer facing and back office functions aimed at better resource deployment and service efficiencies of c. £2.7M
- Complete a full review of office accommodation in conjunction with the Customer Access and People strategies, with the main aims of improving customer service provision, creating a great working environment and reducing costs both financial and environmental.
- Further simplify our governance arrangements, ensuring that our new structures enables future ambitions for growth (revenue and capital), optimises tax efficiencies and supports our future refinancing.

Given the evidence provided within our Value for Money statement and the broader elements of our self-assessment, we are of the opinion that we comply with the HCA Value for Money Standard.

Principal Risks and Uncertainties

Through robust discussion, Plus Dane's risk appetite has been reviewed and based on an improving position over the last 18 months Board is satisfied that its attitude to risk is now "open" in the areas of Finance, Operational Delivery and Reputation; however in the area of compliance Plus Dane is cautious.

Risk is discussed at every Board meeting and includes a live review of the cumulative impact of decisions made by the Board or Executive. The strategic risks at the corporate level that may affect the development and implementation of the business plan have been derived from the following key internal and external influences:

- The external environment is continuing to change, driven by developments in government policy/bills that include: Cities and Local Government; Planning and

Strategic Report

Housing; Full Employment and Benefits and Welfare Reform and Work.. More recently, the volatility of international relations has caused the business to think broadly, with implications of associated media campaigns, and actual threats to security considered in light of protecting the business, our staff and our customers.

- The cost of operating in our environment is changing too, with future income, particularly of rent reductions from April 2016, the application of the regulators Governance and Financial Viability Standards, reductions in Supporting People funding, pension costs and potential fluctuations in inflation rates. The Right to Buy, providing an increasing supply of homes and exposure to the housing market, further highlights the importance of effective treasury and cash flow management.
- BREXIT – following the UK's decision on 23 June 2016 to exit the European Union, there remains a high degree of uncertainty about the implications for organisations. Plus Dane is adopting a prudent approach through its business plan stress testing in key areas such as cost of borrowing (LIBOR), further income reductions and inflation (CPI and RPI).

The strategic risks have been identified as shown in the table below and each risk is scored based on an impact and probability matrix. The management of risk is carried out on an enterprise-wide model and each has various controls applied:

1. Board and the Leadership Team inhibit the business to achieve on-going success
2. Inability to identify and respond to environmental change for ourselves and stakeholders
3. Inability to appropriately defend and protect the business
4. Poor performance management of Business Plan objectives
5. Inadequate resourcing of strategy implementation to deliver products/services to agreed standards
6. Providing products or services that do not meet the requirements of our customers, market or support our business objectives
7. Finances are not managed in a way that secures the sustained success of the business
8. Ineffective people management including the delivery of change
9. Inability to retain or attract talent at Board and staff level
10. Incorrect alignment between the businesses position in the market and the business objectives
11. Not maximising/optimising all available income streams

Strategic Report

12. Breaching regulation and/or legislation
13. Disjointed organisational effort due to lack of clear corporate culture across the business

Investment for the future
The investment of this year's financial results is detailed above. The investment of surpluses for investment in the Group's future financial stability is a key tenet of our financial strategy and is of paramount importance for all businesses. The investment will be in the form of development of new homes, extension and improvement of services, investment in existing stock and regeneration of our communities and neighbourhoods, investment in the people we serve as well as our properties. It also helps protect against unexpected events which is key in the current uncertain political and economic climate.

Investment Powers
The Association's rules permit investment of monies not immediately required to carry out its objectives, as it determines and is permitted by law.

Housing properties
At 31 March 2016, the Group owned or managed 18,768 (2015: 18,768) completed units of accommodation. The owned properties are carried in the balance sheet at cost (after depreciation) of £576.1 million (2015: £576.6 million). Further detail can be found in note 12. Our investment in housing properties this year was funded through a mixture of cash generated from operations, social housing grant and loan finance. The Group's treasury management arrangements are considered below.

There is a robust treasury management strategy in place which addresses interest rate risk, covenant compliance, funding and liquidity risk and exposure to counterparties. The strategy is reviewed annually and is approved by the Board. Management of the loan portfolio is the responsibility of the Executive Director – Corporate Services and is managed in accordance with the treasury management strategy and policy. The Association borrows at both fixed and floating interest rates. Regular updates on treasury activity are given to the Audit and Risk Committee.

The Group does not make use of hedging instruments other than to fix variable rate debt either at the time of drawdown or following a review of the loan portfolio and market conditions.

Capital structure and treasury policy
The Group's borrowings total £306.8 million (2015: £314.7 million restated) net of amortised issue costs. The movement in loans drawn represents funds drawn for stock development and improvement offset by external loans fully repaid in Three60 and loan repayments in Plus Dane Merseyside in line with loan agreement repayment schedules. Cash balances at the end of the year stood at £10.8 million (2015: £9.4 million). New debt drawn totalled £9.9 million (2015: £13.3 million). Interest costs increased to £14.1 million (2015: £13.5 million). The average rate of interest paid in the year decreased from 4.62% to 4.46%.The Group is subject to a range of covenants and comply with all of these.

The Group has £37.5m (2015: £48.0m) of unutilised committed borrowing facilities.

Strategic Report

The Group borrows principally from banks, at both fixed and floating rates of interest. There is no limit imposed on the level of fixed interest rate borrowings the Group is able to hold although the treasury policy recommends that between 50% and 80% of the Group's debt should be fixed. At the year-end, 71% of the Group's borrowings were at fixed rates. Variable rate borrowings are those where the interest rate is fixed for less than 12 months from the balance sheet date.

Bank borrowings in summary:

	2016	2015
	£'000	£'000
Fixed	217,450	173,986
Variable	89,394	140,684
Total drawn	306,844	314,670
Available facility	37,479	48,010

The maturity of the Group's borrowings is detailed in note 21 of the financial statements. The Group borrows and lends only in sterling and so is not exposed to currency risk.

Post Balance Sheet events
Within three60 Property Investors Limited the sale of Beetham Court was completed for £1m in July 2016.

Strategic Report

Statement of compliance

In preparing this Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice for registered social housing providers (2014).

Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report.

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

Frank Harasiwka
Company Secretary
15 September 2016

Independent Auditors' Report to the Members of Plus Dane Housing Group Limited

We have audited the financial statements of Plus Dane Housing Group Limited for the year ended 31 March 2016 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group Statement of Changes in Reserves, the Group Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board’s Responsibilities set out on page 6, the association’s Board is responsible for the preparation of financial statements which 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 Auditing Practices Board’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 Financial Reporting Council’s website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and the association as at 31 March 2016 and of the income and expenditure of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Independent Auditors' Report to the Members of Plus Dane 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 the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- the association has not kept proper books of account; or
- the association has not maintained a satisfactory system of control over transactions; or
- the financial statements are not in agreement with the association's books of account; or
- we have not received all the information and explanations we need for our audit.

