BROADLAND
HOUSING GROUP

Financial Review

For the year ended
31st March **2016**

Broadland Housing Association

Registered Social Housing Provider – consolidated and entity

Financial Statements

Year ended 31 March 2016

Co-operative and Community Benefit Society (FCA) number: 16274R

Homes and Communities Agency number: L0026

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Broadland Housing Association

Executives and advisors for the year ended 31 March 2016

Board of management		
Chair	Alison Inman JP FRSA BA (Hons) CIHM (Hon) (appointed 25.09.2015)	
	The Rt Hon. Baroness Hollis of Heigham DL MA (Cantab) D. Phil (Oxon) F.F Hist.S (retired 25.09.2015)	
Vice Chair	Jenny Manser (ex-officio)	
	Jonathan Barber BSc (Hons) MSc MBA MCIEH FCMI CIHM	
	Richard Croft (resigned 21.09.2015)	
	Richard Hawthorn	
Group Chief Executive	Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA MAHI	
	Julia Roche (resigned 24.07.2015)	
	Eric Sharpe (resigned 04.08.2015)	
	Kate Slack MA	
	Paul Slyfield FCCA	
	Gavin Tempest BSc (Hons)	
	Louise Wiseman	
Executive management		
Group Chief Executive	Michael Newey D.Sc (Hon) BSc FRICS FCIH FRSA MAHI	
Executive Property Director	Louise Archer BSc FRICS CIHCM	
Executive Frontline Director	Ivan Johnson FCIH	
Executive Partnership Director	Andrew Savage MSc MRICS	
Executive Finance Director	Julian Foster MA (Hons) ACA FCT (appointed 01.07.16)	
Deputy Group Chief Executive and Executive Finance Director	Anna Simpson MA (Cantab) FCA AMCT (resigned 29.04.2016)	
Audit Committee	Jonathan Barber BSc (Hons) MSc MBA MCIEH FCMI CIHM (Chair)	
	Martin Clark MRICS MCIOB	
	Susan Guest (independent lay member)	
	Richard Hawthorn	
	Jenny Manser	
	Paul Slyfield FCCA	

Secretary and registered office

Sarah Wyatt MA ACIS (appointed 02.05.2016)

Anna Simpson MA (Cantab) FCA AMCT (resigned 29.04.2016)

NCFC, The Jarrold Stand, Carrow Road, Norwich, NR1 1HU

Web site

www.broadlandgroup.org

External auditors

BDO LLP, 2nd Floor, Yare House, 62-64 Thorpe Road, Norwich, NR1 1RY

Internal auditors

RSM Risk Assurance Services LLP, The Pinnacle, 170 Midsummer Boulevard, Milton Keynes, Bucks, MK9 1BP

Principal solicitors

Bates Wells & Braithwaite London LLP, 10 Queen Street Place, London, EC4R 1BE

Birketts LLP, 24-26 Museum Street, Ipswich, Suffolk, IP1 1HZ

Bankers

NatWest Bank, 45 London Street, Norwich, NR1 4LX

Introduction

The 2015/16 financial year was a very significant one for the Association. There were considerable changes in our operating environment and also within our internal governance and executive management. We remain committed to our core business purpose, namely to provide decent homes to those who cannot compete in the open market, and we recognise that to be successful in such a period of change we will need to remain responsive and flexible. This report highlights some of the most significant changes that have occurred in the Group over the last year, as well as some of the significant external challenges we currently face, and outlines our ambitions for the next year.

New Chair

At our September Annual General Meeting we bid farewell to The Rt. Hon. Baroness Patricia Hollis and thanked her for her contribution, as she completed her six-year term as our Chair. Patricia played a very important role in the life of the Association, whilst also leading many battles in the House of Lords on welfare and pension reform. She continues to be on the leading edge of Lords' debate on welfare, leading the well-publicised revolt on tax credits to the benefit of many low income working families in the UK.

The whole Board and staff team are extremely grateful to Patricia for her leadership over the last six years and her constant focus on the needs of our tenants and people who wish to be our tenants, especially those who are finding it nearly impossible to find a home they can afford in the open market. Regrettably, as the nation's housing crisis deepens, more and more families and individuals are finding themselves in this situation.

The Board undertook an open recruitment exercise to find Patricia's successor, with the assistance of Campbell Tickell, a consultancy with an impressive track record in non-executive and executive director recruitment. At the Annual General Meeting last September our shareholders elected Alison Inman as an independent board member and, at the subsequent board meeting, Alison was elected Chair.

Alison comes to Broadland with an impressive non-executive track record. She is a board member of Colne Housing Society in Essex; the Vice Chair of the Tenant Participation Advisory Service; and, since April 2016, Vice President of the Chartered Institute of Housing, of which she is an Honorary Member. Alison helped establish and lead the SHOUT (Social Housing Under Threat) campaign in 2015, which makes the strong economic and social argument for more investment in decent affordable homes.

New Executive Finance Director

Anna Simpson tendered her resignation as Deputy Chief Executive in February and left the Group at the end of April. Anna has left us to join Grand Union Housing Group based in Bedfordshire as Director of Finance. We wish her well with her future career and thank her for significant contribution to Broadland over the 10 years she worked with us.

Following a recruitment campaign again led by Campbell Tickell, we were pleased to appoint Julian Foster MA (Hons) ACA MCT as our new Executive Finance Director. Julian has worked at an executive level within housing associations for the last 20 years, most recently as Executive Director of Resources for Cross Keys Homes in Peterborough, a post he held for 11 years. Prior to joining Cross Keys, he held positions as the Executive Director of Finance at Swan Housing Association Group in Essex and Group Finance Director of Anglia Housing Group in Norwich.

We are looking forward to working with Julian over the years ahead.

Operating environment

There has been considerable change in the Group's operating environment over the past twelve months, much of it instigated by the new Conservative Government elected in May 2015. The main changes have a considerable effect on our annual budgets, business plans and capacity.

A reduction in social housing rents by 1% per annum for four years from April 2016 was announced by the Chancellor of the Exchequer in July 2015. This was in direct contrast with his pervious announcement in the 2013 Comprehensive Spending Review that housing association rents would increase by CPI plus 1% for the following 10 years.

In the 2015 Business Plan we decided that we would plan not to increase rents before 2019, as we anticipated that following the election there might be pressure on welfare benefits, so the effect on Broadland was not as severe as it could have been. However, the rent reduction has significantly reduced our anticipated rental income by £2.5 million over the next four years and our capacity to raise new loans from banks by approximately £80 million.

The Chancellor also announced the capping of benefits to £384.62 a week if you are a couple or have any number of children and live outside London, which is £20,000 per year. If you are a single person outside London it is £257.69 a week which equates to £13,400. These benefit caps are frozen for the next four years and will increasingly affect larger families living in our homes.

For single people under the age of 35 the maximum assistance they can receive is limited to the Local Housing Allowance shared room rate, which in Norwich is currently £61.45. Local housing allowances were geared to the 30th percentile of private sector rent, but have been increased since then to the lower of CPI or rent inflation. CPI has been consistently lower than rent inflation and as a result local housing allowances are now becoming disconnected from the market. We are very concerned that there is a lack of suitable accommodation in Norfolk and Suffolk for young single people.

Operating environment *(continued)*

We remain committed to supporting our tenants as much as we can and helping them to sustain their tenancies. Not only are failed tenancies a disaster for the individual or family concerned, they are also costly to the Association due to the cost of lost arrears, lost rent during the void period and the cost of any maintenance required to the property before re-letting. Often the combined cost to the Association exceeds £5,000. We therefore regard it as essential to help struggling tenants remain in their homes by helping them with household budgeting and also ensuring that they claim any benefits that they are entitled to. This is particularly important when children are involved, as there is considerable evidence about the damage to educational achievement from even a short period in temporary accommodation.

The Conservative Manifesto also promised the planned extension of right to buy to housing association tenants.

The National Housing Federation, our trade body, undertook positive engagement with the Department of Communities and Local Government over the summer of 2015 and as a result agreed a voluntary deal to extend right to buy to our tenants. As a sector we were only given seven days to agree the deal, with the warning that if we did not agree the government would legislate its introduction without consultation. Our board reluctantly voted unanimously that we should accept the deal, although we were concerned that one of the negative impacts would be a reduction in the availability of homes at affordable rents across the country at a time of housing stress.

As a result of the sector agreeing to the voluntary deal, the extension of right to buy to housing associations was enabled by the Housing and Planning Act, but without the actual detail on how it would work and without a specific timetable.

George Osborne determined that the extension of right to buy should be fiscally neutral to the Treasury and that local authorities would be required to sell higher value council housing to fund discounts to housing association tenants. There is considerable detail to be agreed and we still have some uncertainty as to when right to buy will be actually introduced. It is not now expected to be introduced before 1st April 2017, although we continue to monitor this.

We anticipate, subject to the availability of funding, that there will be significant demand from our tenants to exercise their right to buy when funding is available. The Government has decided that they will retain 30% of the discount. This retention will only be released to housing associations if we replace each sold home within three years of the sale to a tenant. We managed to build up a land bank, including Carrow Quay in Norwich, which we have identified as suitable for re-provision. We do not therefore anticipate immediate challenges in replacing homes sold under right to buy within the three-year window.

Brexit

At the time of writing this report, there is considerable uncertainty on how the referendum decision to leave the European Union will affect housing associations and our tenants. In the immediate aftermath of the vote the credit rating of the UK government was downgraded and credit rating agencies have also downgraded their assessment of the prospects for UK housing associations. Both these events could mean that the cost of borrowing money for new homes and reinvestment in our existing homes will become more expensive.

Our access to EU funding, such as we have previously used for energy efficiency programmes, will presumably be removed.

The referendum vote also created considerable political uncertainty with the resignation of David Cameron as Prime Minister. Whilst the General Election only took place in May 2015, there is now more uncertainty about the new Prime Minister’s priorities and whether they will impact on the delivery of new housing supply; the provision of welfare; and the operations of social landlords.

The Board and Directors are monitoring the situation and in particular any announcements from Treasury, the Department of Communities and Local Government and the Department of Work and Pensions. We will appropriately review our business plan and our strategy in the light of any announcements that affect our tenants or social landlords.

A new Corporate Strategy

As detailed in the strategic report within these financial statements, the Board has developed and agreed a new Corporate Strategy for the Group, to reflect our ambitions within the new operating environment. We continue to aim to offer a range of housing options, including low cost rented and low cost home ownership, as we are committed to helping people on low incomes access high quality well managed and well maintained homes.

The Board identified nine strategies required to deliver our strategy over the next four years and each of them is underpinned by our commitment to provide fit for purpose local housing and asset management services and to provide as many new homes as we can afford to within our financial constraints.

We recognise that if we are to maximise the number of new homes we build, especially bearing in mind the new financial constraints upon the business, we need to ensure that we continuously review our costs and ensure that our services are delivered efficiently and effectively in order to represent good value for money.

Energy efficient homes

We will continue to focus on the energy efficiency of the homes we own in order to reduce the possibility that our tenants might experience fuel poverty. We have identified those properties that represent our greatest risk and are undertaking a reinvestment programme in order to make necessary improvements. This will involve disposing of a small number of energy inefficient properties, when they become void, and reinvesting any surpluses generated in works to other properties to improve their energy efficiency.

Digital by default

We will continue to invest in our digital offering in order to both improve the ease of accessing our services and to drive down our operating costs.

Whilst we recognise that there are some tenants for whom accessing services on a computer or a smart phone is not their preferred approach, there are many tenants who now use the internet for many of the other services they regularly use from other companies and government agencies. We need to ensure that our services are equally accessible, whilst also making sure that for the minority of tenants for whom the internet is not an easily accessible place, we still provide a fit for purpose service.

We are continuously reviewing our internal and back office functions so that we can reduce paper based processes and optimise our use of technology. We are committed to providing our staff with equipment and software that allows agile mobile working.

Development

We remain ambitious to maximise the number of new affordable rented and shared ownership homes we provide.

Sadly, the Homes and Communities Agency's shared ownership and affordable homes programme 2016 to 2021 currently contains no new money for rented homes, but instead is focussed on helping people into home ownership. The Government are providing funding to support the construction of 400,000 new homes which includes 200,000 starter homes, 135,000 shared ownerships, 10,000 rent to buy and 8,000 specialist and older people homes. The remaining 50,000 are rented but comprise schemes where funding was committed before 2016.

We know that in order to deliver rented homes we will need to undertake some market sale developments in order to generate the subsidies needed. Broadland St Benedicts Limited, which we established before the global financial crisis with the ambition of building mixed tenure schemes, will be the development vehicle we use to help us deliver this strategy.

In our new business plan, we have identified the resources to deliver 218 additional new homes over the next four years and to replace as many as 469 homes that we anticipate being sold under right to buy over the next decade.

We are working in partnership with North Norfolk District Council to deliver affordable housing in seven villages across the district. Construction started on the first site, in Upper Sheringham, last December and will be handed over to the housing team for letting in November 2017. We expect to start building a mixed tenure scheme in Bodham this October, which will be followed by mixed tenure schemes in Binham, Erpingham and Edgefield. In addition, we will be delivering affordable housing schemes in Trunch and Great Ryburgh.

Funding

In 2015 we agreed two loan facilities with North Norfolk District Council – a £3 million loan to Broadland Housing Association and a £750,000 loan to Broadland St Benedict's, to facilitate the construction of the market sale properties. The drawdown of these loans was conditional upon our acquisition of five of the sites in North Norfolk, which were also conditional upon the Association securing planning consents on each of the sites. Planning has now been secured and we anticipate exercising both the purchase options and loan drawdowns in October.

We have also agreed a revolving credit facility with the Royal Bank of Scotland for £15 million. Final completion of the legal process in anticipated in September.

We anticipate raising more money for development and reinvestment, as well as to refinance some of our existing loans, in 2017.

Governance

The Group undertook a governance review during 2015/16, with various rules changes being recommended to the Annual General Meeting in September. The Board were advised by Margaret Allen from Savills. Margaret was, until mid-2015, an Executive Director of the Homes and Communities Agency and previously the Housing Corporation. The key changes that the Board decided to progress were: -

- Reduction in the size of the Board to nine, including the Chief Executive
- Increase in the number of Board meetings
- Disbandment of both the Frontline and Maintenance & Asset Management Panels with their business now being dealt with at full Board
- Revise our rules to reflect best practice, including reviewing our purpose to align with more up-to-date language

Staffing reorganisation

Over the past six months the Executive Team undertook a very comprehensive review of the staffing needs and structure within the Group to reflect our need to reduce costs and to optimise our services. Sadly, within this process, it was necessary to make a number of staff redundant and we would like to thank the whole staff team for their positive and constructive approach during what was a difficult period. We are particularly grateful to those staff, who left the Group, as part of this process, for their contribution to our success over their period as employees.

The restructure allowed us to marginally increase the size of our income collection team, as well as establishing a new Digital Engagement Team, recognising the importance of our digital by default strategy in optimising our services and reducing our long term costs.

Thank you

The success of Broadland is down to the people that work for us.

We would like to thank our staff team and Board Members for their hard work and commitment over the last year. As highlighted earlier in this report, we are currently working in a challenging environment with some significant challenges. It is not currently getting any easier. We know that to be successful each and every member of the team – both board members and employees – will need to remain committed to our purposes, committed to delivering their role within the Group to the best of their ability; and committed to both our tenants and those that need and want to be our tenants in our local communities.

