



THAMES
VALLEY
HOUSING

20 FINANCIAL REPORT 17

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CHAIR'S & CHIEF EXECUTIVE'S INTRODUCTIONS



As ever, supporting our residents to improve their skills and life chances has been a key priority in our frontline services, and we are incredibly proud to have supported 321 residents into work and training.



David Clayton-Smith
BA (Hons), CDipAF
TVHA Chair,
(resigned July 2017),
Common Board Member

It is widely acknowledged that 2016 was a tumultuous year: the UK referendum vote to leave the European Union, a new Prime Minister re-orientating government priorities, and the election of Donald Trump as US President. The potential impact on the world economy, and for the UK, is uncertain and subject to considerable debate and speculation.

However, there have been glimmers of light through all of this for our sector, with the government's stated objective of seeking to address the housing crisis. Their White Paper, published by the Department for Communities and Local Government (DCLG) in early 2017, containing proposals on how to increase the supply of affordable housing, and shifting emphasis away from just home ownership was welcome.

June 2017's snap general election may have had some unexpected results, but it was clear that housing remains near the top of the agenda for voters across the electorate, and we're looking forward to working with Government to provide more and better homes for people that need them.

In the midst of the storm, Thames Valley Housing has been striving not only to protect ourselves, but to achieve more for our residents, communities and staff than ever before. In 2016, our Board approved a new Customer Experience Strategy, which is the lynch pin of our approach to our services in the future. This is all about making every interaction our residents have with us positive and easy.

We'll achieve this by taking a service design approach - championed in the tech industries but new to the housing sector - that puts residents' experiences and needs at the centre of service, rather than focusing on internal process and traditional ways of doing things. We have invested in bringing new people and skills in-house to see this work through, including a senior level Chief Information Officer and Service Design Team.

In addition to the pressure of external factors on our sector, this year we were very disappointed that our planned merger with Genesis Housing Association did not proceed. We have since set a new and ambitious direction for Thames Valley Housing.

The regulatory result of the merger collapse was an In-Depth Assessment undertaken by the Homes and Communities Agency. Following this, we maintained the highest possible rating for Governance and Financial Viability, confirmation that we are in the strongest possible position to pursue our plans.



June 2017's snap general election may have had some unexpected results, but it was clear that housing remains near the top of the agenda for voters across the electorate, and we're looking forward to working with Government to provide more and better homes for people that need them.



Geeta Nanda OBE, BSc, PG
DIP Housing, CIH
Executive Common Board
Member and TVH CEO

Our resilience is shown further with an impressive operating surplus of £42m against a turnover of £109m. Our exceptional sales income continues to subsidise the development of affordable homes for those on lower incomes.

At the end of the year, we have delivered 331 homes for rent, 147 for shared ownership and 58 for sale through Opal, our joint venture with Galliford Try. We met our programme targets for developing new homes during 2016/17. In 2016/17, 456 new homes were also started on site, and we have an overall pipeline of future homes in development of 1,250. Our ambition for five years' time is to be providing circa 1,000 homes per year.

As ever, supporting our residents to improve their skills and life chances has been a key priority in our frontline services, and we are incredibly proud to have supported 321 residents into work and training.

In January we started a new pilot programme called Level Up, focusing on wellbeing as well as traditional employability skills in Hounslow, as we broaden our offer of support to residents in an uncertain economic climate. Feedback so far has been incredibly positive, and we look forward to telling you more about the progress of this next year.

Geeta Nanda

A NOTE FROM THE CHIEF EXECUTIVE

In September 2017, I'll be leaving Thames Valley as Chief Executive after nine and a half fantastic years, to take over as Chief Executive at Metropolitan Housing Association.

As you can see from this report, TVH is in great shape, with a tremendous team of staff at the helm who I will be very sad to leave. From September, our Executive Director of Housing, John Baldwin, will be stepping in as interim Chief Executive until my permanent replacement is found. Rita Akushie, our Group Finance Director, will also be taking over my role overseeing Fizzy on an interim basis.

We've spent the first part of 2017 honing our corporate objectives and new strategies, ensuring we're being ambitious and striving to fulfil our vision and mission of building great homes and communities into the future. John and Rita are perfectly placed to make sure we carry on with the job of seeing these through in the coming months. Ben Denton and our Board are, I know, ready to take TVH into the future, and from success to success.

Top right: Geeta Nanda and Ben Denton (TVHA Chair as of July 2017)



PROFILES OF BOARD MEMBERS AND EXECUTIVE MANAGEMENT



BEN DENTON
Chair
(Appointed July 2017)



RITA AKUSHIE
Group Finance Director
(Appointed April 2017)



JOHN BALDWIN
Housing and
Neighbourhood
Services Director



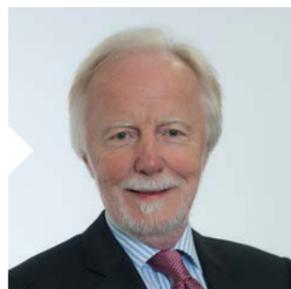
PAUL BRIDGE*
Chair of Thames Valley
Charitable Housing
Association Limited



EMMA CARIAGA
Chair of Group Investment
Committee



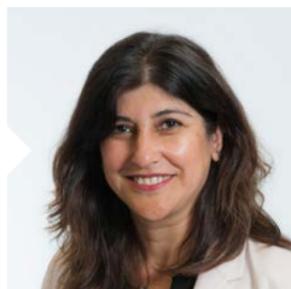
KATHRYN DAVIS*
Chair of Group Treasury
Committee



BRIAN HENDON*
Chair of Group Audit
and Risk Committee



GRAINIA LONG
Chair of Customer
Services Committee



GEETA NANDA
Chief Executive



DAVID CLAYTON-SMITH
Chair
(Resigned July 2017)

BOARD MEMBERS

BEN DENTON, MRICS, BSc (Hons), Dip BA
Chair

Ben has served on the Board for five years, having served as Deputy Chair since 2014. He was appointed Chair in 2017. He is a Member of the Group Investment Committee and Group Treasury Committee. Ben is Group Director of Strategy and Business Development at Keepmoat Limited. Prior to that, he was the Executive Director for Growth, Planning and Housing at Westminster City Council and before that he was a shareholder of First Base Limited. Ben is also Chair of Westminster Community Homes.

RITA AKUSHIE, FCA, FCT, BA (Hons)
Group Finance Director

Rita joined Thames Valley Housing as Group Finance Director and was appointed to the Board in April 2017. She is a qualified chartered accountant and also a qualified corporate treasurer. She has over 27 years' experience in finance, treasury and business improvement. She has worked for a number of London Housing Associations and has been a Finance Director for the past 18 years. She is a Member of the Group Treasury Committee and a Director of Fizzy Enterprises, Opal and Evolution vehicles.

JOHN BALDWIN, BA MCIH
Housing and Neighbourhood
Services Director

John joined Thames Valley Housing as Housing and Neighbourhood Services Director in 2008. He was appointed to the Board in November 2014 and is a Member of the Customer Services Committee. He has worked in the housing sector for over 25 years with roles including policy, supported housing and general needs. He has been Assistant Director for Westside Housing and Director of Housing Management at Notting Hill Housing Trust. John previously served as Chair of Harlington and Rectory Housing Association. John is a Director of Fizzy associate LLPs.