Hywel Jones
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square,
Manchester,
M2 3AE

Statement of Comprehensive Income

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Turnover: Group and share of joint venture		97,305	104,060	11,067	11,221
Less: share of joint venture turnover		(445)	(391)	-	-
Group turnover	3	96,860	103,669	11,067	11,221
Operating costs	3	(51,322)	(52,508)	(10,748)	(11,372)
Cost of Sales	3	(25,561)	(33,018)	-	-
Surplus on sale of fixed assets	3	637	4,583	-	-
Group operating surplus/(deficit) before share of joint venture operating profit	3	20,614	22,726	319	(151)
Share of joint venture operating profit		10	22	-	-
Total operating surplus/(deficit)	9	20,624	22,748	319	(151)
Interest receivable	7	40	41	2	2
Interest payable and similar charges	8	(14,054)	(13,531)	(3)	-
Share of joint venture interest payable		(4)	(3)	-	-
Other finance income/(costs)	6	(521)	362	-	-
Surplus/(deficit) on ordinary activities before tax		6,085	9,617	318	(149)
Tax on surplus/(deficit) on ordinary activities	11	(859)	(31)	(71)	(74)
Surplus/(deficit) for the year		5,226	9,586	247	(223)
Actuarial (loss)/gain in respect of pension schemes	6	7,446	(6,979)	-	-
Deferred tax movement in respect of pension schemes	11	(1,174)	1,092		
Total comprehensive income		11,498	3,699	247	(223)

All amounts relate to continuing activities.

The financial statements were approved by the Board and signed on its behalf on 15 September 2016.

Linda Minnis
Chair

Tom Murtha
Board Member

Frank Harasiwka
Company Secretary

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves

Group

	£'000
Balance as at 31 March 2014	23,869
Total comprehensive income for the year	3,699
Balance as at 31 March 2015	27,568
Total comprehensive income for the year	11,498
Balance as at 31 March 2016	39,066

Association

	£'000
Balance as at 31 March 2014	111
Total comprehensive income for the year	(223)
Balance as at 31 March 2015	(112)
Total comprehensive income for the year	247
Balance as at 31 March 2016	135

The accompanying notes form part of these financial statements.

Consolidated and Association's Balance Sheets

	Note	Group **2016** **£'000**	Group 2015 £'000	Association **2016** **£'000**	Association 2015 £'000
Fixed assets					
Housing properties	12	576,064	576,620	-	-
Investment properties	13	8,191	8,535	-	-
Other fixed assets	14	5,835	6,564	1,596	1,863
Investments	16	113	113	113	113
Share of joint venture net assets	16	35	33	-	-
Homebuy initiative		1,628	1,644	-	-
		591,866	593,509	1,709	1,976
Debtors: due after one year	19	5,556	5,358	-	-
Current assets					
Stock	17	116	131	-	-
Properties for sale	18	4,797	7,199	-	-
Trade and other debtors: due within one year	19	9,592	7,966	862	968
Cash and cash equivalents		10,825	9,350	1,614	1,392
		25,330	24,646	2,476	2,360
Creditors: amounts falling due within one year	20	(27,232)	(29,500)	(4,050)	(4,447)
Net current assets/(liabilities)		(1,902)	(4,854)	(1,574)	(2,087)
Total assets less current liabilities		595,520	594,013	135	(111)
Creditors: amounts falling due after more than one year	21	(548,633)	(551,721)	-	(1)
Provisions for liabilities					
Net pension liability	6	(7,821)	(14,724)	-	-
Total net assets		39,066	27,568	135	(112)
Capital and reserves					
Non-equity share capital	26	-	-	-	-
Revenue reserve		39,066	27,568	135	(112)
Total reserves		39,066	27,568	135	(112)

These financial statements were approved by the Board and signed on its behalf on 15 September 2016.

Linda Minnis
Chair

Tom Murtha
Board Member

Frank Harasiwka
Company Secretary

The accompanying notes form part of these financial statements

Consolidated Cash Flow Statement

	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Net cash generated from operating activities	27		34,032		30,226
Cash flow from investing activities					
Purchase of tangible fixed assets		(16,416)		(41,696)	
Proceeds from sale of tangible fixed assets		3,464		11,295	
Grants received		1,764		4,395	
Interest received		40		41	
Purchase of investments		-		(473)	
			(11,148)		(26,438)
Cash flow from financing activities					
Interest paid		(13,646)		(15,498)	
Interest element of finance lease payments		(41)		(11)	
New secured loans		10,060		16,638	
Repayment of borrowings		(17,782)		(3,758)	
Capital element of finance lease rental payments		-		(173)	
			(21,409)		(2,802)
Net change in cash and cash equivalents			1,475		986
Cash and cash equivalents at beginning of the year			9,350		8,364
Cash and cash equivalents at end of the year			10,825		9,350

The accompanying notes form part of these financial statements

Notes to the financial statements

1. Legal status

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

2. Principal accounting policies

Basis of Accounting
The financial statements of the group and association are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014:Statement of Recommended Practice for Registered Social Housing providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

This is the first year in which the financial statements have been prepared under FRS 102. The date of transition is 1st April 2014. Please refer to note 33 for an explanation of the transition.

The financial statements are presented in Sterling (£).

The transition to FRS 102 has resulted in a small number of changes in accounting policies to those used previously.

Going concern
The group's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. The group has in place long-term debt facilities (including £37.5m of undrawn facilities at 31 March 2016), which provide adequate resources to finance committed reinvestment and development programmes, along with the group's day to day operations. The group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, 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 at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgments and estimates have been made include:

Significant management judgements
The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Notes to the financial statements

a. Adjustment to net interest on net defined pension liability
Under previous UK GAAP, the interest on the expected return on plan assets was calculated using an expected asset rate. FRS 102 requires that the net interest on the net defined benefit liability is calculated using the liability discount rate for the scheme.

b. Supporting people
Management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the Income to be recognised. £1,026k of supporting people income was recognised in the year.

c. Categorisation of housing properties
The Group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals.

d. Investment properties
Under FRS 102, changes in the fair value of investment properties are recorded in the profit and loss account. Under previous UK GAAP these changes were recorded in the Statement of Total Recognised Gains and Losses (STRGL).

e. Impairment
The Group has identified a cash generating for impairment assessment purposes at a property scheme level.

f. Capitalisation of property development costs
Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £6.9m.

g. Transitional relief (exemptions taken on transition to FRS 102).

1. ***Investments in subsidiaries***
The company has elected to treat the carrying amount of investments in subsidiaries under previous UK GAAP at the date of transition as deemed cost on transition to FRS 102.

2. ***Lease incentives***

The Group has taken advantage of the exemption in respect of lease incentives on leases in existence on the date of transition to FRS 102 (1 April 2014) and continues to credit such lease incentives to the profit and loss account over the period to the first breakage/review date on which the rent is adjusted to market rates.

Notes to the financial statements

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

a. **Useful lives of depreciable assets**
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2016 was £112,327k (see notes 12 and 14).

b. **Defined benefit obligation (DBO)**
Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 6). The liability at 31 March 2016 was £7,821k.

Basis of consolidation
The group accounts consolidate the accounts of the association and all its subsidiaries at 31 March using the purchase method.

Investment in subsidiaries
The consolidated financial statements incorporate the financial statements of the association and entities controlled by the group. Control is achieved where the group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of any subsidiaries acquired or disposed of during the year are included in total comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate using accounting policies consistent with those of the parent. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Investments in subsidiaries are accounted for at cost less impairment in the individual financial statements.

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

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Charges for support services

Notes to the financial statements

funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Service charges
Service charge income and costs are recognised on an accruals basis. The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position. Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within long term creditors.

Taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in income and expenditure, except that a change attributable to an item of income or expense 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.