Finally

This last year has been one of transition.

We welcomed a new Chair and a new Executive Finance Director. We developed and adopted a new corporate strategy and a new business plan that outlined how we can still be successful despite the difficulties in our operating environment. We undertook a comprehensive review of our governance arrangements to ensure that they were fit for purpose and represented best proactive in the sector.

The Group remains committed to our enduring business purpose, to help families and individuals in housing need access high quality homes in Norfolk and North Suffolk. In order to do this, we will respond positively to whatever comes next from Government and within our operating environment. We will maintain a commercial approach in order to deliver our charitable purposes. We will not simply judge our success by our balance sheet – the difference that we make in our communities and in the lives of our tenants will remain paramount – but we recognise that our balance sheet is an essential tool to help us deliver success.

As Chair and as Chief Executive, we are optimistic about the year ahead. We have laid plans that will improve our services; that will strengthen our support of our tenants; and will build new homes for rent and for low cost home ownership. We hope to be able to report in a year's time about improvements and progress in each of these areas.

Alison Inman
Chair

Michael Newey
Chief Executive

Principal activities and review of business

The Group's principal activities are the development and management of affordable housing, supported housing and housing for older people, primarily in Norfolk and North Suffolk as well as providing effective support services that improve the life opportunities of our tenants and vulnerable people in our communities. There is also some provision of low cost home ownership, primarily through shared ownership. Specialist support services are provided by the Association's charitable subsidiary, Broadland Meridian, which has proved invaluable in combating the impacts of welfare reform.

The Association is a non-profit-making housing association registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society with charitable status. The Association was founded in 1963 and registered by the Housing Corporation in 1963. The Association is the only Registered Provider within the Group and as such is the only entity to be registered with the Homes and Communities Agency. The Association carries out the large majority of the Group's business, it is regarded by the Group Board as the ultimate parent of the Group and so is required by statute to prepare group accounts.

Details of other Group entities are as follows:

Broadland St Benedicts Limited – a private limited company established to undertake activities to support the charitable objects of the Group which cannot be undertaken by the Association.

Broadland Meridian – a registered charity, limited by guarantee, which provides training and employment services to disadvantaged individuals.

Charlie's Social Enterprise CIC – a community interest company. Activities in the social enterprise have now ceased.

Meridian East Property Services Limited – a private company, limited by guarantee. Activities in this company have now ceased.

Effects of material estimates and judgements upon performance

The Association has made provisions for depreciation, pension liabilities and a proportion of rent arrears which is unlikely to be received, in accordance with the accounting policies described in note 2 to the financial statements. We believe these provisions to be based on realistic assessments of future housing component lifecycles and other economic factors. Business plan stress testing carried out for the Group has confirmed the ability of the Association to remain compliant with its loan covenants in a variety of scenarios.

Qualifying third party indemnity provisions

The Association participates in the National Housing Federation's Directors' and Officers' Liability policy under which individual claims of up to £7.5m are covered subject to an overall cap (for all National Housing Federation members) of £45m.

Value for Money Self-Assessment

Our Corporate Strategy	Broadland Housing Group Delivering value against our Corporate Strategy	Our VFM Self Assessment
Organisational Philosophy Governance Strategy Value for Money Strategy	**Why we exist:** Improving life opportunities for people in Norfolk and North Suffolk through housing and support provision **Decision-making** based on the 4 E's **Economy, Efficiency, Effectiveness and Equity**	Our VFM Philosophy 1 Assessing Value for Money 2
Operations Strategy	**£26.5m income** from social housing lettings used to provide **services to tenants**	Maximising our Financial Resources 3
Environmental Strategy	Maintaining and improving the **condition of our properties** to be energy efficient and reduce fuel poverty Making the best use of our portfolio of properties	Maximising value from our Property Assets 4
Customer Strategy Neighbourhood Strategy People Strategy	**14 Key Performance Indicators** benchmarked to other social housing providers **233 tenants** received personal assistance from our **Tenancy Support Team** **1,134 tenants** visited in our **Tenant Engagement Review**	Delivering value through our Performance 5 Delivering value to our Tenants 6
Partnership Strategy Diversification Strategy	**12** Shared Ownership properties **delivered 2015-16** **74** property build **starts on site in 2016-17**	Development reaching out to new Tenants 7
Corporate Strategy 2016-2019	**Delivering Value for Money over time** 2014-15 → 2015-16 → 2016-17	Our VFM Journey 8

1 Our Value for Money Philosophy

In order to deliver our purpose we carefully consider how we can ensure that we provide high quality services to our existing tenants, whilst also developing additional housing to reach out to new tenants.

OUR VALUE FOR MONEY PHILOSOPHY – THE 4 E's

Economy – **spending less** – reducing cost of service delivery whilst maximising performance

Efficiency – **spending well** – making best use of resources thus avoiding waste

Effectiveness – **spending wisely** – using resources to achieve desired outcomes

Equity – **spending fairly** – ensuring services reach all intended groups

Utilising the right balance of financial and staff resources to deliver the right service to the right people at the right time

CREATING VALUE

by carefully considering how we use the money we receive from tenants we seek to:

<table>
<tr><td rowspan="4">understand how we can:</td><td>reduce costs</td><td rowspan="4">in order to:</td><td>re-invest money saved in providing services to our tenants</td><td>= Economy</td></tr>
<tr><td>reduce waste</td><td>make sure money is spent on things that matter to our tenants</td><td>= Efficiency</td></tr>
<tr><td>avoid mistakes</td><td>make sure we achieve the service standards our tenants value</td><td>= Effectiveness</td></tr>
<tr><td>avoid exclusion</td><td>make sure we spend money on services that reach as many tenants as possible</td><td>= Equity</td></tr>
<tr><td colspan="5">these choices and decisions are the way that we seek to be the best that we can be</td></tr>
</table>

The "4 E's" are embodied in all our cover paper templates used for all Board and Leadership Group meetings, thus ensuring that VFM is considered in every decision. In the day to day running of the organisation this translates into identifying opportunities to deliver value in everything that we do.

2 Assessing our Value for Money

Our Corporate Strategy

We have assessed the value we have delivered during 2015-16 in the context of achieving our strategic objectives and our organisational purpose:

"Improving life opportunities for the people of Norfolk and North Suffolk through housing and support provision".

Our Peer Group

Throughout the remainder of this self-assessment we have evaluated our costs and performance against a selected peer group. These are Traditional Housing Associations, with a stock size and turnover similar to our own, who are also members of HouseMark.

Our peer group comprises:

Equity Housing Group Ltd, Orwell HA Ltd, Leeds Federated HA Ltd, Hexagon HA Ltd, Estuary HA Ltd, Bournville Village Trust, Octavia Housing, Johnnie Johnson Housing Trust Ltd, Muir Group HA Ltd, South Yorkshire HA Ltd, Irwell Valley HA Ltd, Accord HA Ltd, Shepherds Bush HA Ltd, Origin Housing Ltd, Chevin HA Ltd, Wandle HA Ltd, Newlon Housing Trust, Town and Country Housing Group, Nottingham Community HA Ltd

2014-15 Global Accounts data:	Turnover		Stock size
Broadland Housing Association	£25.1m	Broadland Housing Association	5,022
Peer group average	*£30.9m*	*Peer group average*	*5,673*

Our 2015-16 Value for Money Highlights

The combined pressures of income loss from right to buys, rent loss arising from welfare reform and the rent reductions on social housing for the 2016-19 period are projected to reduce our operating margin from 27% in 2016 to 22% in 2020. Despite this reduction in operating margin we expect to continue to meet loan covenants in our business plan. However, these pressures are creating renewed energy to review working practices and expenditure even more critically in the light of securing a sustainable future for our tenants. The strength of our in-house resources for much of our property maintenance reduce our VAT liabilities and enable us to be less dependent on third party contractor performance.

In response to some benchmark indicators which suggest that our costs are higher than our peer group we have:-

- carried out a staff restructure exercise in 2016 which is expected to secure savings of over £400,000 per annum;
- started to explore further cost efficiencies from improved procurement practices; and
- obtained the use of a revolving credit facility for liquidity management which is likely to save significant funding costs as we expand the development of new homes in the coming year.

Other initiatives to improve our approach to value for money are described below.

We also recognise that some of our rent collection indicators do not meet benchmark standards. We are reviewing the reasons for this in more detail but more resource is being invested in this area, as well as IT improvements which are likely to lead to improved performance.

3 Maximising our Financial Resources

Income

Maximising rent collection

Rent Collection	2014-15 Q4	2015-16 Q1	2015-16 Q2	2015-16 Q3	2015-16 Q4	% change year on year
Rent arrears of current tenants as % of rent due						
BHA	2.85	2.96	3.04	3.74	3.58	26%
Peer group upper quartile	*2.99*	*2.73*	*2.74*	*3.18*	*2.73*	-9%
Rent arrears of former tenants as % of rent due						
BHA	1.70	1.81	1.99	1.39	0.41	-76%
Peer group upper quartile	*1.14*	*1.30*	*1.71*	*1.42*	*0.78*	*-32%*
Rent arrears of former and current tenants written off						
BHA	0.31	-	0.08	0.82	1.58	410%
Peer group upper quartile	0.19	-	0.01	0.04	0.35	*84%*

Our rent collection performance has deteriorated slightly during the current year. We believe that this is primarily due to welfare reform changes explained more fully in section 5 below. We also consider that our benchmarked performance suffers from a higher level of short term arrears caused by the use of monthly tenancies. The use of monthly tenancies appears to a positive practice with the advent of universal credit and so we are reluctant to change this practice given that our rent collection performance continues to meet benchmarked performance. We recognise that there is further work to do in relation to recovering former tenant debt and dedicated resource has been allocated to this for 2016-17. Monitoring income collection in-year and planning for the potential impacts of Government policy in respect of Welfare Reform continue to be key priorities.

Rent Collection Area of Focus	Insight and Key Actions
Current tenant rent arrears	At 31st March 2016 our current tenant rent arrears figure was £924k 56% of this was attributable to unpaid housing benefit.
Former tenant rent arrears	A decision was taken to write off £412k of former tenant unrecoverable debt more than three months old, in line with accounting best practice.
In-house Tenancy Support Team	Our investment in an in-house Tenancy Support Team facilitates coordinated working with our Income Recovery Officers to assist in managing rent accounts in arrears.

Minimising void losses

Re-let time analysis	BHA 2015-16 days	BHA 2014-15 days
General Needs	12.4	16.6
Housing with Care	20.3	21.8
Sheltered Housing	15.7	16.4
Supported Housing	15.1	17.2

Our rent loss due to void properties in 2015-16 was 0.90% of our total rent debit (1.2% for 2014-15). This places us in the upper median quartile when compared to our peer group and the whole sector. In tandem with this our average re-let time for standard re-lets is 14.55 days which places us in the upper quartile against the sector and our peer group.

We have reduced our average re-let time in our homeless schemes by 4.2 days in 2015-16. There is an increasing demand for these properties from people who are homeless and the demand for this accommodation is likely to increase with changes arising from the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016. There is a social value in ensuring that people who are homeless have access to good quality accommodation.

Working together our Property and Housing Management teams have employed a number of initiatives to manage our lettings, whilst ensuring that our re-let times remain in balance with our void repair costs.

Void Losses Area of Focus	Insight and Key Actions
Managing void works	We have developed a Void App which links to our bespoke IT system (RSL Manager) that increases efficiency in booking void repairs. The pilot was operated in a localised area (Dereham, Norfolk) and will go live across the whole organisation in 2016-17.
Tenant damage and neglect	We have commenced recharging arrangements to cover the cost of repairs undertaken to rectify tenant damage and neglect at void. This has only achieved a 5% recovery rate but remains important in helping tenants to understand their responsibilities.
Voids at specialist properties	We have developed partnership agreements with other organisations to mitigate or eliminate the risk of rent loss on certain properties. In 2015-16 this equated to a protected income of £49k (projected £57k in 2016-17).

Expenditure

Our operating costs

Operating costs	2015-16 £k	2014-15 £k	2013-14 £k
Turnover	28,277	26,783	25,659
Operating costs	20,590	19,106	18,375
Operating surplus	7,687	7,677	7,284
Operating costs as a percentage of turnover	**73%**	**71%**	**72%**

Our operating costs have risen as a percentage of turnover in the past year entirely because of a pensions revaluation. Without this impact the underlying level of operating costs would have been 70%. Nevertheless, this is marginally higher than our peer group average of 67%. In response to this we have carried out a significant staff restructure in 2016 which is expected to save over £400,000 from annual operating costs from 2016-17 onwards.

In the details which follows we have analysed our costs in relation to the services we provide.

Repairs Service costs

Our Broadland Repairs Service (BRS) is delivered by an in-house team of 78 staff. During 2015-16 we carried out 19,964 repairs, compared to 15,684 in 2014-15. Tenant satisfaction with our repairs service, as measured through transactional surveys, was 98.64% over the year. When compared to our peer group through HouseMark this places us in the upper quartile.