PAUL BRIDGE, BA, MSc

Chair of Thames Valley Charitable Housing
Association Limited

Paul has served on the TVCHA Board for five years and the TVHA Board since November 2014. He is a Member of the Group Investment Committee and the Group Audit and Risk Committee. He is the Chief Executive at Civitas Housing Advisors Limited the investment advisor to Civitas Social Housing PLC the first Real Estate Investment Trust launched in 2016. Prior to this Paul held senior roles in a number of organisations notably Chief Executive of Homes for Haringey and as a Group Director of Hyde Housing Association.

EMMA CARIAGA, BSc (Hons), DipTP
Chair of Group Investment Committee

Emma has served on the Board for five years. She is Chair of the Group Investment Committee and a Member of the Governance, Remuneration and Nominations Committee. Emma is a Director at The British Land Company plc. Prior to this she worked for Land Securities. Emma is a trustee of the youth mental health charity STEM4 and a Board Member of Pathways to Property (Reading Real Estate Foundation).

KATHRYN DAVIS, MA (HONS) (OXON)

Chair of Group Treasury Committee
Kathryn was appointed to the Board on 1 July 2014 and is Chair of the Group Treasury Committee and a Member of the Group Audit and Risk Committee. A qualified solicitor, until 2013 Kathryn was a corporate partner at city law firm Slaughter and May, which she joined in 1987 and where she advised mainly FTSE 100/250 companies on a wide range of corporate, commercial and financing issues, both transactional and non-transactional. Kathryn is an Independent Member of The Lord Chancellor's Advisory Sub-Committee on Justices of the Peace for Central and South London and a Member of the Council, trustee and non-executive director of The Girls' Day School Trust, where she sits on the Estates Committee and the Senior Appointments and Remuneration Committee.

BOARD MEMBERS

BRIAN HENDON, FCA

Chair of Group Audit and Risk Committee
 Brian has served on the Board for seven years and is the Senior Independent Director. He is Chair of the Group Audit and Risk Committee and a Member of Group Treasury Committee. Brian is a Non-Executive Director of Royal Berkshire NHS Foundation Trust and also holds positions as Non-Executive Chairman in various private sector companies. Brian is a Chartered Accountant and has worked in the USA and UK in various Finance Director and Managing Director roles.

GRAINIA LONG, BA; MSC MCH MCIH

Chair of Customer Services Committee
 Grainia has served on the Board for two years and is Chair of the Customer Services Committee and a Member of the Governance, Remuneration and Nominations Committee. She is Chief Executive of the ISPCC, the national child protection charity in Ireland. Prior to this she spent eight years at the Chartered Institute of Housing, first as National Director in Northern Ireland and then as Chief Executive. She has also worked for Shelter and the Equality Commission for Northern Ireland. She has been an Advisor

to the Commission on the Future of Housing in Northern Ireland, a Member of the Lyons Commission on Housing and is currently a ministerial appointee to the Board of the Northern Ireland Human Rights Commission.

GEETA NANDA, OBE, BSc, PG DIP HOUSING, CIH
Chief Executive

Geeta joined Thames Valley Housing as Chief Executive in 2008. She was appointed to the TVHA Group Board in April 2011 and the Fizzy Enterprises Board, the joint venture subsidiary in May 2013. Geeta has worked in the housing sector for over 25 years in housing associations, local government and research. Previously she was Group Director of Operations at Notting Hill Housing Trust and has served on the Boards of several housing associations and charities. Currently, Geeta is a Board Member of McCarthy and Stone, the retirement development housebuilder.

PROFILES OF EXECUTIVE MANAGEMENT



GEETA NANDA, OBE, BSc, PG DIP Housing, CIH
 Chief Executive



RITA AKUSHIE, FCA, FCT, BA (Hons)
 Group Finance Director



JOHN BALDWIN, BA MCIH
 Housing and Neighbourhood Services Director



JOHN BARRY
 Interim Corporate Services Director
 (Appointed February 2017)

John moved to the role of Interim Corporate Services Director in February 2017. He brings with him over 30 years of experience in social housing. He previously worked for Thames Valley Housing as a senior project manager, leading on a number of ICT and performance improvement projects.



GUY BURNETT
 Group Development Director

Guy joined Thames Valley Housing in 2003. He has worked in the housing sector for 25 years, as well as in private sector organisations specialising in residential development and regeneration. Guy is a Director of both Opal and Fizzy joint venture and associate LLPs.



PATRICIA ETTER
 Group Company Secretary

JANE LONG
 Interim Corporate Services Director
 (Resigned February 2017)

JULIAN TURNER
 Finance Director
 (Resigned February 2017)

CORPORATE GOVERNANCE AND BOARD COMMITTEES

TVHA and TVCHA operate a Common Board (the “Board”) to govern both associations. The Board considers all matters and makes all decisions affecting both associations. In order to protect the charitable objects of TVCHA and to preserve the integrity of TVCHA as a separate legal entity, where a conflict of interest arises between the two associations, three pre-designated Board Members subordinate their duty to TVHA below their duty to TVCHA and act wholly on TVCHA’s behalf for consideration of the relevant decision. These pre-designated Board Members choose whether or not to include other Board Members in a decision, depending on the diversity of interest.

The Board has adopted a Code of Conduct which reflects the requirements set out in the National Housing Federation’s (NHF) Code of Conduct 2012. The Board has adopted the NHF Code of Governance 2015. The Board received an annual report on compliance in May 2017. Following review of the report, the Board confirms that it fully complies with the NHF Code of Governance and Code of Conduct and with the Homes and Communities Agency (HCA) Governance and Financial Viability Standard. The Regulator carried out an In-Depth Assessment of TVHA and TVCHA in February 2017 and confirmed the Group’s G1/V1 rating.

The Board is responsible for the leadership of the Group and for ensuring that where appropriate risks are taken, these are properly managed. The Board ensures that the Group has the necessary financial and staff resources to deliver its objectives and sets ethical and health and safety standards. The Board is fully involved in the Group’s Value for Money Strategy and reviews the Group’s performance against the Regulatory Standards annually. The Board reviews the skills profile of its members annually and on the retirement of members. All Non-Executive Board Members are subject to re-election every three years, and are appraised annually by the Group Chair. The Group Chair was appraised by the Chair of the Group Audit and Risk Committee in February 2017.

The Board carried out an external board effectiveness review in the last quarter of 2016/17 and has formulated a development plan for 2017/18 based on the review’s recommendations.

Board structures and terms of reference are clear and include details of the timing and membership of the Board and its committees. During the year, the Board held eight board meetings and one strategy day. The Board has five sub-committees, populated by Board Members. Minutes of the meetings of these committees - the Group Audit and Risk Committee, Governance, Remuneration and Nominations Committee, Group Investment Committee, Group Treasury Committee and Group Customer Services Committee are sent to the Board. Board Members are provided with regular detailed briefings on the Group’s business and have access to a suite of key performance information. Board Members are able to obtain independent advice when they deem it appropriate. The Group Audit and Risk Committee have a right of access to all information within the Group. Board Members are encouraged to undertake further training and new board members have a tailored induction programme. Board members are remunerated at levels consistent with the Group’s scale of activities and sector norms.