Deferred tax is recognised in respect of all timing differences at the reporting date, except as otherwise indicated. Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the Statement of Financial Position date. Deferred tax assets and liabilities are not discounted.

Value Added Tax
The group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest Payable
Interest is capitalised on borrowings to finance the development of qualifying assets to the extent that it accrues in respect of the period of development if it represents

a) interest on borrowings specifically financing the development programme after deduction of related grants received in advance; or
b) a fair amount of interest on borrowings of the association as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

Notes to the financial statements

Other interest payable is charged to income and expenditure in the year.

Home Buy Loans (including Mortgage Rescue & Shared Equity Schemes)
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 any accrued interest and any impairment loss is recognised in income and expenditure to the extent that it cannot be offset against the HomeBuy grant. The associated Home Buy grant is recognised as deferred income until the loan is redeemed.

Financial Instruments
Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit.

Direct costs incurred in connection with the issue of a basic financial instrument are deducted from the proceeds of the issue, and amortised over the life of the instrument.

Debtors
Short term debtors are measured at transaction price, less any appropriate provision for estimated irrecoverable amounts. A provision is established for irrecoverable amounts when there is objective evidence that amounts due under the original payment terms will not be collected. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the I&E.

Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee Benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pensions
The group participates in three funded multi-employer defined benefit schemes, the Merseyside Pension Fund (MPF) and the Cheshire Pension Fund (CPF), part of the Local Government Pension Scheme (LGPS) and the Social Housing Pension Scheme (SHPS).

Notes to the financial statements

For both MPF and CPF, scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit 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 statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the group through reduced contributions or through refunds from the plan.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income.

For SHPS, it has not been possible to identify the share of the underlying asset and liabilities belonging to the individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

Contributions payable from the association to the SHPS under the terms of its funding agreement for past deficits are recognised as a liability in the association's financial statements.

Contributions to the Group's defined contribution pension scheme, the Norwich Union Group personal pension plan, are charged to the profit and loss account in the year in which they become payable.

Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period.

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

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Donated land and other assets

Land and other assets 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. Where the land is not related to a specific development and is donated by a public body an

Notes to the financial statements

amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary government grant and recognised on the statement of financial position as deferred income within liabilities. Where the donation is from a non-public source, the value of the donation is included as income.

Investment properties
Investment properties consist of commercial properties and other properties not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Government grants
Government grants include grants receivable from the Homes and Communities Agency (the HCA), local authorities, and other government organisations. Government grants received for housing proper ties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in income and expenditure.

Upon disposal of the associated property, the group is required to recycle grant proceeds and recognise them as a liability.

Other grants
Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Depreciation of housing properties
The group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each

Notes to the financial statements

component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

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

	Years
Main structure	100
Pitched Roofs	60
Flat Roofs	20
Windows, doors (including communal fire doors), external joinery & cladding	25
Boilers	15
Heating Systems	30
Kitchens	15
Bathrooms	20
Electrics including PV panels, wind turbines and other generators	25
Septic Tanks	25
Lifts	20
Aids and adaptations	15

Freehold land is not depreciated.

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Impairment
From 1 April 2016, the group has reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment.

As a result, we estimated the recoverable amount of our housing properties as follows:

(a) determine the level at which recoverable amount is to be assessed (i.e. the asset level or cash generating unit (CGU) level). The CGU level was determined to be an individual scheme;
(b) estimated the recoverable amount of the cash-generating unit;
(c) Calculated the carrying amount of the cash-generating unit; and,
(d) Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, we do not consider there to be an impairment charge against social housing properties.

Notes to the financial statements

Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Other tangible fixed assets
Depreciation is provided evenly 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 office building (straight line)	2%
Motor vehicles (on a reducing balance basis)	25%
Fixtures and equipment (straight line)	10% to 33%
Leasehold buildings (straight line)	Over term of the lease

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the group. All other leases are classified as operating leases.

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the group recognises annual rent expense equal to amounts owed to the lessor.

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

Properties for sale
Shared ownership first tranche sales, completed properties for outright sale and property 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.

Notes to the financial statements

Stocks
Stocks have been valued at the lower of cost and net realisable value.

Provisions for liabilities
Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

The group recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus

	2016				2015			
Group	**Turnover £'000**	**Cost of sales £'000**	**Operating costs £'000**	**Operating surplus/ (deficit) £'000**	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	64,423	-	(46,008)	18,415	61,120	-	(45,793)	15,327
Other social housing activities								
Development services	1,542	-	(1,590)	(48)	1,624	-	(1,376)	248
Supporting people contracts	1,026	-	(1,067)	(41)	1,260	-	(1,185)	75
Management services and other	26	-	(14)	12	49	-	(25)	24
Leased to others	443	-	(792)	(349)	361	-	(1,009)	(648)
Community regeneration	103	-	(175)	(72)	141	-	(551)	(410)
First tranche shared ownership	2,858	(2,027)	-	831	9,909	(7,644)	-	2,265
Other	710	-	(292)	418	814	-	(772)	42
	6,708	(2,027)	(3,930)	751	14,158	(7,644)	(4,918)	1,596
Surplus on sale of fixed assets (Note 10)				637				4,583
	6,708	(2,027)	(3,930)	1,388	14,158	(7,644)	(4,918)	6,179
Non-social housing activities								
Lettings	703	-	(640)	63	260	-	(117)	143
Management contract	18,914	(18,897)	-	17	23,333	(22,665)	-	668
Income from finance leases	335	-	-	335	342	-	(407)	(65)
Other*	5,777	(4,637)	(744)	396	4,456	(2,709)	(1,273)	474
	25,729	(23,534)	(1,384)	811	28,391	(25,374)	(1,797)	1,220
	96,860	(25,561)	(51,322)	20,614	103,669	(33,018)	(52,508)	22,726

* Non-social housing activities – other, includes the activities of three60 Property Investors Limited, a subsidiary of the Group, whose principal activity is that of property investment and development.

The management contract income and expenditure is in respect of the Ellesmere Port and Neston management contract.

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus

Association	**2016** Turnover	Cost of sales	Operating costs	Operating surplus	2015 Turnover	Cost of sales	Operating costs	Operating surplus
	£'000	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000	£'000
Other social housing activities								
Development services	2,152	-	(2,192)	(40)	3,142	-	(2,640)	502
Management services and other	8,915	-	(8,556)	359	8,079	-	(8,732)	(653)
	11,067	-	(10,748)	319	11,221	-	(11,373)	(151)

Notes to the financial statements

3. Income and expenditure from social housing lettings

Group

	General needs housing £'000	Shared ownership £'000	Supported housing & housing for older people £'000	Total 2016 £'000	Total 2015 £'000
Rent receivable net of identifiable service charges	48,137	1,486	8,946	**58,569**	55,427
Service charges receivable	1,064	202	1,180	**2,446**	2,566
Charges for support services	54	-	482	**536**	527
Government Grants	2,435	82	355	**2,872**	2,600
Turnover from social housing lettings	51,690	1,770	10,963	**64,423**	61,120
Expenditure on social housing lettings					
Management	10,792	439	2,649	**13,880**	13,040
Services	1,231	202	1,644	**3,077**	3,375
Routine and planned maintenance	10,668	32	1,755	**12,455**	13,469
Major repairs expenditure	3,682	(67)	658	**4,273**	3,746
Rent losses from bad debts	280	-	(86)	**194**	1,337
Supporting people	61	-	21	**82**	83
Depreciation of housing properties	9,644	193	2,030	**11,867**	11,038
Provision for bad debts	122	-	58	**180**	(295)
Operating costs on social housing lettings	36,480	799	8,729	**46,008**	45,793
Operating surplus on social housing lettings	15,210	971	2,234	**18,415**	15,327
Rent losses from voids	799	10	302	1,111	1,563