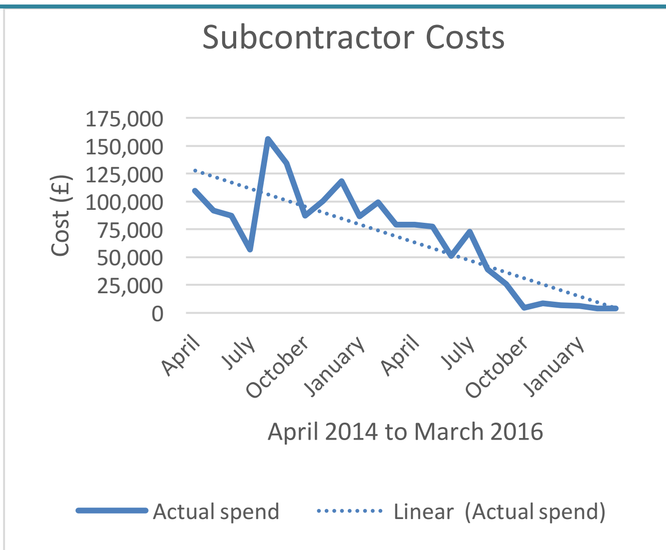
Repairs service tenant satisfaction	2015-16 Q1 %	2015-16 Q2 %	2015-16 Q3 %	2015-16 Q4 %
% of residents satisfied or fairly satisfied				
BHA	97.94	97.28	98.58	98.64
Peer group upper quartile	*97.24*	*96.98*	*95.63*	*96.04*

The cost of providing our repairs service has been kept under close scrutiny during 2015-16. Utilising and expanding on cost per unit (CPU) data provided by the HCA, we have reviewed our costs in the context of the wider sector. A detailed breakdown of this is shown below:

Repairs cost per unit analysis	2016-17 Planned £k	2015-16 Actual £k	2014-15 Actual £k
Maintenance cost per unit BHA	**0.84**	**1.01**	**0.92**
Sector benchmark per HCA - upper quartile			*1.18*
Sector benchmark per HCA - median quartile			*0.98*
Sector benchmark per HCA - lower quartile			*0.81*
Major repairs cost per unit BHA	**0.61**	**0.49**	**0.66**
Sector benchmark per HCA - upper quartile			*1.13*
Sector benchmark per HCA - median quartile			*0.80*
Sector benchmark per HCA - lower quartile			*0.53*

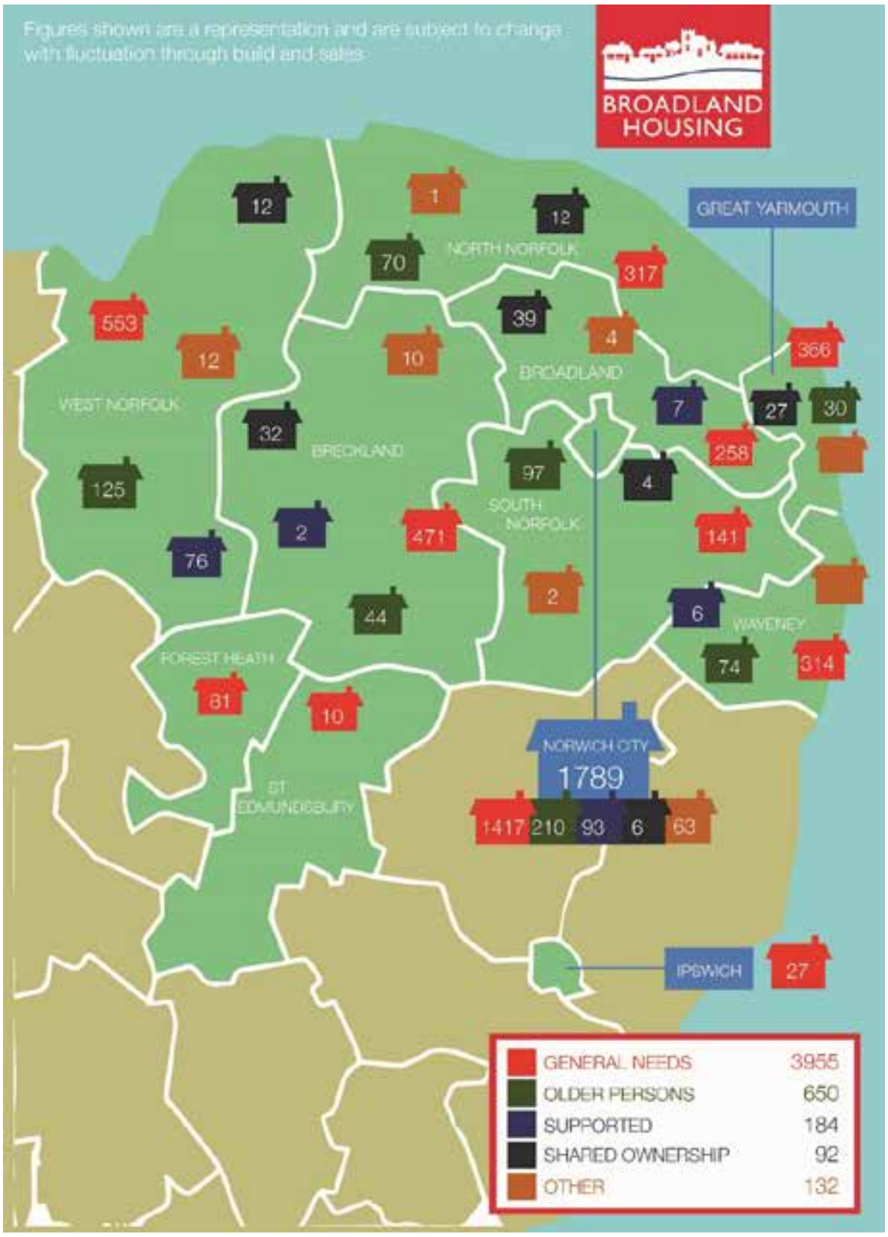
Note: The HCA upper quartile relates to the highest costs as opposed to the highest performance and on this basis we compare our costs in relation to the median and lower quartile.

We expect to continue to reduce routine maintenance costs against sector benchmarks and regard our established in-house team as a key competitive advantage in this regard. Major repairs (including planned component replacements) is likely to increase significantly after 2017 in accordance with stock condition data, although we have mitigated some of this increase by extending life cycle periods where this is appropriate (refer also to section 4).

Repairs Costs Area of Focus	Insight and Key Actions	
Initiatives to control repairs spend during 2015-16		
Use of sub-contractors		Closer control of spend on sub-contractors was implemented by a change in the authorisation process. This is illustrated by the two year decline in cost of works assigned to sub-contractors that were originally assigned to internal Broadland Repairs Service staff

<table>
<tr><td>Availability of materials</td><td rowspan="2">The nature of the geographical area that we cover means that the availability of materials can have a significant impact on labour time and therefore cost. By establishing an arrangement with Travis Perkins providing access to materials in more locations and a delivery to site service, travel time and costs have reduced. An indicative measurement of this is our 16% reduction in BRS van mileage from 791,957 miles in 2014-15 to 668,901 in 2015-16.</td></tr>
<tr><td>Intelligent scheduling</td></tr>
<tr><td>Categorisation of repairs</td><td>We have worked with staff to communicate the distinction between planned and responsive repairs. In 2014-15 £100k was spent on responsive repairs on jobs such as new driveways, which could have been treated as planned works. Increased focus on this will continue into 2016-17 to ensure that grouping of such works is combined with competitive tender processes to improve efficiency and reduce costs.</td></tr>
<tr><td colspan="2">Factors influencing our repairs costs</td></tr>
<tr><td>Geography</td><td>Our properties are spread across a geographical area of 2,655 square miles. Whilst we have taken actions through intelligent scheduling and sourcing of materials (as described above), geographical spread will continue to be a factor in our costs being higher than sector averages.</td></tr>
<tr><td>Investment in our repairs operative staff</td><td>We invest in our staff to ensure the quality of the service provided, which incurs costs but is a factor in achieving the high repairs satisfaction rates shown above and a complaints rate of only 3% of repairs.
Our rate of upheld complaints is 0.3% which compares to the average rate of 0.33% found in a 2016 study conducted by Paradigm Housing through the HouseMark Customer Contact Centre Benchmarking Club.</td></tr>
</table>

In response to improved stock condition information and our Asset Strategy (section 4) we have increased our planned component replacement spend in our business plan projections to assist in continuing to reduce routine maintenance costs. We have targeted to reduce routine maintenance by £300k in the 2016-17 budget through a combination of working practice improvements and less reliance on external contractors.



The dispersal of our stock has adverse implications for our management and maintenance costs but in our view these are not so material that wholesale stock disposal should be considered. We are continuing to examine ways to mitigate travel time and cost for maintenance operatives.

Local Authority District	Area (square miles)
Breckland	503
Broadland	213
Forest Heath	146
Great Yarmouth	67
Ipswich	39
King's Lynn and West Norfolk	552
North Norfolk	373
Norwich	15
South Norfolk	350
St Edmundsbury	254
Waveney	143
Total	**2,655**

Housing Management Service costs

Utilising and expanding on HCA data from 2014-15 our costs compare as follows:

Management cost per unit analysis	2016-17 Planned £k	2015-16 Actual £k	2014-15 Actual £k
Management cost per unit BHA	**1.06**	**1.13**	**1.05**
Sector benchmark per HCA - upper quartile			*1.27*
Sector benchmark per HCA - median quartile			*0.95*
Sector benchmark per HCA - lower quartile			*0.70*

Note: The HCA upper quartile relates to the highest costs as opposed to the highest performance and on this basis we compare our costs in relation to the median and lower quartile.

From 2014-15 HouseMark benchmarking data (which shows data based on an apportionment of staff time to specific housing management activities) we recognised that our costs are higher than others in the sector in some specific areas; Housing Management; Tenancy Management; and Anti-Social Behaviour. We have a number of initiatives in place to review and address our ways of working through which we are driving efficiencies. We are in the process of understanding costs incurred due to geography and a higher than average proportion of Housing with Care provision.

Our Portfolio: Contextual Data	2015-16 BHA	2014-15 BHA	2014-15 Sector Upper Quartile (per HCA)	2014-15 Sector Median (per HCA)	2014-15 Sector Lower Quartile (per HCA)
Supported Housing	3.3%	3.3%	4%	1%	0%
Housing for Older People	12.4%	12.4%	15%	8%	4%

Overheads

We recognise that the higher proportion of supported housing and housing for older people than the remainder of the sector impacts on our overhead costs and this is borne out in HouseMark comparative data:

Overhead Costs 2014-15		Peer Group		
	BHA £	Upper quartile £	Median £	Lower quartile £
Central overheads cost per employee	9,203	5,155	7,897	10,792
Finance cost per employee	2,188	1,633	2,708	4,104
ICT cost per IT user	6,577	3,922	5,427	6,852
Office premises cost per office user	8,883	3,238	4,009	4,328

The main reason for higher than benchmark ICT and office premises costs is that the benchmark group do not all use in house routine maintenance services which require additional support in these areas. The additional costs for ICT and office premises are compensated for by VAT savings through using our own resource.

Overheads Costs Area of Focus	Insight and Key Actions
Office premises	During 2015-16 we operated Local Area Offices in Norwich (St. Benedict's), King's Lynn, Great Yarmouth and Dereham in addition to our Head Office. We have reviewed this model and closed our King Street and St. Benedict's office in the last year with savings of £40,000 pa. The higher level of costs reflects the need for local offices supporting staff in dispersed locations. By having these dispersed locations we are able to provide local maintenance and frontline staff recruited locally and without the need for expensive travel time and cost.
ICT	The major reason for the higher than benchmark level of costs is the investment in further repairs scheduling functionality which saves routine maintenance costs (reflected in our lower costs for routine maintenance). We use a bespoke IT system which is used for all areas of our business and provides critical commercial advantage, albeit at a higher cost. Consequently there is significant investment in IT Developer and Consultancy time required for system additions that enable us to continually enhance the functionality of the system to drive efficiencies. In addition we are investing in our 'Digital by Default' strategy to deliver reduced transactional costs. A recent independent appraisal of the advantages of in house development against the costs of an alternative off the shelf system suggested that the bespoke IT system remained better value for money.

4 Maximising value from our Property Assets

Asset Management Strategy

Strategic Disposal Policy Statement:

The Association is continually looking at how efficient our operations are in relation to the location of our properties. Any strategic disposal identified will be disposed of in a transfer to an existing registered provider. These occupied properties will be disposed of to another registered provider, with the tenant's consent, in order to gain operational efficiencies.

The following criteria will be used when considering properties for strategic disposal:

- Outside the Norfolk and Waveney area
- Uneconomical to provide housing management services and repairs and maintenance.

Approved by Group Board May 2015

In line with our overarching Corporate Strategy our policy intentions have been clearly stated and approved by the Group Board. Working within the agreed remit we have continued to make decisions on capital investment, maintenance and disposal of properties in our portfolio during 2015-16.

Stock condition surveys

The information generated from our stock condition surveys links directly to our component forecasting process. System generated reports identify if a component has failed before its planned lifespan, this data is then used to make an asset management decision in relation to repair or replacement. This also facilitates more accurate profiling of our investment in our property portfolio. We have taken the decision to increase the lifespan of specific components:

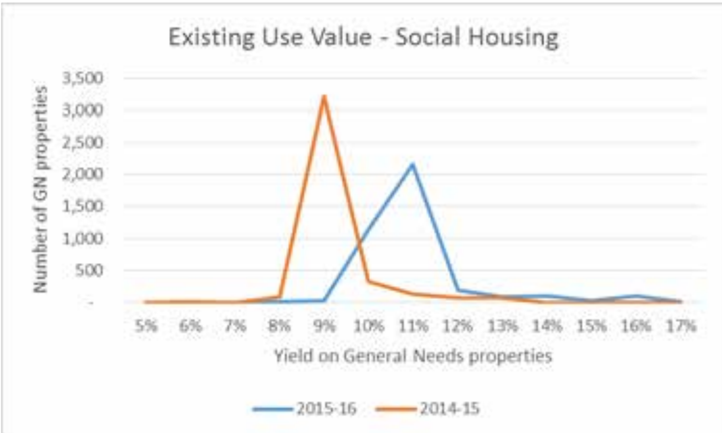
- Kitchens – changed from 19 to 20 years.
- Boilers – changed from 15 to 17 years.

Financial Return on Assets

We commission an annual independent valuation of our entire stock which we use to understand how well our portfolio is performing in terms of rental income and overall value. The 2015-16 valuation reflects the higher risk surrounding future income cash flows arising from the Government rent policy changes announced in the Welfare Reform and Work Act 2016. The reported average Market Value - Vacant Possession valuation across our portfolio is £130k per property.

Our annual rental income as a proportion of the total property valuation (Existing Use Value Social Housing) produces a gross yield value. The average gross yield per property across each of our key property types in our portfolio is shown in the table below.

Portfolio	Existing Use Value - Social Housing (EUV-SH)	
	Gross Yield 2016 %	Gross Yield 2015 %
General Needs	11.01%	9.18%
Supported Housing	13.30%	15.71%
Housing for Older People	9.97%	9.09%
Intermediate Market Rent	8.59%	8.99%
Low Cost Home Ownership	4.82%	5.09%



Environmental Strategy

Environmental disposal and reinvestment

Disposal Policy Statement:

Broadland Housing is committed to help customers who are at risk of fuel poverty. We also want to invest wisely in our housing stock to help reduce the running costs of our homes to our tenants.

We will consider the disposal of any properties that cannot meet an EPC rating of at least C without excessive investment. We will use any surpluses generated from the sale of poorly performing properties to fund energy efficiency improvements on other stock with low EPC assessments.

Approved by Group Board May 2015

A set of criteria have been established and approved by the Group Board against which each property is assessed for disposal once void, as set out in our CROHM Plan.

CROHM Plan

In line with our CROHM (Carbon Reduction Options for Housing Managers) Plan we disposed of 14 properties with low SAP ratings (D or E grade) from which we gained £160k surplus on sale. The proceeds were reinvested in energy improvements to 12 other properties (including specialist storage heaters, improved insulation and draft proofing). The heaters selected are 27% cheaper to run, with 90% of heating requirements met using off peak energy, thus reducing costs for our tenants. Business cost savings will arise from the 10 year warranty, reduced routine maintenance costs (no annual gas survey) and they increase the SAP rating of the property from D to high C.

5. Benchmarked Performance Indicators

We submit performance data to HouseMark on a quarterly basis and use this to monitor our performance in key areas of the business.

HouseMark Priority Performance Indicator	BHA Performance vs Selected Peer Group				
	14/15 Q4	15/16 Q1	15/16 Q2	15/16 Q3	15/16 Q4
Staff turnover	Median	Upper quartile	Upper quartile	Upper quartile	Upper quartile
Sickness absence	Median	Upper quartile	Upper quartile	Upper quartile	Upper quartile
Percentage of calls answered	Median	Lower quartile	Lower quartile	Lower quartile	Lower quartile
Time taken to answer calls	Lower quartile	Lower quartile	Lower quartile	Lower quartile	Lower quartile
Gas safety compliance	Upper quartile	Upper quartile	Upper quartile	Upper quartile	Upper quartile
Rent collected from current and former tenants	Median	Upper quartile	Median	Median	Lower quartile
Rent arrears of current tenants net of unpaid HB	Upper quartile	Annual indicator	Annual indicator	Annual indicator	Median
Rent arrears former tenants	Median	Median	Median	Upper quartile	Upper quartile
Rent arrears current and former tenants as % rent debit	Median	Annual indicator	Annual indicator	Annual indicator	Median
Rent arrears of current and former tenants written off	Median	Upper quartile	Median	Lower quartile	Lower quartile
Rent loss due to voids	Lower quartile	Median	Median	Median	Median
Average re-let times	Upper quartile	Upper quartile	Upper quartile	Upper quartile	Upper quartile
% properties vacant (available to let)	Median	Upper quartile	Upper quartile	Upper quartile	Median
% properties vacant (unavailable to let)	Upper quartile	Upper quartile	Upper quartile	Upper quartile	Upper quartile

Upper quartile
Median
Lower quartile
Annual indicator

We recognise the poorer performance in relation to telephone call management and have taken steps to improve in this area. However further investment will need to be traded off against the ambition to encourage tenants to communicate digitally. Our rent collection performance has deteriorated as a result of one-off factors primarily associated with welfare reform but 2016 performance shows an improving trend.