BOARD COMMITTEES

GROUP INVESTMENT COMMITTEE

The Group Investment Committee makes investment decisions on Opal Land schemes and on major new schemes which fall outside of the authority delegated to the Executive Directors. Its terms of reference were reviewed in 2017 to include broader asset and portfolio management to support the achievement of the Growth and Investment Strategy. The Committee meets when required to support the business.

GOVERNANCE, REMUNERATION AND NOMINATIONS COMMITTEE

The Governance, Remuneration and Nominations Committee reviews and makes decisions relating to the governance of the Group, and, in particular, the appointment, renewal and review and remuneration of Board members, the review of staff remuneration and terms and conditions and the appointment of the Executive Team. The Committee meets two to three times a year.

GROUP AUDIT AND RISK COMMITTEE

The Group Audit and Risk Committee's primary role is to independently oversee and monitor the process for ensuring an effective internal

control system is maintained, together with reviewing the risk management systems, monitoring the integrity of the financial statements and providing oversight of the internal and external audit process. The Committee meets at least three times per year. On at least one occasion each year, the Committee meets separately with the external and internal auditors without the presence of Executives.

GROUP CUSTOMER SERVICES COMMITTEE

The Group Customer Services Committee scrutinises and makes decisions in relation to management and maintenance services provided to residents to ensure high service standards, efficient working and delivery of performance indicators across all affordable tenures. The Committee includes Board Members and two resident members.

GROUP TREASURY COMMITTEE

The Group Treasury Committee considers and recommends the Group Treasury Strategy and Treasury Policy to the Board, as well as approving borrowings, loans, derivative transactions and certain investments. Members are chosen for their expertise in treasury management.

BOARD AND COMMITTEE MEMBER ATTENDANCE

The number of Board and Committee meetings attended by each Board/Committee member during the financial year was as follows:

| RISK | COMMON BOARD MEETINGS & STRATEGY DAYS | GROUP INVESTMENT COMMITTEE | GOVERNANCE REMUNERATION & NOMINATIONS COMMITTEE | GROUP AUDIT & RISK COMMITTEE | GROUP CUSTOMER SERVICES COMMITTEE | GROUP TREASURY COMMITTEE |
|------------------------|---------------------------------------|----------------------------|---|------------------------------|-----------------------------------|--------------------------|
| No. of Meetings | 9 | 3 | 2 | 5 | 3 | 4 |
| Ben Denton | 7/9 | 3/3 | 2/2 | 3/5 | | 2/4 |
| John Baldwin | 9/9 | | | | 3/3 | |
| Paul Bridge | 8/9 | 1/3 | 1/1 | | 1/3 | |
| Emma Cariaga | 6/9 | 3/3 | 1/2 | | | |
| Kathryn Davis | 9/9 | | 1/1 | 5/5 | | 4/4 |
| Brian Hendon | 9/9 | | 1/1 | 5/5 | | 4/4 |
| Grainia Long | 9/9 | | 2/2 | | 3/3 | |
| Geeta Nanda | 9/9 | 2/3 | | | | |
| David Clayton-Smith | 9/9 | | 2/2 | | 3/3 | |
| Julian Turner | 8/8 | | | | | 3/3 |



PLANNING FOR THE FUTURE

Our refreshed strategic objectives will push us to ensure positive and easy experiences for residents, new partnerships to deliver homes and engaged and creative staff to make it all happen.



TRANSFORMING OUR SERVICES:

We will ensure we make things positive and easy for our customers and enhance our digital business capabilities. We will work with customers, pre-empting service needs through data and be continuously working on service transformation. We are designing an efficient model for service delivery aligned to a new customer experience strategy. This will include ensuring that the development of our digital services, including online services for residents, fully aligns to the service design reviews.



SUPPORT OUR TENANTS:

Life is getting tougher and we aim to build lives through a stable home. We will expand how we train and employ our residents and their children. Social equality matters to us. We aim to minimise evictions and give opportunity. We have continued with our training and employment programme for residents and in 2016/17 supported 321 residents into either work or training.



GROWING THE BUSINESS:

Through our existing model we will produce circa 1,000 homes a year and look to extend that ambition. We will do this through reviewing our existing partnerships and how they can grow, looking at new partnerships and opportunities and reviewing the markets where we operate and products we produce.



OUR FINANCIAL MODELS AND STRENGTH:

We will maximise our capacity to invest in new and existing housing and services as well as our communities. By leveraging our resources and looking to bring in investment, we will be commercially successful.



PEOPLE AND CULTURE:

We will develop our people and our people values, grow and provide opportunities, bring in people to learn, train and grow with us. People will want to work for us and be our greatest supporter and voice. We want to create an organisation with innovation and creativity at our heart, remaining flexible and open to change.

WHAT WE DO

VISION AND MISSION

Our vision is for everyone to have the chance to build their lives from a good home.

We believe that a good, safe, secure home is a critical foundation for successful people, families and communities. Without one, it's difficult to do well at school, hold down a job or raise a family.

Our mission is to provide good quality affordable homes and invest in communities.

The housing crisis is particularly acute in London and the South-East, where we operate. We build good quality, new homes and manage them well. We also grow the social capital of the communities we work in.

TRANSFORMING OUR SERVICES

HOUSING MANAGEMENT
AND HOME OWNERSHIP

This year, we've continued to develop our housing management service with a specific focus on managing the impact of Welfare Reform and the on-going Universal Credit roll out. We have been in touch with 100% of residents affected and provided advice and assistance on how to deal with the changes, and the impact on their personal finances.

Our Tenancy Support Service has supported 189 tenants who need it most, and has secured a combined total of £267k consisting of both personal and rental income. Most importantly, of the 189 tenants supported, all are still maintaining their tenancies. Our arrears performance is within target and we maintained a consistently low number of evictions, 20. Teams across the service are now working closely to support those requiring additional help through Employment and Training, and we continue to invest some of our surplus – £464k this year – into these activities.

In total we let 510 homes to new households consisting of 183 new-builds, 246 re-lets, and 81 mutual exchanges. We reviewed our approach to managing anti-social behaviour,

which is already having a significant impact on complaints, and have also re-let 2 homes that were subject to fraud investigations.

We have rolled out the use of mobile technology for our front-line housing staff that can now access all office based systems remotely. Mobile working has improved our efficiency as time spent in the office for many administrative tasks has been reduced.

Our 224 homes on the PFI scheme at Woking are now fully let and operational, with satisfaction levels at 88%.



Final family to move into Kingsmoor Park. All of the rented homes were occupied by January 2017.

CASE STUDY

MEET RICHARD WOKING PFI RESIDENT



Richard moved in to a one bedroom flat at Kingsmoor Park after spending five years waiting for a home that suited his access needs.

Richard was on Woking Borough Council's housing list for five years. He has mobility issues following a motorbike accident and had been privately renting a top floor flat. This made things that the majority of people take for granted, such as going to work or the shops, a considerable challenge. He now lives in a ground floor flat and is able to park his car next to the building.