Notes to the financial statements

4. Accommodation in management and development

Group

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

Owned and managed by the Group

	2016 Units	2015 Units
Social housing		
General housing:		
Social Rent	8,851	8,783
Affordable Rent	1,518	1,519
Supported housing	1,922	1,943
Low cost home ownership	386	401
Leaseholder units	101	96
Total owned	12,778	12,742
Managed for others	5,785	5,822
Managed by others	112	112
Non-social housing		
Market rented	21	20
Extra care	72	72
	93	92
Total owned and in management	18,768	18,768
Under development		
Accommodation in development at the year end	169	323

Notes to the financial statements

5. Directors' emoluments and expenses

Directors

The remuneration for the executive directors of the Plus Dane Housing Group for the year ended 31 March 2016 is detailed in the table below.

	Basic salary £'000	**Benefits in kind £'000**	**Pension contribution £'000**	**National Insurance £'000**	**Compensation for loss of Office £'000**	**2016 Total £'000**	2015 Total £'000
Barbara Spicer Chief Executive (from September 2014)	147	-	22	18	-	187	102
Claire Griffiths Executive Director Development	107	6	12	12	-	137	120
Madeleine Nelson Executive Director Neighbourhoods (from April 2015)	110	-	16	13	-	139	-
Matthew Cooper Executive Director Corporate Services (from November 2015)	48	-	7	6	-	61	-
Kenneth Perry Former Group Chief Executive (to May 2014)	-	-	-	-	-	-	154[1]
Michael Doran MD Enterprising Neighbourhoods (to February 2015) and Acting Group Chief Executive (May - September 2014)	-	-	-	-	-	-	190[2]
Peter Shaw Former MD Ellesmere Port and Neston (to December 2014)	-	-	-	-	-	-	81
Vivien Cross Former MD Finance (to June 2015)	24	1	2	3	5[3]	35	112
Jacqueline Perry Interim Group Housing Director (to February 2015)	-		-	-	-		142[4]
Michelle Gregg Interim Ni Director (January 2015-May 2015)	17	-	-	2	-	19	31
Christopher Mather Ni Director Strategic Initiatives (to February 2015) and MD Regeneration and Commercial Development (to February 2014)	-	-	-	-	-	-	185[5]
Total	453	7	59	54	5	578	1,117

[1] Includes Payment for Loss of Office £41k
[2] Includes Redundancy Payment of £56k
[3] Redundancy Payment
[4] Includes Redundancy Payment of £37k
[5] Includes Redundancy Payment of £70k

Notes to the financial statements

As a member of the Group, the Association bears a charge in respect of the services provided to it by the members of the Group director team. The charge for the current year amounted to £18,754 (2015: £24,932).

The emoluments of the highest paid director of the group, the Chief Executive, excluding pension contributions were £147,391. The Chief Executive was a member of the Merseyside Local Government Pension Scheme. She was an ordinary member of the pension scheme and no enhanced or special terms apply. During the year the Group did not make any further contribution to an individual pension arrangement for the Chief Executive. The emoluments of the highest paid director of the group in 2015, the MD Enterprising Neighbourhoods, excluding pension contributions were £114,459.

In addition to the directors above Interim Executive Directors were also in place from January 2015 to December 2015 paid via contracted payments. CM Outcomes Limited was paid £151,834 (2015: £34,500) for services in respect of the Interim Executive Director Corporate Services and Advanced Project Consultants Limited was paid in 2015 £31,770 for services in respect of the Executive Director Change.

Board members

During the year, fees of £63,547 (2015: £53,000) were paid to Board members and expenses paid amounted to £3,747 (2015: £15,170).

		2016 Total £'000	2015 Total £'000
Linda Minnis	Chair	13	13
Sandra Palmer	Board member	5	5
Thomas Murtha	Board member	7	5
Anthony Barwise	Board member	7	5
Brian Gowthorpe	Board member	5	-
Mervyn Jones	Board member	5	5
Robin Lawler	Board member	5	-
George Davies	Board member	5	-
David Brown	Board member	5	-
Gary Mason	Board member	4	-
Julie Gill	Board member	1	-
Robert O'Malley	Board member	1	-
Catrina Hewitson	Former Deputy Chair	-	5
Gerard Lane	Former Board member	-	5
Lilian Hazel	Former Board member	-	5
Anne Davies	Former Board member	-	5
Total		64	53

Notes to the financial statements

6. Employees

Group

The average number of employees of the Group expressed in full time equivalents (calculated based on a standard working week of 35 hours) during the year was:

	2016 Number	2015 Number
Housing, support and care	604	621
Development	14	18
Administration	108	110
	726	749

	2016 £'000	2015 £'000
Employee costs		
Wages and salaries	20,376	20,736
Social security costs	1,554	1,650
Other pension costs	2,865	2,471
	24,795	24,857

The full time equivalent number of staff (including executive directors and calculated based on a standard working week of 35 hours) who received emoluments within the Group:

		2016 No.		2015 No.
£60,001 to £70,000		11		7
£70,001 to £80,000		2		6
£80,001 to £90,000		4		-
£90,001 to £100,000		2	(Note 2)	5
£100,001 to £110,000		-		1
£110,001 to £120,000		1		-
£120,001 to £130,000		-	(Note 3)	4
£130,001 to £140,000		1		-
£140,001 to £150,000		-	(Note 4)	1
£150,001 to £160,000	(Note 1)	1		-
£160,001 to £170,000		1		-
£170,001 to £180,000		-	(Note 5)	2

1 Included in this range is £81,171 paid to a senior officer as a redundancy payment who did not give consent to disclose.
2 Included in this range is £9,538 paid to a senior officer as a redundancy payment who did not give consent to disclose
3 Included in this range are the following payments:
- £35,901 paid to a senior officer as a redundancy payment who did not give consent to disclose
- £33,764 paid to a senior officer as a redundancy payment who did not give consent to disclose
- £46,635 paid to a senior officer as a redundancy payment who did not give consent to disclose
- £37,068 paid to Jacqueline Perry as a redundancy payment.

4 Included in this range is £30,000 paid to a Kenneth Perry as compensation for loss of office.
5 Included in this range are the following payments:
- £69,414 paid to Christopher Mather as a redundancy payment.
- £55,805 paid to Michael Doran as a redundancy payment.