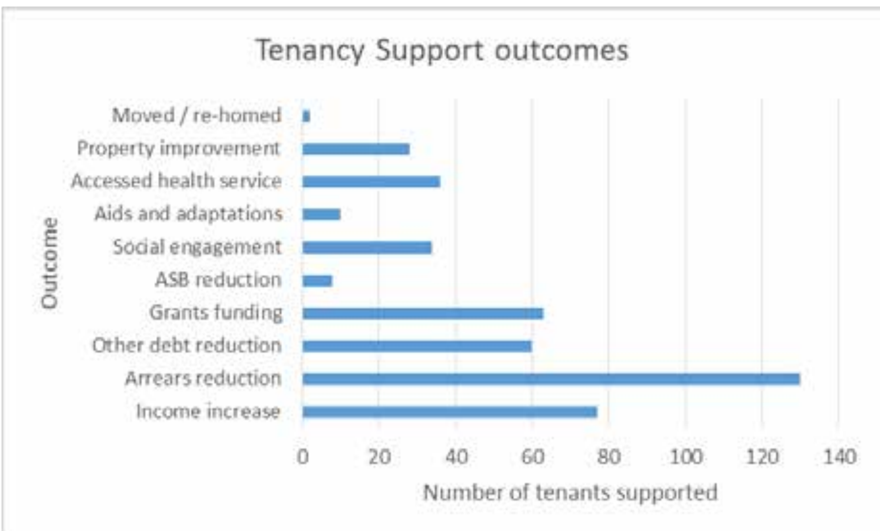
Performance Indicator	Trend '14-15 to '15-16	Insight and Key Actions
Percentage of calls answered	↓	Performance has been affected by implementation of the Touchpoint system in April 2015 and fluctuations in staffing levels. Our approach is to focus on the quality of response aiming to resolve queries during the call thus avoiding the additional cost of a further call. This increases call duration and impacts on capacity to answer the next call. We recognise that there is a cost performance trade-off between staffing levels and time taken to answer calls. However we will be introducing Interactive Voice Recognition software in 2016-17 to drive further efficiencies in this area.
Time taken to answer calls	↔	
Rent arrears current and former tenants written off	↓	A decision was taken to write off of former tenant unrecoverable debt more than three months old in line with accounting best practice. This £412k write off of bad debts also accounts for the trend change of the 'rent arrears former tenants' PI from amber to green.
Rent collected (current and former tenants)	↓	Rent collection fell in Q4 and was lower than expected. Our initial investigation into this showed a sudden drop in the number of tenants claiming Housing Benefit in January 2016 which impacted on our income collection. Potential reasons behind this include; the roll-out of Universal Credit in Norwich; an increased number of reviews of housing benefit triggered by the Government's 'Atlas' system; and, more part benefit claimants.
Rent arrears of current tenants net of unpaid HB	↓	
Rent loss due to voids	↑	Performance has improved compared to 2014-15 due to a number of initiatives set out in Section 3.
% properties vacant (available to let)	↔	Performance in this area is within tolerable levels and is a factor of the cost performance trade-off between keeping re-let times as low as possible without inflating the costs of completing voids repair works.

6 Delivering Value to our Tenants

Tenant Engagement
We visited 1,134 customers (837 living in general needs properties and 297 living in our sheltered schemes) as well as 2,510 by email, in our Tenant Engagement Review. The majority felt that all of the activities we offer represented value for money. However, we will be taking action in respect of feedback on the frequency and attendance of events as part of our Board approved Tenant Engagement Action Plan.

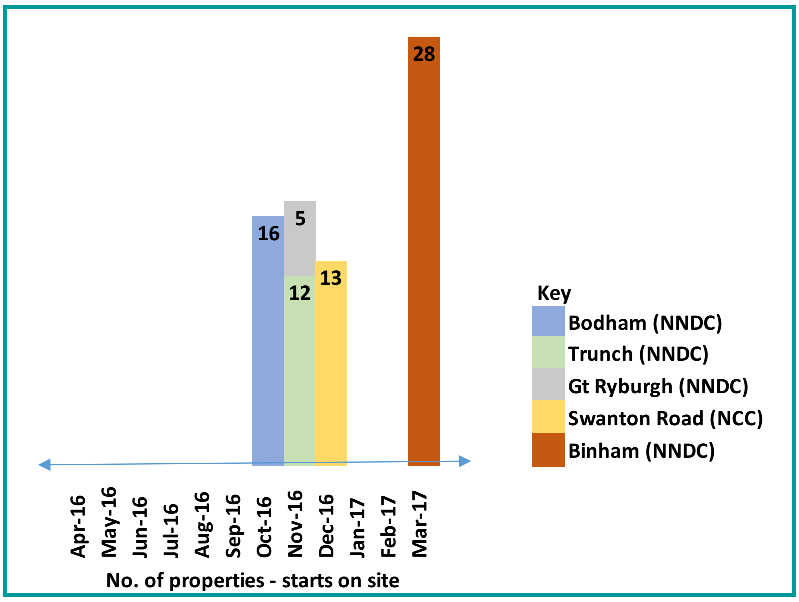
Tenancy Support
Investing £233k in our Tenancy Support Service team of 8 people is recognised as a positive use of our resources which has direct value to the customer as well as reduced costs to the business and wider community benefits.

During 2015/16 our investment in Tenancy Support services has enabled us to		
Provide	**Deliver**	**Benefits to Tenants**
6 Tenancy Support Coordinators to assist our tenants in relation to: • managing their home • improving their financial position • making a positive difference to their health and wellbeing	Support to **243** of our tenants **£30,584** reduction in tenant's rent arrears balances **£20,000** Charitable Grant Applications awarded to tenants	✓ Improved financial position ✓ Sustained tenancy ✓ Access to white goods, carpets and decoration ✓ Less exposure to ASB
1 Tenancy Support Trainer to help tenants with improving their employability and access to work skills Moving On, Moving Up 6 week programme to provide life skills to tenants covering; • managing money and budgeting • digital awareness and IT skills Digital Awareness sessions at Housing with Care schemes	Support to 128 of our tenants, of whom: **15** secured part-time employment **8** secured full-time employment **2** secured voluntary work **7** secured places on training courses for recognised qualifications **2** enrolled with the Open University **51** became job ready **7** accessed Moving On Moving Up, receiving 6 sessions each **6** accessed digital training sessions	✓ Reduced reliance on welfare benefits (Job Seekers Allowance and Housing Benefit) ✓ Access to funding for education ✓ Online access ✓ Up-skilling in readiness for Universal Credit
pursue our enduring purpose of "*Improving life opportunities for the people of Norfolk and North Suffolk through housing and support provision*"		



7 Development – Reaching out to new Tenants

Current Development Projects
Our Corporate Strategy 2016-2019 states a minimum number of affordable properties to be delivered at 175 over the next 5 years. In readiness, a number of planning applications have been gained over the past 2 years which will start to deliver this strategy. In tandem we have forecast the right to buy replacements that will also need to be delivered outside of the standard programme, so the land bank has been increased to reflect this additional delivery.



Following signing of the Land Options agreements with North Norfolk District Council 2014-15, planning has now been achieved for five sites in North Norfolk. In addition a sixth site also has detailed planning bringing the delivery total to 107 properties. The initial five sites are connected by a unilateral section 106 which allows surplus monies to move between the villages to create a mix of tenures highlighted by housing need in each location. The first mixed tenure scheme will start on site in October 2016 with two 100% affordable schemes following in November 2016.

Creating Efficiency in Design
With the introduction of our Architects framework 18 months ago we have been working on new standard house types which will be used by any architect on the framework. In planning applications we have used three different architects over five sites but all the affordable properties are the same in size and internal design. This will continue to deliver savings in design fees and construction going forward.

Shared Ownership
The marketing for the 12 properties delivered has been carried out internally with a net saving of £11,500. Our marketing strategy is tailored according to the strength of the applicant waiting list and the response to initial marketing.

8 Our VFM Journey

Our commitment to delivering and creating value extends across financial years. The table below summarises how we have, and will continue to challenge ourselves to save money, work smarter and deliver high quality services that are valued by our tenants.

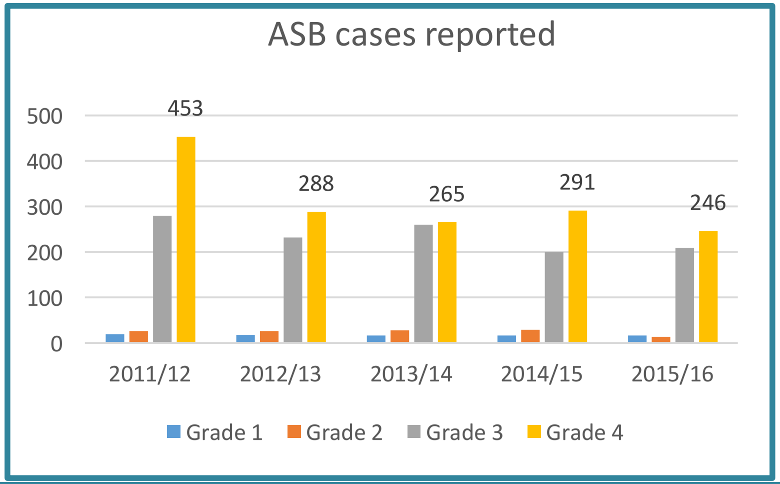
2014-15	2015-16	2016-17
Delivering on our 2014-15 published commitments to Value for Money		
Staff ideas: Work will be undertaken during 2015-16 to explore ideas put forward by staff in relation to achieving future VFM gains	➢ Operative Improvement Team projects have; agreed a uniform specification for kitchens; targets for planned works; and, increased recycling ➢ In-house Slips, Trips and Falls assessments provide reassurance to our insurer and control our Public Liability Insurance premium	
Planned and reactive maintenance costs: 13% reduction in cost of an average kitchen and 29% reduction in cost of an average bathroom	➢ Procurement and recycling initiatives combined to yield a net gain of £17k Money saved on labour and travelling costs by: ➢ Combining the annual programme of cyclical and renewable heating servicing aligned to gas properties ➢ PFH (Procurement for Housing) supplier network deliveries to site	➢ Recurrent savings from 2015-16 initiatives of £15k ➢ Introduction of automated scheduling and text messaging has improved gas servicing access rates in 2015-16. Further work will be undertaken in 2016-17 to quantify actual savings
Measuring social benefit: We will develop more sophisticated data to quantify the benefits to tenants of the services we deliver	➢ Data collected within our Tenancy Support Service has enabled us to have a greater understanding of the volume of work undertaken, the benefits to our tenants and wider society (as set out in section 6)	➢ Work will continue to collate and quantify social benefit data

2014-15	2015-16	2016-17
	➢ Work has been started with our Housing Management team to identify the data that needs to be collected in order to quantify our social benefit	
Measuring social impact: Commitment to ascertaining the social impact of our developments	➢ Social impact review undertaken by RSM and utilised within the planning application process proved useful in communicating benefits to communities	
Development: North Norfolk District Council Land Options Agreement	➢ Planning applications made for a series of six sites across North Norfolk	➢ Deliver the starts on site outlined in Section 7
Data analytics: Increased use of Qlikview software to enable us to gain a greater insight into our performance data	This was taken forward in relation to: ➢ Tenant Census – to generate data reports ready for update ➢ Repairs analysis - we analysed the repair appointments booked per tenant compared to our average of 2.3 per year and addressed the root causes of higher than average call-outs at specific properties	Use of data provided to identify tenants at risk from welfare reform changes or spare room subsidy and referring such tenants to further help from the Tenancy Support team.

Other Long-Term Activities

Welfare Reform: Monitoring of changes and appropriate mitigating actions within our Risk Management process	➢ Monitoring the roll-out of Universal Credit in conjunction with Tenant Census data to forecast likely impact ➢ Rent reduction incorporated into our Business Plan alongside quantified financial risk appetite parameters	➢ Mapping of Local Housing Allowance rates to ascertain impact of Housing Benefit caps
Campion and Sorrell House improvement works: Installation of biomass boiler	➢ Renewable Heat Incentive income from biomass boiler of £28k ➢ Caretaker appointed resulting in reduction in Anti-Social Behaviour with salary equating to saved extrapolated 2014-15 costs of grounds maintenance and responsive repairs	➢ Projected Renewable Heat Incentive income from biomass boiler of £35k

2014-15	2015-16	2016-17
CROHM Plan: Our CROHM (Carbon Reduction Options for Housing Managers) report 2014, identified an investment of £2.4m was required to bring all properties to a minimum EPC level of C to be financed by disposal of energy inefficient properties	➢ Disposal of 14 properties generating £160k surplus, reinvested in energy improvements in 12 other properties ➢ Programme of in-house EPC reviews is 50% complete	➢ Business Plan includes open market sale of 73 poor energy efficiency homes at anticipated surplus of £30k per property together with reinvestment of £2.19m for energy improvements to existing homes to achieve a minimum EPC rating of C on all properties by 2020
Board Packs software was implemented in February 2015	➢ Use of Board Packs has reduced committee administration costs in both time efficiency savings and reduction in printing and postage costs	➢ Recurrent savings in administration time, printing and postage costs.
Positive Internal Audit assurance on **governance arrangements**	➢ Positive independent review of our governance arrangements in December 2015 (commissioned from Savills) ➢ Group Board approved Action Plan to achieve additional enhancements in governance arrangements	➢ Implementation of revised arrangements for the structure and frequency of Group Board, Committee and Panel meetings.
Corporate Improvement Projects delivering operating efficiencies to processes and enhanced services		
Our long-term corporate improvement projects have continued from 2014-15 with the exception of the Worklessness Project which ceased. However, provision of employability skills to tenants remains a core function of our Tenancy Support Service Training all staff through our Safeguarding project has been recognised as best practice. Our continuing projects include; Tenant Engagement; Helping Tenants; Recharges Review; Service Charges Review; and, Digital by Default.		➢ We will develop and implement a project costing methodology so that we can quantify the cost benefit analysis of our corporate improvement projects

2014-15	2015-16	2016-17
Anti-Social Behaviour: Project launched with initial review of our ASB service	During 2015/16 we consulted with 50 service users, which identified four areas for improvement which have been embodied in our new approach and yielded a 10% reduction in cases reported 	➢ We anticipate improved tenant satisfaction with the process whilst simultaneously reducing the staff time spent dealing with complaints.