From the very beginning, if I've had any problems, Charlotte and Karen in the site office just around the corner have always been there to help.



"From the very beginning, if I've had any problems, Charlotte and Karen in the site office just around the corner have always been there to help. It's a nice community and I like living here. It's quiet and my flat is really nice, plus I have easy access to my car for getting to work and going in to town. Living here has made me a lot more independent and my life a lot better."

Last years' changes within our Home Ownership Team are beginning to see some improvements with the way we manage our on-site services and responding to home owner enquiries. The Service Assurance Officer has improved on-site staff visibility as well as ensuring communal areas are properly maintained.

We have fully taken over the management of a Communal Heating Plant on a particularly large mixed tenure site that has ensured we can respond promptly and not have to rely on an external company. We have revised our fee structure and have generated £105k income from home ownership enquiries, most of which has come from lease extensions.

Our Service Charge module is now operational and we generated the Service Charge estimates through this system for the first time. Our internal auditor recently gave the module and associated process the top assurance rating.

MANAGING OUR PROPERTIES AND ASSETS

Our responsive repairs service with Axis Europe Plc is now in its third year and achieved satisfaction of 95.2% against a target of 95%. Our voids management delivered re-lets at our corporate performance of 20.2 days against a target of 21 days. We achieved our 100% target for completing annual gas safety checks in time.

Our homes meet the Decent Homes Standard and we have stock condition information on over 94% of our assets. This data was gathered in the last five years. We actively aim to re-survey 20% of our assets annually.

Our stock has an average energy performance rating of 71, equivalent to a C rating. We are validating our energy data and we expect the performance to improve. This places our stock in the top 10% performing homes of all tenures in the UK. We continue to identify and deliver thermal improvements such as more efficient heating systems, external wall insulation and higher performing double glazed windows.

We have undertaken detailed thermal imaging surveys on older schemes where we have concerns about thermal efficiency and used this information to plan improvement works.

We recently completed a snap shot thermal imaging survey on schemes where residents experience condensation issues, in order to ascertain if thermal insulation may be a contributory factor.

We completed the second appraisal of all our rented assets in terms of financial and strategic performance against an agreed set of criteria. This information has provided assurance that our assets are financially sustainable and allows us to focus on improving the performance of all our assets. We also completed the first asset appraisal of our 2,173 key worker and student accommodation assets and included the findings in our 2017 iteration of our asset management strategy update.

KEY WORKER AND STUDENT HOUSING

The majority of KPI targets for key workers and student housing were met. Rent arrears at year end were 0.2% against a target of 2.5% or less, and property voids were at 1.6% against a target of 5% or less. Resident satisfaction (twelve month rolling average) was high at 89% compared with an 82% target.

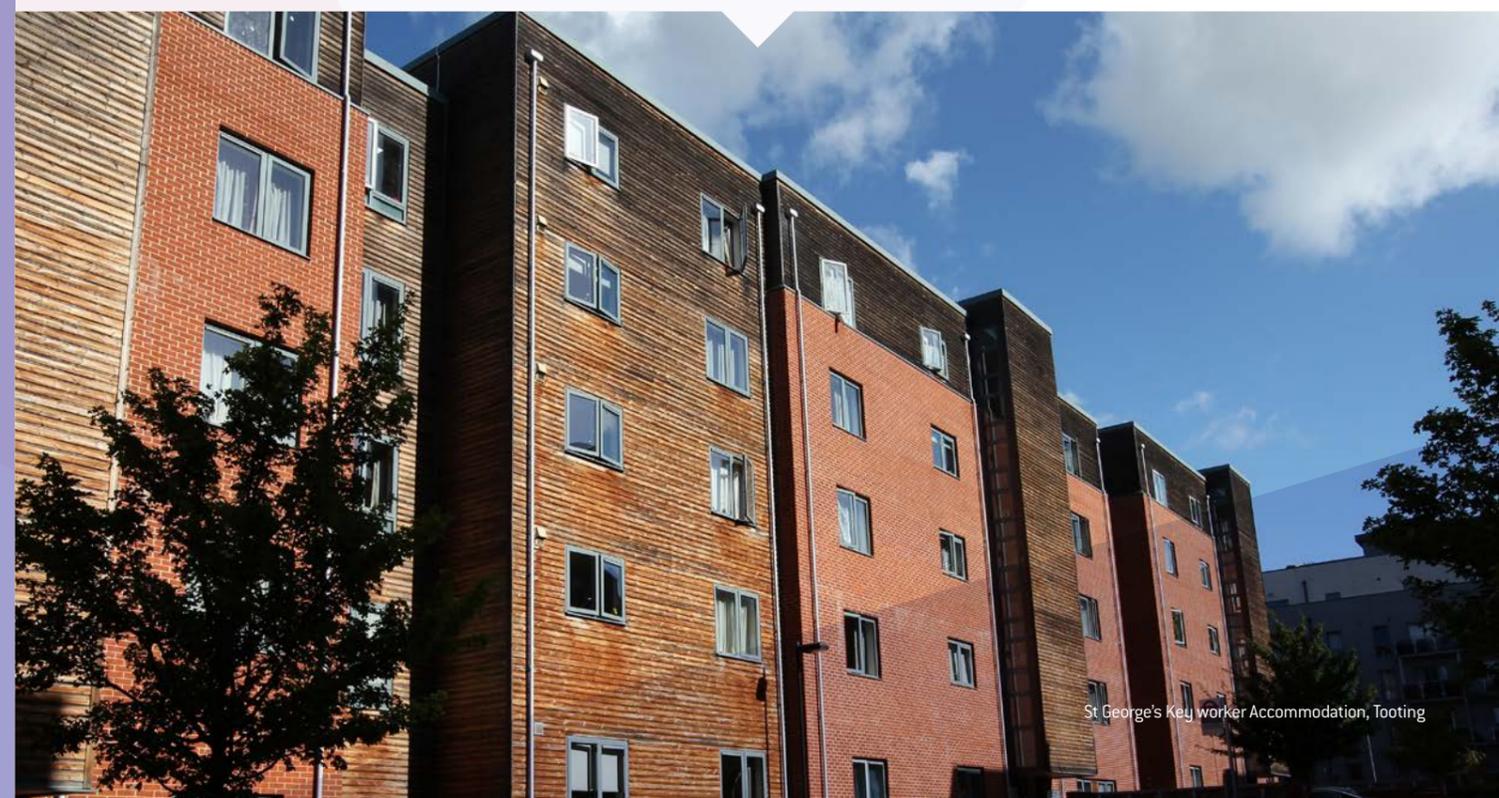
We have housed 757 new key workers in the last twelve months, most of which were nominated to us by one of our eight NHS Trust partners, and over 460 students at the University of Surrey in Guildford.

The total number of units of key worker and student accommodation in management as at 31 March 2017 is 2,173 having taken handover of 86 new key worker homes in partnership with Frimley Health NHS Foundation Trust in quarter 4.

A solution has now been found for the latent defect issues at the St George's, Hammersmith & Hillingdon key worker schemes. The required work started on site at St George's in February 2017 and is programmed to take around eighteen months to complete.