Notes to the financial statements

6. Employees (continued)

Association
The average number of employees of the Association expressed in full time equivalents (calculated based on a standard working week of 35 hours) during the year was:

	2016 Number	2015 Number
Administration and development	95	94

	2016 £'000	2015 £'000
Employee costs		
Wages and salaries	3,569	3,513
Social security costs	287	284
Other pension costs	730	587
	4,586	4,384
Recharged from Group companies	2,101	2,326
	6,687	6,710

The full time equivalent number of staff (including executive directors and calculated based on a standard working week of 35 hours) who received emoluments within the Association:

	2016 No.		2015 No.
£60,001 to £70,000	3		4
£70,001 to £80,000	-		2
£80,001 to £90,000	3		-
£90,001 to £100,000	-		1
£100,101 to £110,000	-		1
£110,101 to £120,000	1		-
£120,101 to £130,000	-	(Note 1)	1
£130,101 to £140,000	1		-
£140,001 to £150,000	-	(Note 2)	1
£160,101 to £170,000	1		
£170,101 to £180,000	-	(Note 3)	1

1 Included in this range is £33,764 paid to a senior officer as a redundancy payment who did not give consent to disclose
2 Included in this range is £30,000 paid to a Kenneth Perry as compensation for loss of office.
3 Included in this range is £69,414 paid to Christopher Mather as a redundancy payment.

Notes to the financial statements

6. Employees (continued)

The Group participates in three funded multi-employer defined benefit schemes: the Social Housing Pension Scheme, Merseyside Pension Fund and Cheshire Pension Fund.

Social Housing Pension Scheme (SHPS)

The company 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 company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out 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)

Notes to the financial statements

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

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

Plus Dane Merseyside

PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	884	601	611

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2016 (£000s)	2015 (£000s)
Provision at start of period	600	611
Unwinding of the discount factor (interest expense)	11	17
Deficit contribution paid	(61)	(59)
Remeasurements - impact of any change in assumptions	(6)	31
Remeasurements - amendments to the contribution schedule	340	-
Provision at end of period	884	600

Notes to the financial statements

INCOME AND EXPENDITURE IMPACT

	2016 (£000s)	2015 (£000s)
Interest expense	11	17
Remeasurements – impact of any change in assumptions	(6)	31
Remeasurements – amendments to the contribution schedule	340	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

Plus Dane Cheshire

PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	1,646	1,404	1,468

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	2016 (£000s)	2015 (£000s)
Provision at start of period	1,404	1,468
Unwinding of the discount factor (interest expense)	25	42
Deficit contribution paid	(174)	(167)
Remeasurements - impact of any change in assumptions	(9)	61
Remeasurements - amendments to the contribution schedule	400	-
Provision at end of period	1,646	1,404

Notes to the financial statements

INCOME AND EXPENDITURE IMPACT

	2016 (£000s)	2015 (£000s)
Interest expense	25	42
Remeasurements – impact of any change in assumptions	(9)	61
Remeasurements – amendments to the contribution schedule	400	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

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

Notes to the financial statements

6. Employees (continued)

Merseyside Pension Fund

The MPF is a multi-employer scheme, administered by Wirral Borough Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward to 31 March 2016 by a qualified independent actuary.

The employers' contributions to the MPF by the Association for the year ended 31 March 2016 were £906,111 (2015: £908,871) at a contribution rate of 12.1% – 14.6% of pensionable salaries.

Financial assumptions

The Association has two admission agreements into the MPF, the disclosures for which have been aggregated below.

The major assumptions used by the actuary in assessing scheme liabilities were:

	2016 **% per annum**	2015 % per annum
Discount rate	3.3	3.6
Future salary increases	3.5	3.5
Future pension increases	2.0	2.0
Inflation assumption	2.0	2.0

Mortality

The post retirement mortality assumptions used to value the benefit obligation at March 2016 are based on S1PA CMI_2012_[1.5%] Tables (104% Males, 94% Females) for non-retired members and S1PA CMI_2012_[1.5%] Tables (106% Males, 91% Females) for retired members. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2016	**2015**
Current pensioners		
- Males	22.5 years	22.4 years
- Females	25.4 years	25.3 years
Future Pensioners		
- Males	24.9 years	24.8 years
- Females	28.2 years	28.1 years

Notes to the financial statements

6. Employees (continued)

Amounts Recognised in surplus or deficit

	2016 £'000	2015 £'000
Current service costs	(177)	(183)
Loss on settlements	-	43
Amounts charged to operating costs	(235)	(140)

	2016 £'000	2015 £'000
Net interest	306	(329)
Amounts charged to other finance costs	306	(329)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2016 £'000
Opening scheme liabilities	36,836
Current service cost	726
Interest cost	1,211
Remeasurements	(2,327)
Plan participants' contributions	245
Benefits paid	(587)
Closing scheme liabilities	36,104

Notes to the financial statements

6. Employees (continued)

Reconciliation of opening and closing balances of the fair value plan assets

	2016
	£'000
Opening fair value of plan assets	27,574
Interest income	905
Return on plan assets (in excess of interest income)	(753)
Plan participants' contributions	245
Contributions by employer	903
Benefits paid	(587)
Closing fair value of plan assets	28,287

Actual return on scheme assets

	2016	2015
	£'000	£'000
Actual return on plan assets	169	2,941

Major categories of plan assets as a percentage of the plan assets:

	2016 % per annum	2015 % per annum
Equities	52	54
Bond	16	17
Property	9	11
Cash	3	3
Other	20	15

Notes to the financial statements

6. Employees (continued)

Cheshire Pension Fund ("CPF")

The CPF is a multi-employer scheme, administered by Cheshire West and Chester Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016.

During 2012/13 a number of employees transferred into the Group from Cheshire West and Chester Council. FRS 102 obligations of £197,000 were recognised on the transfer of those employees who are members of the CPF.

The employer's contributions to the scheme by the Association for the year ended 31 March 2016 were £1,298,000 (2015: £1,498,000) at a contribution rate for the staff previously employed by Cheshire West and Cheshire in Ellesmere Port and Neston of 21.3% while for the remaining staff a rate of 36.0%.

The Association has two admission agreements into the CPF, the disclosures for which have been aggregated below.

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities were:

	2016 **% per annum**	2015 % per annum
Discount rate	3.5	3.2
Future salary increases	3.2	3.3
Future pension increases	2.2	2.4

Mortality

Life expectancy is based on the Fund's Vita Curves with improvements in line with the CMI 2010 model assuming current rates of improvement have peaked and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

Notes to the financial statements

6. Employees (continued)

	2016	2015
Current pensioners		
- Males	22.3 years	22.3 years
- Females	24.4 years	24.4 years
Future Pensioners		
- Males	24.1 years	24.1 years
- Females	26.7 years	26.7 years

Amounts Recognised in surplus or deficit

	2016 £'000	2015 £'000
Current service costs	201	(183)
Loss on settlements	34	43
Amounts charged to operating costs	235	(140)

	2016 £'000	2015 £'000
Net interest	179	(329)
Amounts charged to other finance costs	179	(329)

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2016 £'000
Opening scheme liabilities	46,917
Current service cost	1,499
Interest cost	1,517
Remeasurements	(4,989)
Plan participants' contributions	321
Benefits paid	(855)
Closing scheme liabilities	44,410

Notes to the financial statements

Reconciliation of opening and closing balances of the fair value plan assets

	2016
	£'000
Opening fair value of plan assets	41,455
Interest income	1,338
Return on plan assets (in excess of interest income)	849
Plan participants' contributions	321
Contributions by employer	1,298
Benefits paid	(855)
Closing fair value of plan assets	44,406

Actual return on scheme assets

	2016	2015
	£'000	£'000
Actual return on plan assets	2,187	5,657

Major categories of plan assets as a percentage of the plan assets:

	2016 % per annum	2015 % per annum
Equities	54	50
Bond	36	40
Property	8	8
Cash	2	2