Additional future commitments to Value for Money

	Procurement: Changes to our organisational structure and a recruitment process have been undertaken to prepare for centralisation of the procurement function	We will deliver the Procurement Plan approved in March 2016 and compile a savings log: ➢ 34 work streams covering £4.7m of external spend scheduled for April 2016 to August 2017 with a target saving of £235k ➢ 5% saving against the current baseline for existing procurement arrangements
	Property Directorate Restructure: Cost neutral staffing restructure following creation of in-house DLO in 2012 **Whole Organisation Restructure:**	➢ Effective from 1st July 2016 our whole organisation restructure will realise staff cost savings of £400k ➢ The restructure will remap geographical areas covered by repairs staff to reduce travel time and comply with

2014-15	2015-16	2016-17
	Plans were drawn up and incorporated into the Business Plan for a revised organisational structure to take the business forward in the current operating environment	the EU Working Time rule
	Customer Contact Centre: The Customer Service Team staffing has reduced by 2.5 FTE in preparation for Interactive Voice Recognition in 2016/17, but this has impacted on performance in 2015-16.	➢ Implementation of Interactive Voice Recognition to reduce calls into the Customer Services Team and automatically direct tenants to the correct service
	Review of Area Offices: Preparations made for ensuring that the balance between providing local service to tenants and costs incurred in doing so is right	➢ Closure of our St. Benedict's and King Street offices saving £40,000 pa. Review of opening hours of all our Area Offices to reduce staffing costs.
	Corporate Strategy: Detailed review of our 2012-2015 Corporate Strategy which was consciously delayed until the outcome of the May 2015 General Election was known.	➢ Implement our new Corporate Strategy 2016-2019 and continue to deliver value in pursuing our mission *"to help families and individuals in housing need access high quality homes in Norfolk and North Suffolk."*
		➢ **VFM Gains:** Build on current experience and introduce a new process for capturing and quantifying cost savings and efficiency gains across the business

Compliance with HCA Governance and Financial Viability Standard

The Accounting Direction requires that Registered Providers should undertake an assessment of compliance with this standard at least once a year and must certify compliance with the standard within the narrative report or explain if not.

A specific review of compliance has taken place of our compliance with the Governance and Financial Viability Standard and this review has been approved by the board. In particular, BHA has completed an Assets and Liabilities Register in line with the requirements of the Standard. Following this review the board confirm compliance with the Governance & Viability Standard with no qualifications.

Code of Conduct

The board has reviewed its practices against the National Housing Federation's Code of Conduct 2012 and remains compliant in all material respects with the principal recommendations of the Code.

A review of Broadland Housing Association's compliance with the Code of Conduct will continue to be carried out annually in line with the Code's requirements.

Code of Governance

The Group is committed to upholding the highest standards of governance and aims to work within the requirements of the 2015 NHF Code of Governance to this end. As required by the Code, we undertake an annual review of our compliance with the Code and the effectiveness of our governance arrangements. In November 2015, an independent governance review was undertaken by Savills. Progress on implementing the recommendations resulting from this review is monitored by the Board on a regular basis. The recommendations will be used to establish a Board Development Plan, which will be reviewed and updated regularly to ensure governance arrangements remain fit for purpose.

Following a thorough board scrutiny of Savills independent governance review and of Broadland's operations, we concluded that Broadland Housing Group complies in all material respects with the principal recommendations of the Code with the exception of the following areas where partial compliance has been achieved with steps being taken to reach full compliance:

D3 – Where a member comes to the end of an individual term of office and is eligible for reappointment, this must be subject to consideration of the member's appraised performance and skills, and to the wider needs of the board at that time. Following our Governance Review in 2015, a process is being implemented to ensure that board members appraisal results and skills are formally reviewed in line with the needs of the board to determine their suitability for re-appointment.

D4 – A member who has left the board after serving the maximum tenure must not be reappointed for at least one full term of office.
BHA complies in practice, but its Rules are currently silent on this point. BHA plans to remedy this by adopting NHF Model Rule D12.2 at its September 2016 AGM, which specifically prohibits a board member from being eligible for re-appointment for at least one full term after having served the maximum tenure. This has not been relevant for the period in question as no board members have come to the end of their maximum tenure during this financial year.

D9 – A full and rigorous appraisal process for the individual members of the board and its committees, including the chairs, must be carried out at least every two years.
No appraisal took place of our outgoing Chair who retired at the Sept 2015 AGM. Arrangements are now in place for the appraisal of the new Chair. BHA's subsidiaries, Broadland Meridian and Broadland St Benedicts will be adopting the Code with effect from Sept 2016 and will also ensure arrangements are in place for the appraisal of their Chair's and board members in line with the Code's requirements.

D11 - Payment to non-executive board members must be: (4) linked to the carrying out of the specified duties of the post, against which performance must be reviewed.
No appraisal took place of our outgoing Chair who retired at the Sept 2015 AGM. Arrangements are now in place for the appraisal of the new Chair. BHA's subsidiaries, Broadland Meridian and Broadland St Benedicts will be adopting the Code with effect from Sept 2016 and will also ensure arrangements are in place for the appraisal of their Chairs and board members in line with the Code's requirements.

A review of Broadland Housing Association's compliance with the Code of Governance will continue to be carried out annually in line with the Code's requirements.

Going concern

The Group's business activities, its current financial position and risks likely to affect its future development, are set out within the Strategic Report within these financial statements. The Group has in place long-term debt facilities which provide adequate resources to finance both the reinvestment and development programmes to which it has committed, and 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 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.

Assessment of the effectiveness of internal control

The board acknowledges its overall responsibility, applicable to all organisations within the Group, 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 assurance against material misstatement or loss.

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

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Group Audit, Frontline and Capital & Funding 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
- formal recruitment, retention, training and development policies for all staff;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review
- regular reporting to the appropriate committee on key business objectives, targets and outcomes;
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets; and
- Regular monitoring of loan covenants and requirements for new loan facilities.

A fraud register is maintained and is reviewed by the Group Audit Committee on a quarterly basis. There was one entry on the fraud register during the year, which relates to a tenant's use of a debit card and cheques to make rent payment to the Association without permission. The outcome of a police investigation is pending and will determine whether the amount in question is to be returned to the cardholder. Further details concerning this incident are reflected in the Association's Fraud Report submitted to the Homes and Communities Agency for the period.

As the provider of internal audit service to Broadland Housing Group for the period, RSM is required to provide to the Group Board an opinion on the adequacy and effectiveness of the organisation's governance, risk management and control arrangements. Based upon the areas reviewed, RSM reports that their '*opinion is that Broadland Housing Group has an adequate and effective framework for risk management, governance and internal control'*.

The board cannot delegate ultimate responsibility for the system of internal control, but it has delegated the authority for regularly reviewing the effectiveness of the system of internal control to the Group Audit Committee. The Group Chair receives a copy of all Group Audit Committee reports and minutes. All Group Audit Committee reports and minutes are made available electronically to Group Board members. The Group Board receives a résumé at each of its meetings outlining decisions made by the Committee. The Group Board has received the annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor.

Post balance sheet events

There are no significant post balance sheet events likely to materially impact on these financial statements (see note 33).

Board members' responsibilities

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

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

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

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

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Auditors

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Association's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

Alison Inman
Chair

20 July 2016

Objectives and strategies to achieve those objectives

Our Corporate Strategy 2012-15 has undergone extensive review during the last six months of the financial year. We decided to delay this review (which would ordinarily have been concluded prior to 1 April 2015) until the outcome of the May 2015 General Election was known, as well as the indicative content of the Housing and Planning Bill and welfare changes arising from the Budget.

As a result of political factors beyond our control, but which needed careful consideration when formulating our revised corporate strategy, the Group continued to operate under its existing Corporate Strategy during the financial year ended 31 March 2016. For this reason, both the information included in both our Value for Money self-assessment (page 11) and within the section entitled *Development and performance during the financial year* included within this strategic report (page 40) are based on the Corporate Strategy 2012-15.

The Group's agreed 2012-15 Corporate Strategy has nine headline strategies each with objectives (listed below) and each strategy is defined by; what we want to achieve; why and how we are going to deliver it; and, how we are going to measure its achievement. Annual improvement projects are identified and monitored while routine business is monitored in monthly performance reports.

Customer strategy	*Neighbourhood strategy*	*Environmental strategy*
• To provide services that are easily accessible to our customers; • To ensure the services we provide are those required by our customers; and • To ensure our frontline services are fit for purpose and delivered in an effective and efficient manner.	• To ensure our services meet local needs and aspirations; and • To ensure the development of new homes to meet the demand for affordable homes in our neighbourhoods.	• To invest wisely in our housing stock and thereby reduce the running costs of our homes to our tenants; and • To operate as a business in an environmentally responsible manner.

Partnership strategy	*Diversification strategy*	*People strategy*
• To optimise the benefits of our existing partnerships and to develop new partnerships in order to support our tenants and clients; and • To ensure our partnerships help us achieve more with our limited resources.	• To continue to develop new and innovative products and services that help deliver our mission and vision.	• To ensure we have the right people working for us with the right attitude, knowledge and skills; and • To ensure investment in our staff team to help them gain better qualifications and career prospects.
Operations strategy	*Value for Money strategy*	*Governance strategy*
• To ensure all our activities are relevant to our mission and values; and • To ensure achievement of our value for money strategy.	• Investment of our financial resources effectively in order to deliver our corporate strategy.	• To ensure that our Boards, Committees and Panels have appropriate skills and experience within their membership; • To ensure that Governance adds value to our delivery of services; and • To ensure that our governance model is fit for purpose and regularly reviewed.

The achievement of our strategic objectives is closely linked to our value for money philosophy which is explained in more detail within our Value for Money self-assessment on page 10.

Business model

Our business model aims to use the strength of our balance sheet to grow our economies of scale through the development of new homes while maintaining the sustainability of our existing homes through efficient component replacement. While we expect to lose existing homes through the new Voluntary Right to Buy scheme we are planning to replace all homes lost through this scheme within three years and increase our economies of scale through additional new development.

In order to keep our growth ambitions in check the board have approved financial risk appetite parameters as follows:

Risk appetite parameter	**Proposed minimum level**
Net surplus	>£0.5m per annum
EBITDA MRI : funding costs	>110%
Capital expenditure % turnover	<75%
Unencumbered security	Sufficient to fund 3 years of unsecured funding
No. of months until further financing required	>12 months

Development and performance during the financial year and financial position at the year end

The number of homes in management by the Group increased to 5,022 (2015: 5,021) during the year. A surplus of £1,610k was achieved (2015: £1,733k) which strengthened reserves for planned development in the future. The Group continues to actively prepare for future development activities across Norfolk with various partners to ensure continued provision of new homes, even where grant remains unavailable or unviable for our business model. Overall, operating costs have risen at a slower rate than revenue leading to slightly reduced operating margin of 27.2% (2015: 28.7%) which has been caused by a pensions revaluation impact of £0.8m. Without the pensions revaluation (which relates to historic defined benefit arrangements) operating margin would have increased to 30.0%. Our financial performance and key financial performance indicators for the last five years are as follows:

Group financial and performance highlights: five-year summary

For the year ended 31 March **Income and expenditure account**	**2016** **£'000**	**2015** **£'000**	**2014** **£'000**	**2013** **£'000**	**2012** **£'000**
Total turnover	28,277	26,783	25,659	24,872	23,463
Operating surplus	7,687	7,677	7,488	6,329	6,323
Net interest & other charges	6,353	6,491	6,734	6,767	6,105
Surplus/(deficit)	1,610	1,733	754	(438)	218
Balance sheet					
Housing properties, gross cost less depreciation	263,906	265,123	280,169	278,525	278,397
Social housing grant and other grants	(117,686)	(118,161)	(134,401)	(134,134)	(135,567)
Housing properties owned at year end:	**No.**	**No.**	**No.**	**No.**	**No.**
Rented accommodation	4,851	4,856	4,841	4,772	4,748
Shared ownership accommodation	132	126	116	110	96
	4,983	**4,982**	**4,957**	**4,882**	**4,844**

Key Performance Indicators	**2016**	**2015**	**2014**	**2013**	**2012**
Operating surplus as % turnover	27.2%	28.7%	28.4%	25.4%	26.9%
Rent losses *(voids and bad debts as % of rent and service charges receivable)*	1.9%	2.2%	1.9%	1.8%	2.2%
Rent arrears *(gross arrears as % of rent and service charges receivable)*	5.5%	4.7%	4.5%	4.6%	5.7%
Liquidity *(current assets divided by current liabilities)*	2.4	2.7	2.4	1.7	1.3
Gearing *(total finance raised divided by total properties at historic cost, excluding depreciation)*	45.8%	46.6%	47.4%	47.6%	46.6%

Future prospects

Despite various efficiency improvements our forward business plan projections assume that operating margin will decrease significantly over the next three years as a result of the impacts of the Government imposed rent reductions on the housing sector, welfare reform and universal credit on rent arrears and loss of homes through the Right to Buy. We expect to maintain underlying surplus performance through property sales and improved funding arrangements.

The board has now agreed a new corporate strategy for the period 2016-19 with the following key priorities:

- To provide fit for purpose local housing and asset management services;
- To help our tenants sustain their tenancies;
- To reduce fuel poverty amongst our tenants;
- To involve our residents in shaping the services we provide;
- To build at least an additional 175 new homes for rent and low cost home ownership over the next five years;
- To ensure that we provide excellent value for money and maintain a focus on minimising increases in our operating costs; and
- To develop digital services that benefit our customers and drive efficiencies in the business.

In implementing these priorities our ground rules are:

- We listen to our customers and stakeholders and focus on understanding the aspirations of our tenants and people in housing need within our communities;
- Fairness is important to us and we will always be intolerant of any form of discrimination against colleagues and customers;
- Our staff are the lifeblood of the organisation and we are committed to supporting them to achieve fantastic results;
- We work in partnerships with others to help low income families and individuals access high quality homes;
- We will use our resources wisely, to maximise the return (social and financial) to our communities and the value for money of our activities;
- We will all work in a professional, trustworthy and reliable way; and
- We will seek to minimise the impact of our activities on the environment.

The board has identified the following strategies that will help the Association deliver on its priorities over the next three to four years. These are:

Development strategy	Digital strategy	Environmental strategy
Finance strategy	Governance strategy	People strategy
Tenancy support strategy	Tenant engagement and involvement strategy	Value for Money strategy

Each of these strategies is supported by a series of target achievements and strategic performance measures intended to monitor performance against these targets. While many of these targets will be achieved from existing resources our development ambitions are likely to involve additional debt depending upon the impact of the Voluntary Right to Buy agreement.