THE FOLLOWING TABLE SHOWS KEY PERFORMANCE INDICATORS FOR KEY WORKER AND STUDENT ACCOMMODATION:

| PERFORMANCE INDICATOR | 2016/17 Outturn | 2016/17 Target | 2015/16 Outturn |
|---|--------------------|-------------------|--------------------|
| Current Tenant Arrears (%) | 0.2 | 2.5 | 0.6 |
| Void Rate – Units Available For Letting (%) | 1.6 | 5.0 | 1.6 |
| Overall Tenant Satisfaction (%) | 89.0 | 82.0 | 89.5 |



CASE STUDY

MEET MARC
FRIMLEY KEYWORKER

There are actually quite a few interesting areas around Frimley, and this has opened up new horizons for me when it comes to going out, finding things to do, and generally the lifestyle is a lot better.



Marc is a nurse at Frimley Park Hospital. He moved to the UK from the Philippines last year to work for the NHS.

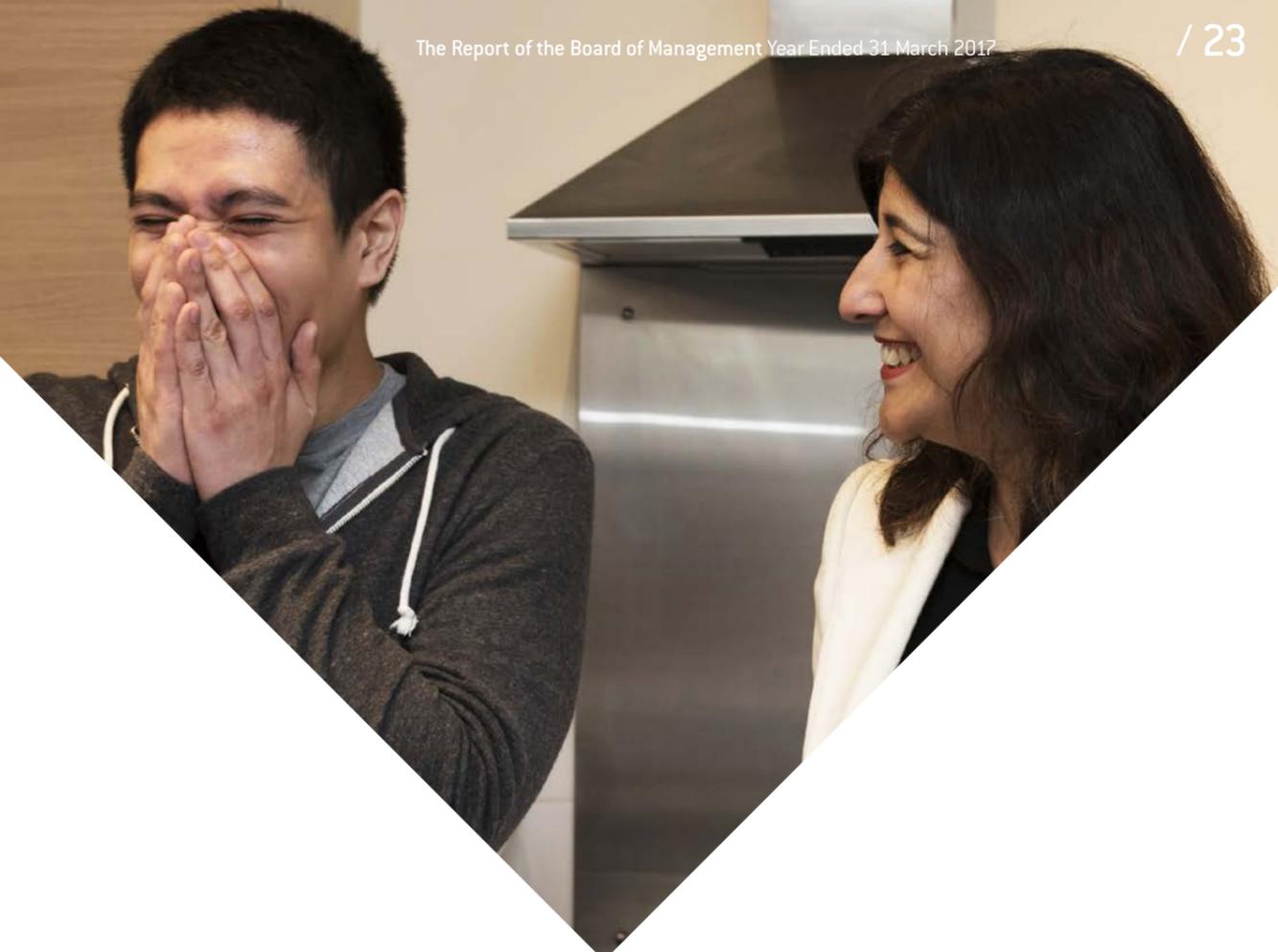
“There are so many pros about living here. The main one is the proximity to the hospital, but we also have good transport links and our payment options are flexible too - there was no hefty deposit beforehand. I live in a shared flat with three friends who are also nurses at the hospital. The size of the rooms are all the same, which means that there are no fights about who gets the big room!”

The neighbourhood in general is quiet and peaceful, and we get along with our neighbours. The community cohesion is quite strong as we all live and work around here. Having an accommodation officer is also a big plus, as we have a personal connection with her and she is always on hand to help out if something goes wrong.

I'm from a big city back home and I have friends who live and work in London, so I know how busy it gets! Now I am a bit further out and finding it great. I can relax after work and get some peace and quiet that you just can't get in London.

There are actually quite a few interesting areas around Frimley, and this has opened up new horizons for me when it comes to going out, finding things to do, and generally the lifestyle is a lot better. At the same time, you're never too far from central London if that's where you want to go.”

Top right: Marc and Geeta Nanda
Bottom right: Marc and Maria share a flat with another 2 key workers



SUPPORTING OUR RESIDENTS AND COMMUNITIES

RESIDENTS' TRAINING AND EMPLOYMENT INITIATIVES

THIS YEAR DURING 2016/17, WE SUPPORTED:



124

residents into employment



159

into training and qualifications



33

into volunteer placements



5

completed business start-ups

WELLBEING PROJECT PILOT (LEVEL UP)

Level Up is a new initiative we piloted in Hounslow from January 2017. The project takes a holistic approach to wellbeing and addresses;

- > NEGATIVE SELF TALK
- > PHYSICAL AND MENTAL WELLBEING
- > LOW CONFIDENCE AND SELF ESTEEM
- > MONEY MANAGEMENT
- > NUTRITION AND FITNESS

The project is a response to a large percentage of residents expressing interest in getting into work, but dealing with complex issues that have become a barrier to them doing so. Level Up aims to support residents through whatever these issues are until they get to a point where they are ready to get into work.

The response to the pilot has been encouraging with 40 residents initially expressing interest and 18 making it onto pilot. The outcomes from this pilot will help inform how we engage with residents furthest from the job market.

CASE STUDY

MEET ANA
WELLBEING
PROJECT PARTICIPANT



Ana attended TVH's Level Up programme this year. She lives in Hounslow.