7. Interest receivable

	Group		**Association**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Interest receivable and similar income	40	41	2	2

Notes to the financial statements

8. Interest payable and similar charges

	Group 2016 £'000	Group 2015 £'000
Interest on bank loans and overdrafts	13,584	13,712
Finance leases	19	20
RCGF Interest	32	16
Refinancing costs written off	601	326
	14,236	14,074
Less: interest capitalised in housing property costs	(182)	(543)
	14,054	13,531
Capitalisation rate used to determine the finance costs capitalised during the period	4.6%	4.2%

Association	**2016** £'000	2015 £'000
Interest on bank loans and overdrafts	3	-
Finance leases	-	-
RCGF Interest	-	-
Refinancing costs written off	-	-
	3	-
Less: interest capitalised in housing property costs	-	-
	3	-

Notes to the financial statements

9. Operating surplus / (deficit)

	Group		Association	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Is stated after charging:				
Depreciation of housing properties	11,867	11,038	**-**	-
Depreciation of other tangible fixed assets	973	1,057	538	531
Impairment of investment properties	344	699	**-**	-
Operating lease charges:				
- Land and buildings	469	469	**-**	-
- Motor Vehicles	823	856		
Auditors' remuneration (excluding VAT):				
- for audit services	38	38	4	4
- for non-audit services				
- tax compliance	14	29	3	18
- tax advisory	26	15	26	15
- other	5	-	**-**	-

10. Surplus on sale of fixed assets- housing properties

	Group		Association	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Disposal proceeds	2,894	10,068	-	-
Carrying value of fixed assets	(2,257)	(5,485)	-	-
	637	4,583	-	-

Notes to the financial statements

11. Tax on surplus on ordinary activities

	Group		Association	
United Kingdom Corporation Tax	**2016**	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Current taxation:				
Current tax on income for year	715	474	78	66
Adjustment in respect of prior year	-	(45)	-	-
Group relief payable/(receivable)	-	-	-	-
Total current tax charge/(credit)	715	429	78	66
Deferred taxation:				
Net origination and reversal of timing differences	32	(398)	(12)	8
Effect of tax rate change on opening balance	112	-	5	-
Total tax charge	859	31	71	74
Tax relating to other comprehensive income				
Deferred taxation:				
Net origination and reversal of timing differences	1,174	(1,092)	-	-
Tax relating to other comprehensive income	1,174	(1,092)	-	-

Notes to the financial statements

11. Tax on surplus on ordinary activities (continued)

The current tax charge for the year varies from the standard rate of corporation tax in the United Kingdom of 20% (2015 21%). The differences are explained below:

	Group		Association	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Surplus on ordinary activities subject to tax	6,085	9,617	318	(149)
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 21%)	1,217	2,020	64	(31)
Effects of:				
Expenses not deductible for tax purposes	200	170	1	106
Income not taxable	(389)	(2,392)	-	-
Fixed asset differences	4	543	-	-
Capital gains/(losses)	9	(578)		
Losses utilised	-	(14)	-	-
Adjustment in respect of prior year	-	(45)	-	-
Additional deduction for land remediation expenditure	-	(6)	-	-
Adjust closing deferred tax to average rate of 20%	72	43	6	-
Adjust opening deferred tax to average rate of 20%	-	(32)	-	(1)
Deferred tax not recognised	(254)	123		
Deferred Tax timing differences	-	480		
Deferred Tax movement through reserves	-	(281)		
	859	31	71	74

Unrelieved losses of £nil (2015: £nil) are carried forward and are available to reduce the tax liability in respect of future surpluses.

Notes to the financial statements

12. Tangible fixed assets - Housing properties – Group

Housing properties	Social Housing Shared Ownership		Social Housing		
	Held for letting	Under construction	Held for letting	Under construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2015	32,398	1,059	622,954	14,017	670,428
Works to existing properties	-	-	2,009	-	2,009
Reclassification	-	-	-	-	-
Additions	12	2,375	4,385	5,910	12,682
Schemes completed in year	2,669	(1,704)	6,917	(6,917)	965
Transfer (to)/ from current assets	(39)	(1,623)	-	-	(1,662)
Disposals	(1,822)	-	(2,634)	-	(4,456)
At 31 March 2016	33,218	107	633,631	13,010	679,966
Depreciation and impairment					
At 1 April 2015	(1,527)	-	(92,056)	(225)	(93,808)
Charged in year	(316)	-	(11,718)	-	(12,034)
Released on disposal	65	-	1,875	-	1,940
At 31 March 2016	(1,778)	-	(101,899)	(225)	(103,902)
Net book value					
At 31 March 2016	31,440	107	531,732	12,785	576,064
At 31 March 2015	30,871	1,059	530,898	13,792	576,620

Notes to the financial statements

12. Tangible fixed assets - Housing properties (continued)

The net book value includes £365,663 (2014: £454,089) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £88,426 (2015: £88,426).

Social Housing Grant	**2016 £'000 Capital**	2015 £'000 Capital
Total accumulated SHG receivable at 31 March :	250,464	265,709
Recognised in the Statement of Comprehensive Income	8,826	22,806
Held as deferred income	241,638	242,903
	250,464	265,709

The Group is unable to analyse the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasonable estimate except at excessive costs. It is considered the effect of this omission is negligible.

Expenditure on works to existing properties:	**2016 £'000**	2015 £'000
Amounts capitalised	6,932	7,000
Amounts charged to income and expenditure account	5,757	4,844
	12,689	11,844

Impairment

The Group considers individual schemes to be separate Cash Generating Units (CGU's) when assessing for impairment, in accordance with the requirements of Financial Reporting Standard 102 and SORP 2014.

During the year, as a result of the future reduction in income enforced by the Welfare Reform and Work Act 2016, social housing properties were assessed for impairment. No impairment has been realised on these properties.

Notes to the financial statements

13. Investment properties

	Total £'000
Valuation	
At 1 April 2015	8,535
Additions	-
Revaluation	(344)
At 31 March 2016	8,191

The group's freehold commercial investment properties were subject to a directors' valuation as at 31 March 2016. This valuation was under instruction from the directors of Plus Dane (Merseyside). The result of the valuation was a £344k reduction in value which has been recognised through the Statement of Comprehensive Income.

The valuation represents an assessment of the Market Value (as defined in the Royal Institute of Chartered Surveyors' Valuation Standards) of the individual properties. This was based on an offer for sale on the property as at the end of March. The valuation has been carried out by a qualified surveyor who is a chartered surveyor and a member of the Royal Institution of Chartered Surveyors. The surveyor is also an employee of the company.