Principal risks and uncertainties

Risks that may prevent Broadland Housing Group (the Group) achieving its objectives are considered and reviewed on a monthly basis by the Group Directors, at each meeting of Group Audit Committee (four times a year) and annually by Group Board. The risks are recorded and assessed in terms of their impact and likelihood (incorporating both probability and timescale). Major risks, presenting the greatest threats to the Group, are reported together with action taken to manage the risks, including assessments of key controls, and the outcome of the action. A summary of the highest rated risks and related actions as at 31 March 2016 is given below:

Key risk	
Failure to refinance maturing debt thereby affecting the Group's financial security.	This year there has been a requirement for refinancing for the Group as some lending arrangements were reaching the end of their term. The Group has, throughout this process, obtained objective advice from treasury advisers, and maintained good relationships with lenders, as well as using a number of different lenders to spread risk. Further strategies to address this risk have included regular reviews of the business plan and the associated funding requirements, and regular review of this by the Group Funding Panel.
Changes to government policy relating to welfare/ benefit changes, or difficulties experienced when policy changes are put into practice, resulting in 'unviability' of the Group.	The Group has this year continued its active horizon scanning in order to remain fully up to date in terms of new legislation. In doing this it has been particularly aware of those changes to welfare and/or benefit policy changes that would potentially have a significant negative effect on either its individual tenants, or on the viability of the Group as a whole. An analysis of the Spring budget and its potential implications was undertaken in March 2016. The Group's Corporate Strategy has been reviewed over the last several months, and was relaunched to staff in June 2016. The strategy follows 9 strands, which cover all the Group's operations.
Introduction of Government policy extending Right to Buy to housing associations, leading to reduced housing stock and rental income, resulting in a threat to the long-term viability of the organisation.	The extension of Right to Buy would potentially have a significant effect on the viability of the Group and therefore planning has been put in place to prepare for the various situations that may occur. The Group has taken legal advice on its property and its assets and liabilities register and a training session has now taken place (June 2016) in relation to the Housing and Planning Bill for Board and senior management. Future response to, and mitigation of, this risk will be led by further Government announcements on Right to Buy and therefore the Group is continuing thorough horizon scanning in anticipation of this.
Introduction of Government policy decreasing the benefit cap from £26k to £20k resulting in increased rent arrears leading to weaker financial performance and increased tenant poverty.	In preparation for the implementation of this policy the Group has this year undertaken a customer census of all tenants, which informed an analysis of its customers. This is intended to equip the Group with sufficient individual data on its tenants to facilitate targeted support and quantify the work required. There is a small group of tenants who have not responded to the survey, for whom investigations are continuing. The Leadership Group is overseeing this project, which will continue in conjunction with ongoing research into the likely implementation of government policies.

Breach of Health and Safety legislation/regulations leading to non-compliance resulting in potential fines and reputational damage.	The Group has a thorough approach to Health and Safety (H&S) in all areas of its operations. This includes regular reviews of policies and procedures; induction and training for all staff as appropriate; appropriate provision of Health and Safety equipment and recording in all offices including 'Slips, Trips and Falls' registers at all receptions; regular discussion of H&S at Team Briefs, which are mandatory to attend for all staff; and H&S being a standing agenda item at organisational meetings. Recently the Group has been liaising with Norfolk Fire Safety and has received recommendations, which it is in the process of implementing to improve its provision further.
Failure to effectively transition our servers to Microsoft Azure leading to lost access to systems and data; and Failure to deliver our planned investment in devices and internet access at our area offices by 1 April 2016 leading to lost access to systems and data.	These two parallel risks have been project managed through the year, which has seen a period of transition as the Group moves towards cloud computing. This has been a major IT project, and has had an appropriately high level of resource to implement it. Liaison has taken place with Microsoft Azure and a Service Level Agreement is in place to support the transition. The Group's Disaster Recovery Plan is also being updated to reflect this migration, and this will help to mitigate the risk involved in the process. Additionally, the internal and cloud-based systems will be run in parallel until such time as the new system is seen to be robust.
Failure to comply with Data Protection regulations resulting in financial penalties.	The Group has a strong Data Protection Policy and procedures, which are regularly reviewed. Staff training in the policy and on day to day implementation has been provided throughout the year. All IT equipment is password protected and these passwords are regularly updated in line with good practice requirements. Future planned improvements include a move to digital tenancy files for greater security and backup of data, as well as an improved hacking response plan to respond to this new area of potential risk.
Failure to keep training for safeguarding up to date, leading to failure to identify risks to customers and members of their families, resulting in vulnerable individuals remaining at risk and legal action against the Group.	The Group takes safeguarding seriously and a minimum annual review of policy and procedures is in place. There is regular monitoring of compliance with requirements and an annual refresher training programme for staff. Response to this risk is also reported regularly to the Front Line Panel, which has oversight of this policy. Additionally, an independent review is planned, to be requested from the Norfolk Safeguarding Board.

Introduction of the new purchase order process leads to system disruption, resulting in non-payment of suppliers.	This was a short-term risk which may have had a significant effect on the financial running of the Group and therefore needed close and careful management. Our in-house IT software team developed the new system to improve the provision overall and allow for greater security and reliability of the payments system. To mitigate the risk to the Group, a manual workaround was designed for the transition process to ensure invoice approval prior to payment, in order to ensure payments were timely and accurate. The exercise was approved and overseen by the Group's Systems Risk Appraisal Panel and a post-deployment review was carried out before the financial year end.

Financial and non financial key performance indicators

	Key Performance Indicator	2015/16 Actual	2015/16 Target	Within Target
Rent arrears	Rent arrears as a percentage of gross rent debit	3.58%	2.96%	No
Lettings and allocations	Re-let time – general needs	12.4 days	19 days	Yes
	Re-let time – housing with care	20.3 days	19 days	No
	Re-let time – sheltered housing	15.7 days	19 days	Yes
	Re-let time – supported housing	15.1 days	19 days	Yes
Repairs and maintenance	Emergency repairs – attendance within 4 hours	96.43%	96.00%	Yes
	Emergency repairs – completed next calendar day	93.48%	96.00%	No
	Appointable repairs – completed within 20 calendar days	99.86%	96.00%	Yes
	Tenants very satisfied or satisfied with the quality of their home	98.64%	n/a	n/a
	Gas servicing – percentage compliance	99.97%	100.00%	No
Customer satisfaction	Tenants very satisfied or satisfied with the quality of their home	75.5%	n/a	n/a
	Tenants very satisfied or satisfied with the service provided by the Group	74.3%	n/a	n/a
Staff	Percentage of staff turnover in the year	15.27%	n/a	n/a
	Average number of working days lost due to sickness	7 days	n/a	n/a

Performance of our Housing Management service has been positive. Our rent arrears figure was above target, but at 31 March 2016 this included £515k of unpaid Housing Benefit. Re-let times remained good, the Housing with Care target being missed was due to delays in Norfolk County Council Social Services nominated suitable tenants.

Our repairs service performance was mainly positive. Reasons have been identified and addressed for the indicators which did not achieve target performance. However, tenant satisfaction with our repairs service remains very high.

Our staff turnover is within a tolerable threshold and time lost to sickness absence is very good when compared to the sector (within HouseMark upper quartile).

Governance

The Group Board is conscious of the significant challenges faced by the sector and the key role that governance plays in this respect. With this in mind and in line with the requirements of the NHF Code of Governance, we commissioned an independent review of our governance arrangements, as a source of external assurance on the robustness of our current arrangements. The review was undertaken by Savills UK Limited in December 2015 and concluded that the Group's governance structure was generally robust. The review provided a number of suggestions to further enhance governance which were fully considered by Board members in a series of workshops which generated an Action Plan in March 2016. The Group Board reviews the Action Plan regularly in order to monitor progress against agreed actions. Some actions have already been completed, but those remaining are due for completion during 2016/17. Efficiency gains are anticipated in relation to the structure and frequency of Group Board, Committee and Panel meetings which will take effect from September 2016.

The Group Board remains committed to striving to maintain the highest standards of governance in order to retain the organisation's V1 G1 rating and ensures that the governance arrangements are taken into consideration in the context of the changing political and economic environment. To this end, our board development arrangements are being enhanced to ensure a more cohesive approach across the annual board effectiveness review, succession planning, board recruitment, board appraisal process, board training and board induction, which should ensure that the governance framework across the Group and the skills set within its boards remain fit for purpose.

Approval

This Strategic Report was approved by order of the Board on 20 July 2016.

Alison Inman
Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROADLAND HOUSING ASSOCIATION LIMITED

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

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

Respective responsibilities of the board and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2016 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

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

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

Nicholas Buxton
BDO LLP, statutory auditor
Norwich, Norfolk
United Kingdom

20 July 2016

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

Broadland Housing Association

Consolidated and Association statement of comprehensive income for the year ended 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Turnover	4	**28,277**	26,783	**28,032**	26,513
Operating costs	4	**(20,590)**	(19,106)	**(20,306)**	(18,763)
Operating surplus	4/7	**7,687**	7,677	**7,726**	7,750
Surplus on disposal of fixed assets	11	**276**	547	**276**	547
Other interest receivable and similar income	12	**122**	123	**121**	121
Interest and financing costs	13	**(6,464)**	(6,643)	**(6,464)**	(6,643)
Changes in fair value of investments	18	**(17)**	9	**(17)**	9
Movement in fair value of investment properties	17	**6**	20	**6**	20
Surplus before taxation		**1,610**	1,733	**1,648**	1,804
Taxation on surplus	14	**-**	-	**-**	-
Surplus for the year and total comprehensive income for year		**1,610**	1,733	**1,648**	1,804

All activities relate to continuing operations.

The notes on pages 55 to 87 form part of these financial statements.

Broadland Housing Association

Consolidated and Association balance sheets at 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Fixed assets					
Tangible fixed assets – housing properties	15	**263,906**	265,123	**264,170**	265,388
Tangible fixed assets - other	16	**2,779**	3,341	**2,779**	3,340
Investments – other	18	**132**	143	**132**	143
Investment properties	17	**1,031**	519	**1,031**	519
		267,848	269,126	**268,112**	269,390
Current assets					
Stocks	19	**459**	211	**459**	211
Debtors – receivable within one year	20	**2,661**	2,372	**2,768**	2,679
Cash and cash equivalents		**13,256**	13,010	**12,873**	12,598
		16,376	15,593	**16,100**	15,488
Creditors: amounts falling due within one year	21	**(6,787)**	(5,849)	**(6,901)**	(6,172)
Net current assets		**9,589**	9,744	**9,199**	9,316
Total assets less current liabilities		**277,437**	278,870	**277,311**	278,706
Creditors: amounts falling due after more than one year	22	**(258,982)**	(262,761)	**(258,982)**	(262,761)
Net assets excluding pension liability		**18,455**	16,109	**18,329**	15,945
Pension liability	27/28	**(3,169)**	(2,433)	**(3,169)**	(2,433)
Net assets		**15,286**	13,676	**15,160**	13,512
Capital and reserves					
Income and expenditure reserve		**15,121**	13,500	**14,995**	13,336
Investment reserve		**35**	52	**35**	52
Restricted reserve		**95**	95	**95**	95
Revaluation reserve		**35**	29	**35**	29
		15,286	13,676	**15,160**	13,512

The financial statements were approved by the Board of Management and authorised for issue on 20 July 2016.

Chair – Alison Inman

Vice Chair – Jenny Manser

Secretary – Sarah Wyatt

The notes on pages 55 to 87 form part of these financial statements.

Broadland Housing Association

Consolidated statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserve	Investment reserve	Restricted reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2015	13,500	52	95	29	13,676
Surplus/(deficit) for the year	1,621	(17)	-	6	1,610
Balance at 31 March 2016	15,121	35	95	35	15,286

	Income and expenditure reserve	Investment reserve	Restricted reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014	11,796	43	95	9	11,943
Surplus/(deficit) for the year	1,704	9	-	20	1,733
Balance at 31 March 2015	13,500	52	95	29	13,676

Broadland Housing Association

Association statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserve	Investment reserve	Restricted reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2015	**13,336**	**52**	**95**	**29**	**13,512**
Surplus/(deficit) for the year	**1,659**	**(17)**	**-**	**6**	**1,648**
Balance at 31 March 2016	**14,995**	**35**	**95**	**35**	**15,160**

The restricted reserve of £95,000 reflects property donated to the Association. The terms of the donation state that the property can only be used for social housing purposes, by the Association, and cannot be sold.

	Income and expenditure reserve	Investment reserve	Restricted reserve	Revaluation reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2014	**11,561**	**43**	**95**	**9**	**11,708**
Surplus/(deficit) for the year	**1,775**	**9**	**-**	**20**	**1,804**
Balance at 31 March 2015	**13,336**	**52**	**95**	**29**	**13,512**

Broadland Housing Association

Consolidated statement of cash flows for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Surplus for the financial year	4/7	**1,610**	1,733
Adjustments for:			
Interest payable	13	**6,464**	6,643
Interest receivable	12	**(122)**	(123)
Net fair value loss/(gains) recognised in the profit	17/18	**11**	(29)
Surplus on the sale of fixed assets- housing properties	11	**(276)**	(547)
Surplus arising on low cost home ownership sales	4	**(404)**	(3)
Depreciation of fixed assets - housing properties	15	**3,649**	3,523
Depreciation of fixed assets - leasehold properties	15	**270**	271
Depreciation of fixed assets – other	16	**768**	586
Amortisation housing grant	23	**(978)**	(945)
Loan issue costs amortised	13	**63**	65
Difference between net pension expense and cash contribution	28	**1,013**	188
(Increase) in properties for sale	19	**(248)**	(177)
(Increase) in trade and other debtors	20	**(290)**	(68)
(Decrease) in trade creditors	21/23	**(362)**	(276)
Net cash generated from operating activities		**11,168**	10,841
Cash flows from investing activities			
Proceeds from sale of fixed assets – housing properties	11	**687**	1,320
Purchase of fixed assets – housing properties	15	**(1,759)**	(1,564)
Capitalised improvement expenditure	15	**(1,175)**	(1,810)
Purchases of fixed assets – other	16	**(712)**	(654)
Social housing grant and other grants	23	**485**	166
Interest received	12	**122**	123
Net cash from investing activities		**(2,352)**	(2,419)
Cash flows from financing activities			
Interest paid		**(6,553)**	(6,860)
Debt issue costs incurred		**(7)**	(34)
Repayment of loans		**(1,733)**	(1,736)
Pensions deficit payment		**(277)**	(266)
Net cash used in financing activities		**(8,570)**	(8,896)
Net increase / (decrease) in cash and cash equivalents		**246**	(474)
Cash and cash equivalents at beginning of year		**13,010**	13,484
Cash and cash equivalents at end of year		**13,256**	13,010

The notes on pages 55 to 87 form part of these financial statements.

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General notes

SOCI related notes

Balance sheet related notes

1 Legal status

The association is incorporated in England and Wales, is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Homes and Communities Agency as a social housing provider.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Broadland Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. The date of transition is 1 April 2014. Information on the impact of first-time adoption of FRS 102 is given in note 34.

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

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the group as a whole;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Broadland Housing Association – Registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2012.

2 Accounting policies *(continued)*

Income

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

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

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

Supported housing schemes

The Group receives Supporting People grants from a number of County Councils. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges

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

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. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

Broadland Housing Association Limited, Broadland Meridian, Charlie’s Social Enterprise Community Interest Company and Meridian East Property Services Limited are all part of the VAT group.

Broadland St Benedicts Limited is independently VAT registered.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2 Accounting policies *(continued)*

Pension costs

The Association participates in an industry-wide defined benefit scheme, The Social Housing Pension Scheme (SHPS) operated by The Pensions Trust, and retirement benefits to the Association's employees are funded by contributions from all participating employers and employees in the scheme as it has not been possible to identify the share of underlying assets and liabilities balance going to individual participating employees. As such, the Association accounts for the SHPS pension liability at the amount of the contributions payable to the scheme, measured at present value.

The Association also participates in a defined contribution scheme for its employees. Contributions are charged to the income and expenditure account in the year in which they become payable.