The business course has been a great next step from Level Up. Everyone is very motivating and supportive and they make me believe I can achieve my goals. For me, there's a great link between these two courses.



"Emildah from the Training and Employment Team called me to explain the course, and I can say it was exactly what I needed.

At the time I was at a low point; I felt alone and very sad. The course helped me to improve my self-esteem and gave me great confidence. The fitness and nutrition sessions were also very helpful to me. The course was a lot more helpful than I expected.

Following on from it, I'm currently attending the TVH Business Start-up programme and I'm enjoying it a lot. I have qualifications but, being a single mum, it is difficult for me to stick to a work schedule most of the time. I am hoping that having my own business will make it easier to make a living.

The business course has been a great next step from Level Up. Everyone is very motivating and supportive and they make me believe I can achieve my goals. For me, there's a great link between these two courses.

I can't say that the course solved all my problems, but it helped a lot, not just me but my entire family too, who were affected because I was affected. Now I know how to speak to my family, how to help them and how to get help when it is needed."

PARTNERING FOR THE FUTURE

Changes to Welfare Reform and other external agendas have led us to explore ways of responding that ensure our residents are in the best possible position to weather the changes. The government has made it clear that they want to halve the employment gap between disabled and non disabled residents. The government's new Welfare to Work initiative, the Work and Health Program (WHP) is designed to focus on supporting this customer group back into employment.

In response, we have partnered with 10 other Housing Providers with a view to competing as subcontractors to the program when it goes live in Autumn this year so that we are in strong position to influence program delivery and ensure our residents get the most out of the program.

EMPOWERING PEOPLE AND COMMUNITIES STRATEGY

The Community Investment team works in a number of different ways with residents, stakeholders and management teams to understand the specific issues and needs within the communities we serve. Through the Community Plan projects, we work with local Housing Officers to determine both physical and non-physical interventions that can improve the lives of local residents by reducing anti-social behaviour or increasing opportunities. The Community Champions project works from the ground up, with residents identifying both the issues and the solutions with support from the team.



SOME EXAMPLES OF THE PROJECTS THAT THE TEAM HAS UNDERTAKEN OVER THE PAST YEAR INCLUDE:

1. GARDEN BLITZ

Volunteers from TVH, Axis and Woking Borough Council worked together under the guidance of The Conservation Volunteers to renovate garden spaces for local organisations. The project delivered a usable Wildlife Garden and Outdoor Classroom in Westfield Primary School, and a Sensory Garden at the new Alzheimer's Society facility.



2. GET OUT GO WILD

A project to encourage community cohesion amongst the divided young people in Kew Riverside. There are many problems in this area associated with invisible boundaries running through the estate. Working with Wide Horizons, we took a group of 10 young people away on a character building outward bound trip to the Kent Countryside.



3. HEALTHY COOKING

We partnered with A2Dominion and Slough Borough Council's Family Learning Centre to deliver a number of healthy cooking classes for residents on low incomes, as part of the Community Champions programme. The classes taught residents how to budget, source cheap food and highlighted the nutritional value of healthy vs microwaved meals. The sessions gave residents the opportunity to meet new people, expand their social circle and gain a food hygiene qualification.

4. OAKLEAF ENTERPRISE

In September 2016 the Community Chest awarded a grant of £3,675 to deliver horticultural qualifications to people with mental health problems in Guilford. So far Oakleaf Enterprise has welcomed 23 separate individuals to horticultural training. Every client has acquired practical skills in gardening and 'on-the-job' training with their highly skilled and experienced staff team. In this period two clients have already moved on from Oakleaf into full-time work.

5. MARSH AND MICKLEFIELD MOVIE FESTIVAL

In September 2016 we part-organised an outdoor cinema festival for approximately 250 families in Marsh and Micklefield. A screening of "The Lego Movie" took place on the first night at Gomme's Wood Nature Reserve, followed by "Zootropolis" at Beechview Primary School. The events increased community cohesion, raised aspirations, and gave local voluntary organisations an opportunity to showcase their opportunities to local people.

GROWING OUR BUSINESS

DEVELOPMENT OF AFFORDABLE HOUSING

It has been another successful year for TVH as we have started the construction of another 458 new affordable homes across London and the South-East for home ownership and rent.

Working alongside our private and public sector partners, we continue to pursue our ambitious growth targets and have a substantial development pipeline to be developed over the coming years.

WORKING IN PARTNERSHIP

WOKING PRIVATE FINANCE INITIATIVE ("PFI")

We have now successfully completed 224 new homes for social rent that are all let as part of our non-HRA PFI housing scheme delivered in a joint venture with members of the Kier Group Plc at Kingsmoor Park in Woking.



Kingsmoor Park, Woking

CASE STUDY

MEET ALISON WOKING PFI RESIDENT



Alison lives in a one bedroom flat at Kingsmoor Park.



I've also been involved with Rudi, our Community Access Officer, and have been able to do some voluntary work as well as accompany him to meetings to launch the Woking Timebank project.



Alison came to live at Kingsmoor Park after privately renting in Woking for two years. When the owners decided to sell the property, she tried to find alternative accommodation but the fact that she was in receipt of a small amount of housing benefit resulted in huge problems. Estate agents wouldn't accept someone on housing benefit and even referred to her as 'people like you'. It got to the stage where she was declared homeless, at which point Woking Borough Council stepped in.

"I was referred to TVH by the council. Charlotte, (Neighbourhood Manager at Kingsmoor Park) came out to interview me and said that she had no problem recommending me for one of the new flats on the development.

I've experienced a few issues since moving in but have reported all of these to the on-site office and I know they take me seriously. I've also been involved with Rudi, our Community Access Officer, and through him have been able to do some voluntary work as well as accompany him to meetings to launch the Woking Timebank project. I'm having my senior gap year!"

FRIMLEY NHS KEY WORKER SCHEME

In partnership with the NHS, construction work continues on our sixth key worker scheme in Frimley where we are developing 86 homes for rent and 34 homes for sale via our Woodbridge brand.



OPAL LAND (JOINT VENTURE BETWEEN TVHA & GALLIFORD TRY)

Sales performance has been strong across all the Opal schemes and this year we started another scheme at Chase Farm in Enfield that will deliver another 138 homes (including 26 affordable).

Opal continues to invest in the regeneration of existing communities as demonstrated by our scheme at Silvertown in the London Borough of Newham where we have received planning permission for 975 new homes that includes affordable housing, PRS, housing for sale as well as new shops and a hotel.



FIZZY LIVING

Fizzy Living has been operating since 2012. It now has a well established brand and the management platform which has a total of four assets at Canning Town, Epsom, Poplar and Stepney Green (a total of 246 apartments) in management. The management of the Fizzy portfolio is carried out by Fizzy Services Management LLP, a wholly owned entity within the TVH Group, whose revenue arises from services provided to the Fizzy Enterprises Group.



CASE STUDY

MEET BRYONY,
MATTHEW AND
MUFFIN

FIZZY POPLAR RESIDENTS



Bryony, Matthew and Muffin moved into a brand new flat at Fizzy Poplar this year.