Notes to the financial statements

14. Other fixed assets

Group

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Total £'000
Cost					
At 1 April 2015	6,010	1,186	62	6,758	14,016
Additions	-	-	-	291	291
Disposals	-	-	-	(47)	(47)
At 31 March 2016	6,010	1,186	62	7,002	14,260
Depreciation					
At 1 April 2015	(2,556)	(763)	(62)	(4,071)	(7,452)
Charged for the year	(118)	(100)	-	(802)	(1,020)
Disposals	-	-	-	47	47
At 31 March 2016	(2,674)	(863)	(62)	(4,826)	(8,425)
Net book value					
At 31 March 2016	3,336	323	-	2,176	5,835
At 31 March 2015	3,454	423	-	2,687	6,564

Association

	Fixtures, fittings & equipment £'000
Cost	
At 1 April 2015	4,110
Additions	273
Disposals	(40)
At 31 March 2016	4,343
Depreciation	
At 1 April 2015	2,247
Charge for the year	540
Disposals	(40)
At 31 March 2016	2,747
Net book value	
At 31 March 2016	1,596
At 31 March 2015	1,863

Notes to the financial statements

15. Subsidiaries

As required by statute, the financial statements consolidate the results of Plus Dane Housing Group Limited and its wholly owned and/or controlled subsidiary undertakings, as follows:

- Plus Dane (Cheshire) Housing Association Limited (1)
- INclude Neighbourhood Regeneration Limited (1)
- Three60 Property Investors Limited (2)
- Dane Partnership Homes Limited (2)
- Plus Dane (Merseyside) Housing Association Limited (1)

(1) Registered Provider
(2) Limited Companies Registered in England

In accordance with the Accounting Direction for Private Registered Providers of Social Housing 2015 disclosures have been made in relation to transactions between Plus Dane Housing Group and non-regulated entities within the Group.

During the year the Association had the following intra-Group transactions with Dane Partnership Homes Limited, Three60 Property Investors Limited and Include Regeneration Limited, non-regulated entities:

	Dane Partnership Homes Limited		**Three60 Property Investors Limited**		**Include Neighbourhood Regeneration Limited**	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000	**2016 £'000**	2015 £'000
Management Services	(1)	(5)	(18)	(87)	(106)	(101)
Development and Sales Services	-	-	(55)	(29)	-	-
	(5)	(5)	(73)	(116)	(106)	(101)

Transaction Category	**Allocation Basis**
Management Services	Directly attributable costs and percentage of budgeted turnover
Development and Sales Services	Directly allocated Staff Costs

Plus Dane Merseyside provided a guarantee to three60 Property Investors Limited, a fellow group undertaking, for £10.5m. The guarantee was released in November 2016.

Notes to the financial statements

16. Fixed asset investments

Group

	Joint venture loan £'000
At 1 April 2015 and at 31 March 2016	113

Association	Joint Venture £'000
As at 1 April 2015 and 31 March 2016	113

Joint Venture Undertakings

The Group has the following aggregate interests in joint ventures.

	2016 £'000	2015 £'000
Share of gross assets	342	337
Share of gross liabilities	(307)	(304)
Share of net assets	35	33

The Association (and Group) holds a 22.5% interest in the ordinary share capital of a joint venture undertaking, Circle Liverpool Limited. This company is incorporated in the United Kingdom and manages and operates waste recycling in the Liverpool area.

17. Stock

Group

	2016 £'000	2015 £'000
Consumables	116	131

Notes to the financial statements

18. Properties for sale

Group	2016 £'000	2015 £'000
Outright sale	3,770	5,928
Shared ownership	1,027	1,271
	4,797	7,199

19. Debtors

	Group		Association	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
Amounts receivable after one year				
Amounts due under finance lease	5,556	5,358	-	-
Amounts receivable within one year				
Rent and service charges	3,736	3,319	-	-
Less: provision for bad debts	(2,349)	(1,887)	-	-
	1,387	1,432	-	-
Amounts due under finance lease	136	462	-	-
Development sales debtors	289	-		
Loans to employees	66	136	-	-
Other debtors and prepayments	5,974	4,606	722	903
SHG receivable	-	201	-	-
Corporation tax	-	-	-	-
Other tax and social security	1,680	-	-	-
Amounts due from Group undertakings	-	-	83	15
Deferred tax	60	1,129	57	50
	9,592	7,966	862	968
	15,148	13,324	862	968

Notes to the financial statements

Amounts due under finance lease

Amounts due under finance leases amount to £5,692,000. This represents the value of the finance lease at 31 March 2016 granted to CLS Care Services over The Larches in Macclesfield. The Larches is a 90 unit dementia and extra care village which was completed and the lease granted in October 2007. The lease is for a period of 30 years and the substance of the lease is such that it is deemed to be a finance lease and has been treated in the financial statements accordingly.

Finance leases are receivable as follows:

	2016	2015
	£'000	£'000
Within one year	136	462
Between one and two years	144	136
Between two and five years	669	459
After five years	4,743	4,763
	5,692	**5,820**

Loans to employees

The loans to employees relate solely to the Group's car loan, travel pass and course loan scheme, the interest rate on all loans being between 3 per cent and 3.5 per cent per annum repayable by monthly instalments.

Notes to the financial statements

20. Creditors: amounts falling due within one year

	Group		Association	
	2016	**2015**	**2016**	2015
	£'000	**£'000**	**£'000**	£'000
Loans (see note 21)	2,435	8,072	-	-
Finance lease creditor (see note 21)	38	87	1	1
Trade creditors	1,666	3,181	171	231
Social Housing Grant received in advance	1,732	1,788	-	56
Other grant received in advance	-	-	-	-
Rent received in advance	2,070	1,606	-	-
Other tax and social security	2,766	1,146	94	130
Corporation tax	277	156	45	64
Accruals and deferred income	9,947	7,899	1,766	1,635
Recycled Capital Grant Fund (see note 25)	-	84	-	-
Disposal Proceeds Fund (see note 23)	356	98	-	-
Amounts due to Group undertakings	-	-	1,934	2,205
Other creditors	2,442	2,182	39	125
Deferred Grant Income (see note 22)	2,940	2,966	-	-
Amounts due to pension funds	313	235	-	-
Deferred tax	250	-	-	-
	27,232	29,500	4,050	4,447

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

Group	**2016**	2015
	£'000	£'000
Bank loans	304,876	307,156
Less: issue costs	(467)	(558)
	304,409	306,598
Deferred grant income(see note 22)	238,708	239,937
Recycled Capital Grant Fund (see note 25)	2,741	2,664
Disposal Proceeds Fund (see note 23)	454	570
Other grants	81	121
Finance lease creditor	23	61
Obligations from pension schemes	2,217	1,770
	548,633	551,721

Notes to the financial statements

Debt Analysis

Group	2016 £'000	2015 £'000
Debt on bank loans repayable as follows		
In five or more years	225,207	247,143
Between two and five years	77,232	47,872
Between one and two years	2,437	12,141
	304,876	307,156
In one year or less	2,435	8,072
	307,311	315,228

Housing loans from lending institutions are secured by specific charges on some of the Group's housing properties and floating charges over the Group's assets and are repayable at rates of interest of between 0.7% and 10.73%.

The level of undrawn facilities at the year-end stands at £37.5 million (2015: £48 million).

Debt on finance leases repayable as follows	2016 £'000	2015 £'000
Within one year	38	87
Between one and two years	23	58
Between two and five years	-	3
After five years	-	-
	61	148

Finance leases are secured on the assets to which they relate.