Broadland Meridian only participates in the defined contribution pension scheme.

Holiday pay accrual

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

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of acquisition includes capitalised interest calculated, on a proportional basis, using finance costs on borrowing which has been drawn in order to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Mixed developments are held within PPE and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

2 Accounting policies *(continued)*

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

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

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

Freehold land is not depreciated.

Depreciation of housing property (continued)

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure	150
Roofs	60
Kitchens	17
Bathrooms	30
Windows	30
Doors	30
Boilers	15
Heaters	30

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Any difference between the historical annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted.

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 amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the Statement of Financial Position as a liability. Where the donation is from a non-public source the value of the donation is included as income.

2 Accounting policies *(continued)*

Shared ownership properties and staircasing

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately 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. The remaining element, "staircasing element", is classed as PPE and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of PPE. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

Low cost home ownership properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

For shared ownership accommodation that the Group is responsible for, it is the Group's policy to maintain them in a continuous state of sound repair. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the Statement of Comprehensive Income.

Allocation of costs for mixed tenure and shared ownership developments

Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure costs are allocated on a floor area or unit basis depending on the appropriateness for each scheme.

Tangible fixed assets – Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	**Economic useful life (years)**
Freehold office buildings	100
Office/business equipment, fixtures and fittings	5
Motor vehicles	4
Computer equipment	4
Leasehold office	over term of lease
Canteen equipment (included in office equipment)	5

2 Accounting policies *(continued)*

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Government grants

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2014. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

Grant received since the transition date in relation to newly acquired or existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

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

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Recycled Capital Grant Fund

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

Disposal Proceeds Fund

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

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

2 Accounting policies *(continued)*

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment. Where merger relief is applicable, the cost of the investment in a subsidiary undertaking is measured at the nominal value of the shares issued together with the fair value of any additional consideration paid.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The Group looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at VIU-SP.

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

Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers; properties developed for outright sale; and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated 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 proceeds after allowing for all further costs to completion and selling costs.

Debtors and creditors

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

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

2 Accounting policies *(continued)*

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. The Group has continued to classify loans with two-way breakage cost clauses as basic since it has no current intention of repaying such loans prior to maturity of the respective fixed rate periods and so incur breakage cost or receive benefit. FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historical cost (transaction price less transaction costs). Loans and investments that are payable or receivable within one year are not discounted.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less.

Leased assets: Lessee

Where assets are financed by leasing agreements that give rights approximately to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to profit or loss over the shorter of estimated useful economic life and the term of the lease.

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

All other leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

2 Accounting policies *(continued)*

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard (1 January 2012) to continue to be charged over the period to the first market rent review rather than the term of lease.

For leases entered into on or after 1 January 2012, reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Leasehold Sinking Funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors

Provision for liabilities

Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Contingent liabilities

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

A contingent liability exists on grant repayment which is dependent on the disposal of related property

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

The revaluation reserve is created from surpluses on asset revaluation.

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

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

- whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on MV-T or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.

- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.

- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

- the exemptions to be taken on transition to FRS102.

- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 15 and 16)*

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

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

- *Rental and other trade receivables (debtors) (see note 20)*

  The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

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

	Turnover 2016 £'000	Operating costs 2016 £'000	Operating surplus/ (deficit) 2016 £'000
Social housing lettings (Note 5)	**26,537**	**(18,597)**	**7,940**
Other Social Housing Activities			
low cost home ownership sales	**1,213**	**(809)**	**404**
Supporting people	**69**	**(22)**	**47**
Supported housing management	**40**	**(50)**	**(10)**
Other management	**13**	**(13)**	**-**
Commercial properties	**160**	**(42)**	**118**
Development services	**-**	**(773)**	**(773)**
Support services	**245**	**(302)**	**(57)**
Broadland St Benedicts	**-**	**18**	**18**
	28,277	**(20,590)**	**7,687**
Activities other than Social Housing Activities (Note 11)			
Right to acquire sales			**117**
Disposal of other housing properties			**159**
			276
			7,963

	Turnover 2015 £'000	Operating costs 2015 £'000	Operating surplus/ (deficit) 2015 £'000
Social housing lettings (Note 5)	**26,013**	**(17,646)**	**8,367**
Other Social Housing Activities			
low cost home ownership sales	**209**	**(206)**	**3**
Supporting people	**77**	**(22)**	**55**
Supported housing management	**50**	**(70)**	**(20)**
Other management	**37**	**(37)**	**-**
Commercial properties	**74**	**(49)**	**25**
Development services	**-**	**(733)**	**(733)**
Support services	**270**	**(341)**	**(71)**
Broadland St Benedicts	**-**	**(2)**	**(2)**
Other	**53**	**-**	**53**
	26,783	**(19,106)**	**7,677**
Activities other than Social Housing Activities			
Disposal of other housing properties			**547**
			8,224

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

	Turnover 2016 £'000	Operating costs 2016 £'000	Operating surplus/ (deficit) 2016 £'000
Social housing lettings (Note 5)	**26,537**	**(18,597)**	**7,940**
Other Social Housing Activities			
First tranche low cost home ownership sales	**1,213**	**(809)**	**404**
Supporting people	**69**	**(22)**	**47**
Supported housing management	**40**	**(50)**	**(10)**
Other management	**13**	**(13)**	**-**
Commercial properties	**160**	**(42)**	**118**
Development services	**-**	**(773)**	**(773)**
	28,032	**(20,306)**	**7,726**
Activities other than Social Housing Activities (Note 11)			
Right to acquire sales			**117**
Disposal of other housing properties			**159**
			276
			8,002

	Turnover 2015 £'000	Operating costs 2015 £'000	Operating surplus/ (deficit) 2015 £'000
Social housing lettings (Note 5)	**26,013**	**(17,646)**	**8,367**
Other Social Housing Activities			
First tranche low cost home ownership sales	**209**	**(206)**	**3**
Supporting people	**77**	**(22)**	**55**
Supported housing management	**50**	**(70)**	**(20)**
Other management	**37**	**(37)**	**-**
Commercial properties	**74**	**(49)**	**25**
Development services	**-**	**(733)**	**(733)**
Other	**53**	**-**	**53**
	26,513	**(18,763)**	**7,750**
Activities other than Social Housing Activities			
Disposal of other housing properties			**547**
			8,297

5 Income and expenditure from social housing lettings – Group and Association

	General needs	Supported housing	Low cost home ownership	Other	**Total 2016**	Total 2015
	£'000	£'000	£'000	£'000	**£'000**	£'000
Income						
Rents net of identifiable service charges	**19,320**	**3,628**	**172**	**125**	**23,245**	22,615
Service charge income	**779**	**1,521**	**10**	**4**	**2,314**	2,453
Government grants taken to income	**691**	**283**	**4**	**-**	**978**	945
Turnover from social housing lettings	**20,790**	**5,432**	**186**	**129**	**26,537**	26,013
Expenditure						
Management	**(4,772)**	**(811)**	**(39)**	**(5)**	**(5,627)**	(5,183)
Service charge costs	**(1,000)**	**(1,113)**	**(10)**	**(4)**	**(2,127)**	(2,043)
Routine maintenance	**(4,284)**	**(745)**	**-**	**(1)**	**(5,030)**	(4,572)
Planned maintenance	**(16)**	**(136)**	**-**	**(1)**	**(153)**	(182)
Major repairs expenditure	**(1,111)**	**(240)**	**-**	**-**	**(1,351)**	(1,313)
Bad debts	**(238)**	**(15)**	**-**	**-**	**(253)**	(230)
Depreciation of housing properties:						
- annual charge	**(3,220)**	**(655)**	**(29)**	**(14)**	**(3,918)**	(3,801)
- accelerated on disposal of components	**(133)**	**(5)**	**-**	**-**	**(138)**	(322)
Operating expenditure on social housing lettings	**(14,774)**	**(3,720)**	**(78)**	**(25)**	**(18,597)**	(17,646)
Operating surplus on social housing lettings	**6,016**	**1,712**	**108**	**104**	**7,940**	**8,367**
Void losses - rent	**(105)**	**(82)**	**-**	**(3)**	**(190)**	(249)
Void losses – service charge	**(6)**	**(36)**	**-**	**(1)**	**(43)**	(61)
	(111)	**(118)**	**-**	**(4)**	**(233)**	**(310)**

6 Units of housing stock

GROUP and ASSOCIATION

	2016 Number	2015 Number
General needs housing:		
- social	3,904	3,908
- affordable	80	80
Low cost home ownership	132	126
Supported housing	166	165
Housing for older people	594	594
Intermediate rent	67	69
Total social housing units	4,943	4,942
Residential care home bed spaces	25	25
Student accommodation	5	5
Respite care homes	10	10
Total owned	4,983	4,982
Accommodation managed for others	25	25
Leasehold managed	14	14
Total owned and managed accommodation	5,022	5,021
Units under construction	**8**	-

7 Operating surplus

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
This is arrived at after charging:				
Depreciation of housing properties:				
- annual charge	3,919	3,794	3,919	3,794
Depreciation of other tangible fixed assets	723	669	723	669
Auditors' remuneration (excluding VAT):				
- fees payable to the group's auditor for the audit of the group's annual accounts	26	20	26	20
- fees for audit of accounts of associated entities	8	7		
- fees for other services	-	1	-	1
Defined contribution pension contributions	200	179	191	165
Defined benefit pension contributions	381	378	381	378
Total pension costs (see note 28)	581	557	572	543

8 Employees

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	**5,903**	5,966	**5,607**	5,373
Social security costs	**505**	488	**488**	464
Cost of defined benefit scheme (see note 28)	**381**	378	**381**	378
Cost of defined contribution scheme	**200**	179	**191**	165
	6,989	7,011	**6,667**	6,380

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Office staff	**109**	112	**100**	98
Scheme managers and operatives	**90**	87	**90**	87
	199	199	**190**	185

9 Directors' and senior executive remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 2.

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Executive directors' emoluments	**565**	540	**565**	540
Amounts paid to non-executive directors	**50**	41	**44**	37
	615	581	**609**	577

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £131k (2015 - £129k). Pension contributions of £15k (2015 - £15k) were made to a defined contribution scheme on his behalf.

3 of the directors accrued benefits under the group's defined benefit pension scheme during the year (2015 - 3).

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	Group 2016 No.	Group 2015 No.	Association 2016 No.	Association 2015 No.
£60,000 - £69,999	**2.0**	3.0	**2.0**	3.0
£70,000 - £79,999	**1.0**	-	**1.0**	-
£80,000 - £89,999	**-**	2.0	**-**	2.0
£90,000 - £99,999	**2.0**	1.9	**2.0**	1.9
£100,000 - £109,999	**2.0**	-	**2.0**	-
£110,000 - £119,999	**-**	-	**-**	-
£120,000 - £129,999	**-**	1.0	**-**	1.0
£130,000 - £139,999	**1.0**	-	**1.0**	-

10 Board members

Member of:

Board member	Remuneration £'000	Group Board	Broadland Meridian Board	Group Audit Committee	Remuneration & Membership Committee	Maintenance & Asset Management	Frontline Panel	Capital Funding Panel
Non-executive directors								
Alison Inman (appointed 25 September 2015)	5.0	✓ Chair			✓ Chair			
Jonathan Barber	5.0	✓		✓ Chair	✓			
Jenny Manser	5.0	✓ Vice Chair	✓ Chair	✓	✓		✓	
Kate Slack	5.0	✓				✓ Chair		✓
Paul Slyfield	5.0	✓		✓				✓ Chair
Gavin Tempest	4.0	✓				✓	✓ Chair	
Richard Hawthorn	3.0	✓		✓		✓	✓	
Louise Wiseman	3.0	✓				✓	✓	
Former non-executive directors								
The RT Hon. Baroness Hollis of Heigham (resigned 25 September 2015)	3.8	✓ Chair			✓ Chair			
Richard Croft (resigned 21 September 2015)	1.5	✓					✓	✓
Eric Sharpe (resigned 4 August 2015)	2.5	✓				✓	✓ Chair	
Julia Roche (resigned 24 July 2015)	1.5	✓					✓	✓
Other members								
Helen Skoyles	3.0		✓				✓	
Martin Clark	3.0	✓		✓				
Susan Guest	-			✓				
Michael Newey (Group Chief Executive)		✓		✓				✓

11 Surplus on disposal of fixed assets

GROUP and ASSOCIATION	**Right to acquire** 2016 £'000	**Other housing properties** 2016 £'000	**Total** 2016 £'000	**Total** 2015 £'000
Housing Properties:				
Disposal proceeds	228	459	687	1,320
Cost of disposals	(111)	(265)	(376)	(739)
Selling costs	-	(35)	(35)	(31)
Surplus on disposal of housing properties	117	159	276	550
Surplus/(loss) on disposal of other tangible fixed assets	-	-	-	(3)
Other operating income	117	159	276	547

Proceeds from sale of shared ownership properties are included in Note 4.

12 Interest receivable and income from investments

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Interest receivable from long term deposits and bank deposits	**116**	117	**115**	115
Dividend income from unit trusts and shares	**6**	6	**6**	6
	122	123	**121**	121

13 Interest payable and similar charges

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Bank loans, overdrafts and other loans	**6,462**	6,833	**6,462**	6,833
Loan issue costs amortised	**63**	65	**63**	65
	6,525	6,898	**6,525**	6,898
Interest capitalised on construction of housing properties	**(61)**	(255)	**(61)**	(255)
	6,464	6,643	**6,464**	6,643
Capitalised interest has been calculated using a weighted average annual rate of interest:	**4.42%**	4.65%		

14 Taxation on surplus on ordinary activities

The association is entitled to tax relief afforded to charitable bodies by Part 11 of the Corporation Taxes Act 2010.