Bryony and Matthew were looking to rent somewhere close to Matthew's workplace in Canary Wharf that was both affordable and wheelchair accessible, and would also allow them to move in with their bulldog Muffin. Before coming across Fizzy Living's development in Poplar, they had found it difficult to find somewhere that accommodated all three of their requirements.

"We weren't able to compromise on any of these factors" said Bryony. "Having Bartlett Park right next door is also a big bonus" added Matthew. "We have somewhere very close by that we can walk Muffin. It's also allowed us to meet lots of fellow dog owners in the area." They like that the building also has a 'dog community' of its own, with Bryony also taking other Fizzy dogs out for a walk whilst her neighbours are at work.

The building also allows them to have their own car parking space and storage locker, which has been extremely useful for accommodating both Bryony's business machinery and Matthew's comic book collection.

"This has actually been our only rental experience and we had heard so many horror stories of dodgy landlords from our friends, but we've had a really good experience of renting here. Having Tyrra, our Property Manager, located on-site is a major plus as she's someone that you can go down to reception and see rather than someone on the other end of a phone."

Fizzy has continued to grow with acquisitions at Lewisham (two phases of 68 units each), Hayes (189 units) and Walthamstow (111 units) all of which will be delivered within the next twelve months resulting in a total operational portfolio of 682 units.

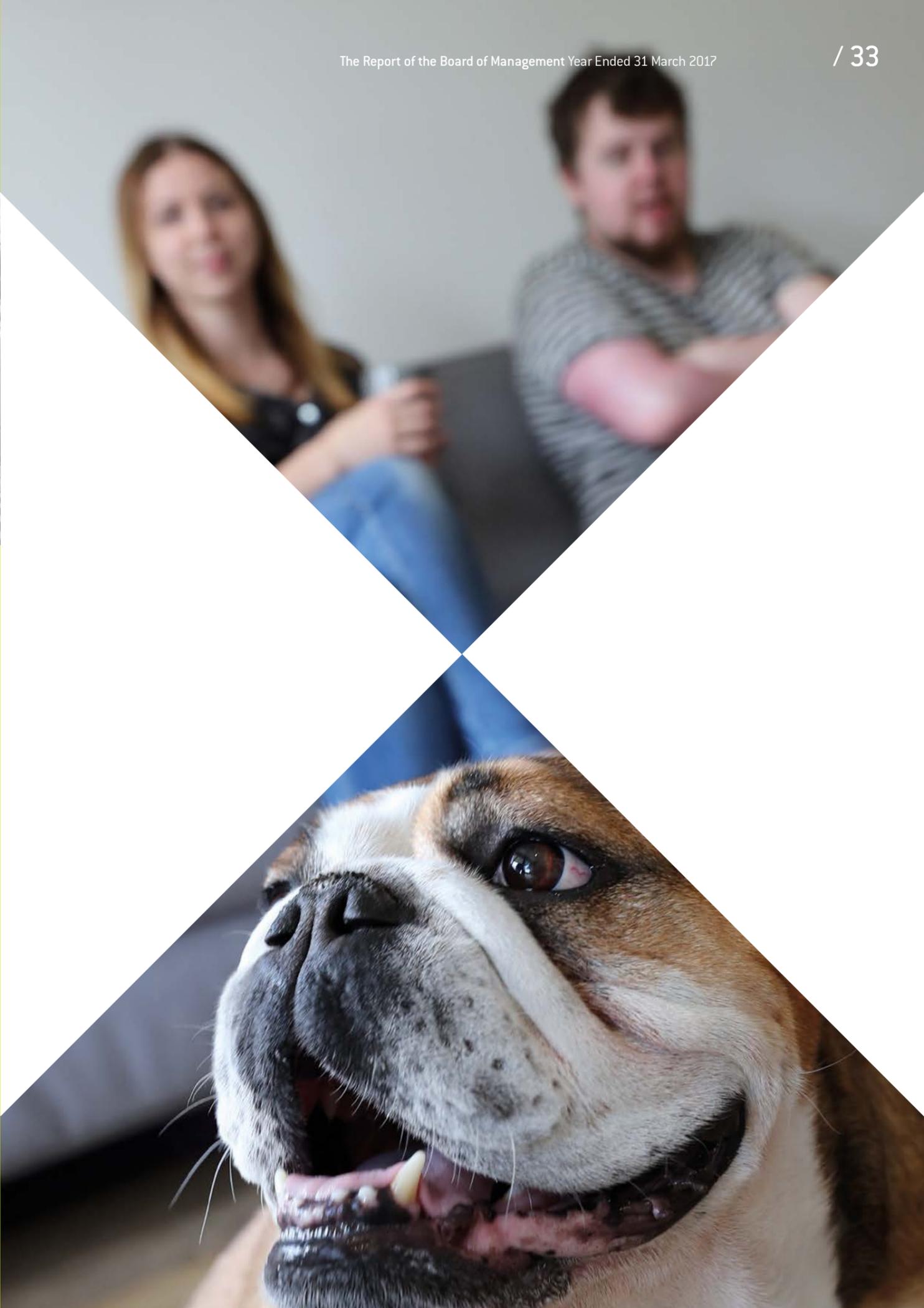
Fizzy is committed to purchase 292 units in two adjacent buildings in Silvertown which will handover in 2019 and 2020.



Having Tyrra, our Property Manager, located on-site is a major plus as she's someone that you can go down to reception and see rather than someone on the other end of a phone.



> FIZZY Poplar



CASE STUDY

A DAY IN THE LIFE
OF A FIZZY BOB

KASSY, FIZZY STEPNEY



Kassy works as the on-site
'Bob' at Fizzy Stepney Green.

There's probably not a typical day for a Fizzy Bob! My day-to-day work tends to revolve around maintenance and tenancy management, moving people in and out and reporting back to the central Fizzy team.

With a lot of customer service roles it's really easy to disassociate yourself from the customer. When you're able to put a face to a name you have a more personal relationship and so you know how to approach people, you know what their situation is. It makes the relationship a lot more fluid, and also they have trust in you. There's always been a reputation that landlords are out to rip you off, especially in the London property market. The nature of Fizzy property management is completely transparent. If anything goes wrong, I'm right here in reception to be held accountable.

There are 63 tenants in Fizzy Stepney, and I have a personal relationship with every one of them. I know their names, I know their kids' names, and I know their pets' names!

When we host a tenant party, you see interaction in the hallways, with loads of different people coming together. It's like a little part of London within London – and that's really cool to see.

There are 63 tenants in Fizzy Stepney, and I have a personal relationship with every one of them. I know their names, I know their kids' names, and I know their pets' names!

> FIZZY Stepney Green

SHARED
OWNERSHIP

The commitment by successive governments to both support and fund the growth of shared ownership housing has had a significant impact on the forward supply of these homes. Current estimates are that the total national stock is set to grow by 50% in the next five years, with over 25,000 shared ownership homes currently under construction.

TVH currently holds 3.8% of the UK's total shared ownership housing stock. This year TVHA completed 152 sales, with strong demand in all locations, varying between 2:1 - 10:1 ratio of applicants to available property. Following the announcement of the Brexit vote our revised sales strategy has helped ensure a strong pipeline of secured sales.