Association	2016 £'000	2015 £'000
Obligations under finance leases	-	1
	-	1

Notes to the financial statements

Debt on finance leases repayable as follows	2016 £'000	2015 £'000
Within one year	1	1
Between one and two years	-	1
	1	2

22. Deferred grant income

	2016 £'000	2015 £'000
At 1 April	242,903	241,955
Grants received in the year	2,248	6,655
Released to income in the year	(3,503)	(5,707)
At 31 March	241,648	242,903

	2016 £'000	2015 £'000
Amounts to be released within one year	2,940	2,966
Amounts to be released in more than one year	238,708	239,937
	241,648	242,903

23. Disposal proceeds funds

Group	2016 £'000	2015 £'000
At 1 April	668	595
Grant recycled upon relevant events	252	365
Utilisation of fund	(114)	(130)
Interest credited	4	3
Transferred internally	-	(165)
Balance at 31 March	810	668

Notes to the financial statements

Disclosed as:

	2016 £'000	2015 £'000
Due within one year (see note 20)	356	98
Due after one year	454	570
	810	668

24. Deferred tax

	Group		Association	
	2016 £'000	2015 £'000	**2016 £'000**	2015 £'000
At 1 April	(1,129)	(477)	(50)	(58)
Origination and reversal of timing differences	1,319	(652)	(7)	8
Prior year adjustment	-	-	-	-
At 31 March	190	(1,129)	(57)	(50)
Deferred tax asset (note 19)	(60)	(1,129)	(57)	(50)
Deferred tax liabilities (note 20)	250	-	-	-
Net deferred tax liability/(asset)	190	(1,129)	(57)	(40)
Comprising:				
Accelerated capital allowances	337	396	(57)	(40)
Fixed asset timing differences	(3)	-	-	-
Losses and other deductions	(11)	(15)	-	-
Short term timing differences	(133)	(1,510)	-	(10)
Net deferred tax liability/(asset)	190	(1,129)	(57)	(50)

Notes to the financial statements

25. Recycled capital grant fund

Group	2016 £'000	2015 £'000
At 1 April	2,748	871
Additions to fund	549	2,631
Interest credited	15	13
Utilised in the year	(571)	(696)
Transferred Internally	-	(71)
At 31 March	2,741	2,748
Disclosed as:		
Amounts falling due within one year	-	84
Amounts falling due after one year	2,741	2,664
	2,741	2,748

26. Share capital

	2016 £	2015 £
Shares of £1 each issued and fully paid		
At 1 April and 31 March	19	19

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of the Association.

Notes to the financial statements

27. Notes on the cash flow statement

Reconciliation of operating surplus to net cash generated from operating activities

	2016 **£'000**	2015 £'000
Operating surplus	20,624	22,748
Adjustment for non cash items:		
Depreciation of tangible fixed assets	13,070	10,052
Decrease/(increase) in stock	4,079	1,205
Decrease/(increase) in trade and other debtors	(3,094)	(1,643)
Decrease/(increase) in trade and other creditors	3,180	5,718
Decrease/(increase) in provisions	-	-
Pension costs less contributions payable	58	(458)
Revaluation of investment properties	344	846
Carrying amount of tangible fixed asset disposals	-	-
Share of operating surplus/(deficit) in associate	(6)	(19)
Adjustments for investing or financing activities:		
Proceeds from the sale of tangible fixed Assets	(668)	(4,583)
Government grants utilised in the year	(2,966)	(2,596)
Interest payable	-	-
interest received	-	-
Tax	(589)	(1,044)
Net cash generated from operating activities	34,032	30,226

Notes to the financial statements

28. Capital commitments

Group

	2016 £'000	2015 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	10,781	9,337
Capital expenditure that has been authorised but not yet contracted for	7,267	18,804
	18,048	28,141

	2016 £'000	2015 £'000
The Group expects to finance the above commitments by:		
Social Housing Grant receivable	1,013	3,494
Loan facilities, shared ownership staircasing sales and other trading cash flows	17,035	24,647
	18,048	28,141

29. Commitments under operating leases

The future minimum lease payments are as set out below. Leases relate to motor vehicles and inter company property leases.

	2016 £'000	2015 £'000
Leases expiring:		
Within one year	913	986
One to five years	700	1,427
	1,613	2,413

30. Guarantee

During 2015 The Homes and Communities Agency (HCA) committed £2m of development funding to Three60 limited, with an initial scheme completion date of March 2015. Plus Dane Housing Group provided a parent company guarantee to the HCA in respect of this funding. The maximum liability in respect of this guarantee being the amount drawn at any specific time not to exceed the £2m facility. The full £2m facility was drawn and repayments began during the 2015. The loan was fully by September 2015 and guarantee released following completion of the scheme.

Notes to the financial statements

Plus Dane Merseyside has provided a guarantee to three60 Property Investors Limited, a fellow group undertaking, for £10.5m. The guarantee was released in November 2015 following repayment of the loan.

31. Related parties

The Boards of the Group had four tenant Board members during 2015 all of whom left the board on 31 March 2015.

All tenancies were on normal commercial terms and they were not able to use their position to their advantage. Rents charged on an aggregated basis in 2015 amounted to £18,967 with a credit balance outstanding at year-end of £91.

Councillor David Brown is a councillor with Cheshire East Borough Council which has nomination rights over tenancies for certain properties.

Councillor George Davies is a councillor with Wirral Metropolitan Borough Council which has nomination rights over tenancies for certain properties. Within this role he is also on the Merseyside Pension Fund Committee for which Plus Dane Merseyside is a member.

Mervyn Jones is a Board member on the National Housing Federation for which Plus Dane is a member. During the year Plus Dane paid £53,423 for membership, events and for publications. There were no debtor or creditor balances at the end of the year.
Circle is a Joint Venture which Plus Dane Housing Group Limited is a member which operates as a waste management company. The investment in Circle stood at £57k and while the loan stood at £56k at the end of 2016 and 2015. At the end of 2016 the balance outstanding owing to Circle for waste management services was £28k (2015 £21k). During the year the company paid £263k in respect of waste disposal (2015 £244k).

32. Post Balance Sheet Events

Within Three60 Property Investors Limited the sale of Beetham Court was completed for £1m in July 2016.

Notes to the financial statements

33. Transition to FRS102

The Group has adopted FRS102 for the year ended 31 March 2016 and has restated the comparative year amounts.

Restated statement of financial position

	31 March 2015 £'000	1 April 2014 £'000
Original Reserves	23,157	21,304
Amortisation of government grants	10,677	10,125
Holiday Pay Accrual	(381)	-
SHPS Pension	(2,004)	(2,079)
Finance Leases	(8)	(5)
Financial Instruments at fair value	(104)	(104)
Elimination of revaluation reserve	(5,517)	(6,718)
Elimination of designated reserve	1,389	1,346
Deferred tax adjustment	359	
At 31 March	27,568	23,869

Restated surplus/(deficit) for the year ended 31 March 2015

	£'000
Original surplus on ordinary activities before tax	9,469
Amortisation of government grants	551
Finance cost on SHPS Pension	(59)
Actuarial loss in relation to SHPS Pension	(92)
Movement in SHPS cost to liability	226
Holiday pay accrual	(381)
Movement on Financial Instruments	(2)
Movement on investment property valuations	(485)
Deferred tax adjustment	359
At 31 March	9,586

Notes to the financial statements

The Association has adopted FRS102 for the year ended 31 March 2016 and has restated the comparative year amounts.

Restated statement of financial position

	31 March 2015 £'000	1 April 2014 £'000
Original Reserves	(71)	111
Holiday Pay Accrual	(51)	-
Deferred tax adjustment	10	
At 31 March	(112)	111

Restated surplus/(deficit) for the year ended 31 March 2015

	£'000
Original surplus on ordinary activities before tax	(182)
Holiday pay accrual	(51)
Deferred tax adjustment	10
At 31 March	(223)