GROUP and ASSOCIATION

	2016 £'000	2015 £'000
Corporation tax		
UK corporation tax on surplus for the year	**-**	-

15 Tangible fixed assets - Housing properties

GROUP

	Freehold housing properties completed £'000	Leasehold properties completed £'000	General needs under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost or valuation:						
At 1 April 2015	289,669	11,897	6,977	4,267	33	312,843
Additions:						
- construction costs	-	-	2,606		619	3,225
- replaced components	1,175	-	-	-	-	1,175
Reclassification of properties	(173)	73	(1,217)	1,317	-	-
Transfer to properties held for sale		-		-	(459)	(459)
Disposals:						
- sales	(451)	-		(598)	-	(1,049)
- replaced components	(575)	-	-	-	-	(575)
Expired option	-	-	(94)	-	-	(94)
At 31 March 2016	**289,645**	**11,970**	**8,272**	**4,986**	**193**	**315,066**
Depreciation:						
At 1 April 2015	44,105	3,466	-	149	-	47,720
Charge for the year	3,620	270	-	29	-	3,919
Eliminated on disposals:						
- replaced components	(383)	-	-	-	-	(383)
- other	(82)	-	-	(14)	-	(96)
At 31 March 2016	**47,260**	**3,736**	**-**	**164**	**-**	**51,160**
Net book value at 31 March 2016	**242,385**	**8,234**	**8,272**	**4,822**	**193**	**263,906**
Net book value at 31 March 2015	245,564	8,431	6,977	4,118	33	265,123

Broadland Housing Association

Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

15 Tangible fixed assets - Housing properties

ASSOCIATION	**Freehold housing properties completed £'000**	**Leasehold housing properties completed £'000**	**General needs under construction £'000**	**Shared ownership completed £'000**	**Shared ownership under construction £'000**	**Total £'000**
Cost or valuation:						
At 1 April 2015	289,934	11,897	6,977	4,267	33	313,108
Additions:						
- construction costs		-	2,606	-	619	3,225
- replaced components	1,174	-	-	-	-	1,174
Reclassification of properties	(173)	73	(1,217)	1,317	-	-
Transfer to properties held for sale		-	-	-	(459)	(459)
Disposals:						
- sales	(451)	-	-	(598)	-	(1,049)
- replaced components	(575)	-	-	-	-	(575)
Expired option	-	-	(94)	-	-	(94)
At 31 March 2016	**289,909**	**11,970**	**8,272**	**4,986**	**193**	**315,330**
Depreciation:						
At 1 April 2015	44,105	3,466	-	149	-	47,720
Charge for the year	3,620	270	-	29	-	3,919
Eliminated on disposals:						
- replaced components	(383)	-	-	-	-	(383)
- other	(82)	-	-	(14)	-	(96)
At 31 March 2016	**47,260**	**3,736**	**-**	**164**	**-**	**51,160**
Net book value at 31 March 2016	**242,649**	**8,234**	**8,272**	**4,822**	**193**	**264,170**
Net book value at 31 March 2015	245,829	8,431	6,977	4,118	33	265,388

15 Tangible fixed assets - Housing properties (continued)

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
The net book value of housing properties may be further analysed as:				
Freehold	255,672	256,692	255,936	256,957
Long leasehold	7,647	7,707	7,647	7,707
Short leasehold	587	724	587	724
	263,906	265,123	264,170	265,388
Interest capitalisation				
Interest capitalised in the year	61	255	61	255
Rate used for capitalisation	**4.42%**	**4.65%**	4.42%	4.65%
Works to properties				
Improvements to existing properties capitalised	1,174	1,810	1,174	1,810
Major repairs expenditure to income and expenditure account	1,351	1,313	1,351	1,313
	2,525	**3,123**	**2,525**	**3,123**

Finance Leases

The association had no assets held under such leases at either year end.

Properties held for security

Broadland Housing Association had property with a net book value of £219,452k pledged as security at 31 March 2016 (£219,105 – 2015).

16 Other tangible fixed assets

Group	Freehold office buildings £'000	Leasehold office buildings £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 April 2015	1,490	1,300	4,347	7,137
Additions	-	-	712	712
Disposals	(512)	(99)	(57)	(668)
Revaluations				
At 31 March 2016	**978**	**1,201**	**5,002**	**7,181**
Depreciation				
At 1 April 2015	18	517	3,261	3,796
Charge for year	12	87	669	768
Disposals	(6)	(99)	(57)	(162)
At 31 March 2016	**24**	**505**	**3,873**	**4,402**
Net book value				
At 31 March 2016	**954**	**696**	**1,129**	**2,779**
At 31 March 2015	1,472	783	1,086	3,341

Association	Freehold office buildings £'000	Leasehold Office Buildings £'000	Office and computer equipment £'000	Total £'000
Cost				
At 1 April 2015	1,490	1,300	4,203	6,993
Additions	-	-	712	712
Disposals	(512)	(99)	(56)	(667)
Revaluations				
At 31 March 2016	**978**	**1,201**	**4,859**	**7,038**
Depreciation				
At 1 April 2015	18	517	3,118	3,653
Charge for year	12	87	668	767
Disposals	(6)	(99)	(56)	(161)
At 31 March 2016	**24**	**505**	**3,730**	**4,259**
Net book value				
At 31 March 2016	**954**	**696**	**1,129**	**2,779**
At 31 March 2015	1,472	783	1,085	3,340

17 Investment properties

The group's investment properties are valued annually on 31 March by a suitably qualified valuer.

Group and Association	**Commercial £'000**	**Total £'000**
At 1 April 2015	**519**	519
Additions	**506**	506
Movement in fair value	**6**	6
At 31 March 2016	**1,031**	1,031

18 Fixed asset investments

Other investments relate to the following, representing fair value remeasurements:

	31 March 2016		**31 March 2015**	
	Cost £'000	**Fair value £'000**	**Cost £'000**	**Fair value £'000**
Unit trusts	**97**	**132**	91	143

Group and Association	**2016 £'000**	**2015 £'000**
Investment revaluation reserve:		
At 1 April 2015	**52**	43
(Decrease)/increase in value of investments	**(17)**	9
At 31 March 2016	**35**	52

Details of Subsidiary undertakings, associated undertakings and other investments

The undertakings in which the Association has an interest in are as follows:

Name	**Country of incorporation or registration**	**Proportion of voting rights / ordinary share capital held**	**Nature of business**	**Nature of entity**
Subsidiary undertakings				
Broadland St Benedicts Limited	England and Wales	100%	Development company	Incorporated company
Broadland Meridian	England and Wales	100%	Provide employment opportunities	Incorporated company
Meridian East Property * Services Limited	England and Wales	100%	Dormant	Incorporated company
Charlie's Social Enterprise Community Interest Company *	England and Wales	100%	Dormant	Incorporated company

The shares in companies marked with an asterisk are indirectly owned through intermediate parent companies.

19 Properties for sale

GROUP and ASSOCIATION	Total 2016 £'000	Total 2015 £'000
Completed properties	459	211

Properties developed for sale include capitalised interest of £18k (2015 - £3k).

20 Debtors

	Group 2016 £'000	**Group 2015 £'000**	**Association 2016 £'000**	**Association 2015 £'000**
Due within one year				
Rent and service charge arrears	**1,408**	1,172	**1,408**	1,172
Less: Provision for doubtful debts	**(518)**	(486)	**(518)**	(486)
	890	686	**890**	686
Amounts owed by group undertakings	**-**	-	**-**	326
Other debtors and prepayments	**1,771**	1,686	**1,878**	1,667
	2,661	2,372	**2,768**	2,679

21 Creditors: amounts falling due within one year

	Group 2016 £'000	**Group 2015 £'000**	**Association 2016 £'000**	**Association 2015 £'000**
Housing loans (note 26)	**3,464**	**1,858**	**3,464**	**1,858**
Trade creditors	**2,082**	**2,391**	**2,196**	**2,390**
Amounts owed to group undertakings	**-**	**-**	**-**	**420**
Housing capital creditors	**204**	**355**	**204**	**355**
Taxation and social security	**80**	**144**	**80**	**137**
Other creditors and accruals	**202**	**233**	**202**	**150**
Loan interest	**659**	**748**	**659**	**748**
Pension and holiday accruals	**96**	**120**	**96**	**114**
	6,787	**5,849**	**6,901**	**6,172**

22 Creditors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Associatio n 2015 £'000
Loans and borrowings (Note 26)	**140,792**	**144,076**	**140,792**	**144,076**
Deferred capital grant (Note 23)	**117,686**	**118,161**	**117,686**	**118,161**
Recycled capital grant fund (Note 24)	**459**	**394**	**459**	**394**
Disposal proceeds fund (Note 25)	**45**	**130**	**45**	**130**
	258,982	**262,761**	**258,982**	**262,761**

23 Deferred capital grant

GROUP and ASSOCIATION

	2016 £'000	2015 £'000
At 1 April	**118,161**	**119,167**
Grants received during the year	**485**	**(28)**
Grants recycled to/ from the recycled capital grant fund & disposal proceeds fund.	**18**	**(33)**
Released to income during the year	**(978)**	**(945)**
At 31 March	**117,686**	**118,161**

24 Recycled capital grant fund

GROUP and ASSOCIATION

Funds pertaining to activities within areas covered by	HCA 2016 £'000	HCA 2015 £'000
At 1 April	**394**	**85**
Inputs to fund:		
- grants recycled from deferred capital grants	**154**	**320**
- interest accrued	**1**	**-**
Recycling of grant:		
- new build	**(90)**	**(11)**
At 31 March	**459**	**394**
Amounts 3 years or older where repayment may be required	**-**	**-**

25 Disposal Proceeds Fund

GROUP and ASSOCIATION

Funds pertaining to activities within areas covered by	**HCA 2016 £'000**	**HCA 2015 £'000**
At 1 April	**130**	406
Inputs to fund:		
- Funds recycled from deferred capital grants	**48**	-
Use / allocation of funds:		
- new build	**(130)**	(275)
- other	**(3)**	(1)
At 31 March	**45**	130
Amounts 3 years or older where repayment may be required	**-**	-

Withdrawals from the disposal proceeds fund were used for approved works to existing housing properties.

26 Loans and borrowings

Maturity of debt:

GROUP and ASSOCIATION

	Bank loans 2016 £'000	**Bank loans 2015 £'000**
In one year or less, or on demand	**3,464**	1,858
In more than one year but not more than two years	**5,117**	3,262
In more than two years but not more than five years	**22,450**	15,806
In more than five years	**113,225**	125,008
	144,256	145,934

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates ranging from 3.71% to 10.54% or at variable rates calculated at a margin above the London Inter Bank Offer Rate.

At 31 March 2016 the group had undrawn loan facilities of £nil (2015 - £nil).

27 Provisions for liabilities

GROUP and ASSOCIATION	**SHPS pension deficit contribution 2016 £'000**	**SHPS pension deficit contribution 2015 £'000**
Provision at start of period	**2,433**	2,511
Unwinding of the discount factor (interest expense)	**45**	72
Deficit contribution paid	**(277)**	(266)
Remeasurements – impact of any change in assumptions	**(20)**	116
Remeasurements – amendments to the contribution schedule	**988**	-
Provision at end of period	**3,169**	2,433

28 Pensions

The association participates in The Pension Trust - Social Housing Pension 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 association to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

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

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

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

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

28 Pensions *(continued)*

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	**Period Ending** 31 March 2015 (£000s)
Provision at start of period	2,433	2,511
Unwinding of the discount factor (interest expense)	45	72
Deficit contribution paid	(277)	(266)
Remeasurements - impact of any change in assumptions	(20)	116
Remeasurements - amendments to the contribution schedule	988	-
Provision at end of period	3,169	2,433

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	**Period Ending** 31 March 2015 (£000s)
Interest expense	45	72
Remeasurements – impact of any change in assumptions	(20)	116
Remeasurements – amendments to the contribution schedule	988	-
Contributions paid in respect of future service*	581	557
Costs recognised in income and expenditure account	1,594	745

*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.

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.

28 Pensions (continued)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	379	277	266
Year 2	393	288	277
Year 3	409	300	288
Year 4	424	313	300
Year 5	371	326	313
Year 6	313	269	326
Year 7	324	208	269
Year 8	278	216	208
Year 9	229	167	216
Year 10	236	115	167
Year 11	122	119	115
Year 12	-	61	119
Year 13	-	-	61

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

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

29 Share capital

	2016 £	2015 £
At 1 April	**346**	**338**
Shares issued in the year	**5**	**8**
At 31 March	**351**	**346**

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interests.

30 Operating leases

The group and the association had minimum lease payments under non-cancellable operating leases, for motor vehicles only, as set out below:

Amounts payable as Lessee	Group and Association 2016 £'000	Group and Association 2015 £'000
Not later than 1 year	**92**	**368**
Later than 1 year and not later than 5 years	**25**	**82**
Total	**117**	**450**

31 Capital commitments

	Group and Association 2016 £'000	Group and Association 2015 £'000
Commitments contracted but not provided for:		
Development	**923**	**-**
Commitments approved by the Board but not contracted for:		
Development	**9,505**	15,593
	10,428	15,593

Capital commitments for the group and association will be funded as follows:

GROUP and ASSOCIATION	2016 £'000	2015 £'000
Cash	**10,428**	12,598

Future capital commitments will be funded through existing cash resources and a revolving credit facility that is expected to be finalised in 2016.

32 Capital and reserves

Revaluation gains on investments of £35k comprise unrealised gains on investments held within the Group of £35k, credited to the Investment Reserve.

The Revaluation Reserve also contains the unrealised gains in respect of fixed assets for which the deemed cost option was taken.

33 Post balance sheet event

There are no significant post balance sheet events likely to materially impact on these financial statements.

34 First time adoption of FRS 102

Group	Notes	Reserves as at 1 April 2014 £'000	Surplus for year ended 31 March 2015 £'000	Reserves as at 31 March 2015 £'000
As previously stated under former UK GAAP		**12,208**	**1,474**	**13,682**
Transitional adjustments				
Housing properties depreciation adjustment	A	(12,984)	(798)	(13,782)
Housing properties grant amortisation	A	15,235	945	16,180
Presentation of gains and losses on revaluation of investment property in profit or loss	B	9	20	29
Investment property historic depreciation	B	115	5	120
Change to measurement of net finance cost on defined benefit pension schemes	C	(2,512)	79	(2,433)
Holiday pay accrual	D	(128)	8	(120)
As stated in accordance with FRS 102		**11,943**	**1,733**	**13,676**

34 First time adoption of FRS 102 (continued)

Association	**Notes**	**Reserves as at 1 April 2014 £'000**	**Surplus for year ended 31 March 2015 £'000**	**Reserves as at 31 March 2015 £'000**
As previously stated under former UK GAAP		**11,967**	**1,545**	**13,512**
Transitional adjustments				
Housing properties depreciation adjustment	A	(12,984)	(798)	(13,782)
Housing properties grant amortisation	A	15,235	945	16,180
Presentation of gains and losses on revaluation of investment property in profit or loss	B	9	20	29
Investment property historic depreciation	B	115	5	120
Change to measurement of net finance cost on defined benefit pension schemes	C	(2,512)	79	(2,433)
Holiday pay accrual	D	(122)	8	(114)
As stated in accordance with FRS 102		**11,708**	**1,804**	**13,512**

Explanation of changes to previously reported surplus and equity

A. *Grant and depreciation:* All SHG has been accounted for under the accruals method, where the capital grant is initially recognised as a deferred capital grant creditor due in more than one year, and is subsequently amortised over the life of the structure and components of the housing properties to which it is attached. As a result of SHG no longer being treated as a credit against fixed assets as shown under former UK GAAP, historic depreciation has been recalculated to reflect a higher depreciation of the book value of the assets against which SHG was previously netted off.

   Under FRS102, the accrual method of accounting for fixed assets and SHG requires the amortisation of SHG to be included as turnover whilst debiting amortisation of deferred grant on the balance sheet to operating costs.

   The effect on the 1 April 2015 balance sheet is the movement of £12,984,000 social housing grant (relating to assets held at historic cost) to long term creditors.

B. *Investment property:* Investment property is separately identified and recorded at fair value on mixed use and other commercial freehold properties. Accordingly, the depreciation that was disclosed under previous UK GAAP is added back

C. *Pensions:* On transition to FRS102, an additional pension liability has been recognised as required under the 2014 SORP, to reflect agreed schedules of additional contributions towards reducing deficits on SHPS. [Please also change row description in table “Change to measurement of net finance cost on defined benefit pension schemes” to “Change to measurement of pension scheme contributions liabilities”

D. *Holiday pay:* The Group has recorded an accrual for holiday pay due to employees as required by chapter 28 of FRS102, with the movement being reflected in operating costs.

In order to conform to the current year presentation development services income and costs for the prior year have both been reduced by an equal amount of £192,000. This had no effect on the reported surplus or equity for that year.

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