The secondary market for these homes showed strong growth with over 200 customers buying additional shares or moving to outright ownership. TVHA has continued to assist shared owners with additional routes to accessing extra equity, through tailored assistance packages and its unique Shared Ownership Plus programme. Equally we helped over 250 customers sell and move on to their next home.

We have invested heavily in our systems, namely in the marketing platforms and sales systems, providing a more transparent and immediate experience for our purchasers. We have continued to invest in our overall customer journey; we now command an impressive net promoter score of 79% which is upper quartile within the industry.

Our second charge mortgage portfolio has delivered strong returns with approximately 15% growth in the average value of the loans redeemed within the year.



Shared Ownership homes in Millford Green, Waverley

CASE STUDY

MEET ADEL
BATTERSEA, SHARED OWNER

Adel is 33, and had been priced out of buying a home in London until she discovered Shared Ownership. She bought her flat in Battersea in June 2016.

"It was a no brainer. There was nothing available on the open market which matched the high specification of the homes available at this development, and purchasing through Shared Ownership meant I wasn't competing with investors. I kept having a sneaky look at the construction and was so excited by the progress. My enthusiasm also inspired my friend James, who I was renting with in Tooting, to submit an application to TVH too."

Adel purchased a 35% share of a one-bedroom apartment for £177,625 (full price £507,500) and put down a deposit of £32,000.

"To finally be a homeowner after years of trying – I couldn't be happier," said Adel. "Having had experience dealing with the complications of trying to buy on the open market, I was over the moon with how easy it was buying through Shared Ownership. TVH guided and helped me through the entire buying process, it was simple. For me, the best part is feeling settled. I don't have to worry about moving for a long time and I can decorate my apartment exactly how I like it."



Having had experience dealing with the complications of trying to buy on the open market, I was over the moon with how easy it was buying through Shared Ownership.

PEOPLE AND
CULTURE

OUR STAFF

Our staff are fundamental to our ability to deliver our growth strategy and objectives. We have enhanced our recruitment strategy to include social networks such as Facebook and LinkedIn, to ensure we are reaching a broad range of candidates. We have also re-invigorated our approach to staff induction to ensure new staff buy in to the "TVHA" way from the start of their careers with us.

Clear objectives and performance targets for all employees are reinforced through comprehensive performance management systems. We carried out a range of training and development activities this year, with a particular focus on digital platforms.

EQUALITY AND DIVERSITY

The Group promotes equality and celebrates diversity. We have a whole organisational approach to equality and diversity, and believe that no person should suffer disadvantage by reason of race, religion, faith, gender, sexuality, marital or civil partnership status, pregnancy or maternity, age or disability. We tailor our services to the needs of all categories of our residents.

HEALTH AND SAFETY

We are committed to meeting and stretching Health and Safety targets. Our Health and Safety procedures are subject to regular review by KPMG LLP, our Internal Auditor. Last year there were no reported RIDDOR accidents (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations).

OUR FINANCIAL MODELS AND STRENGTH

We have maintained and improved our organisational and financial capabilities to direct and fund our objectives and deliver sustained and ambitious expansion of both our core social housing and commercial investment over the next five years.

Our balance sheet has been strengthened and fully committed loan finance is in place to cover all of our current, and the majority of projected, funding requirements. With our diversification into commercial activities, our governance arrangements ensure continuing tight control and strategic direction over our expansion.

A significant amount of the financial capacity for commercial business has been sourced from third party providers of equity and debt outside of the Group, which enables efficient use of our own capital.



DEMONSTRATING VALUE FOR MONEY

Value for money is embedded in our corporate plan for 2015-18 and our business planning framework. Our diversified business model aims to develop more homes with lower levels of cash grant and provide good quality services that matter most to our residents. This is underpinned by our strong financial performance.

Value for money has been delivered through:

- > Using balance sheet strength and returns from diversified activities to increase the provision of affordable homes with less grant funding.
- > Adhering to our asset management strategy, which seeks to improve the performance of our assets.
- > Providing good quality, efficient and effective services to residents.

The diversification of our business into market sales and the private rented sector through commercial partnerships continues to provide an effective cross-subsidy to support the development of additional homes. This includes affordable rented homes and means that TVHA is less reliant on grant from the public purse. Our partnerships are structured to protect the Group from the potential risks involved and make use of third party external leverage to achieve the desired scale, to secure meaningful return whilst mitigating the overall risk to the Group from such activities.

Our asset management strategy has delivered efficiencies over previous years by either disposing of or re-configuring poor performing stock. Our cyclical and planned programmes maintain retained stock at a high standard.

A new asset appraisal approach to assessing the value of our individual assets demonstrated that our assets perform very well overall financially.

Our costs were analysed with reference to the HCA analysis of costs published in 2016. Our cost per unit was in the lowest (i.e. best) quartile. Overall our costs have reduced over time and we anticipate that our costs and quality of our service will continue to improve with continued focus on our online services and service re-design.

Our full self-assessment will be published online and will be available at: www.tvha.co.uk/publications

MANAGING RISK

The Board received regular risk management reports from the Chief Executive throughout the year. These reports were also considered in detail by the Group Audit and Risk Committee and used to decide the year's internal audit programme undertaken by KPMG LLP which provides further reassurance.

The Internal Control section of this report sets out the Group's overall framework for internal control, setting the context for the identification, control and monitoring of the principal risks faced by the Group.

The principal risks to the Group at this time and how they are mitigated are as follows:

| RISK | MITIGATION |
|--|--|
| Economic uncertainty/ instability arising from Brexit negotiations | Multi-variate stress testing and maintenance of good headroom in the business plan; regular review of external influences. |
| Adverse impact of 1% reduction in social housing rents and future growth of rents. | The impact of the 1% rent reduction is budgeted for going forward and accounted for in long term planning. |
| Governance of and exposure to commercial activities. | Commercial activities are governed as part of the Group and separately together with our partners. The amount of exposure to such activities is defined and capped. |
| Funding capacity for commercial ventures is constrained due to market conditions | Committed capital is provided for existing operational and pipeline schemes; other sources of funding under consideration. |
| Growth target cannot be met due to worsening property market conditions. | New investment decisions are made in the context of current market conditions which may impact growth and profitability during a market decline. |
| Compliance with loan covenants. | Loan covenants are comfortably met with adequate and significant headroom for both gearing and interest cover. |
| Fire Safety | Following the Grenfell Tower fire we are investigating properties to ascertain whether or not construction material in cladding presents any fire risk. These investigations are being carried out in accordance with Department of Communities and Local Government (DCLG) requirements, and reported to the DCLG. An internal fire safety group has been established, and weekly reports are being submitted to the Board. Residents and local authorities are being informed if and when necessary. |

FINANCIAL REVIEW

The financial statements of the Group and Association are prepared in accordance with Financial Reporting Standard 102 (FRS102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers (SORP).

This is the second year in which the financial statements have been prepared under FRS102, the Group having adopted the standard for the year ended 31 March 2016 following revision of Financial Reporting Standards in the United Kingdom and Republic of Ireland by the Financial Reporting Council (FRC).

The Group consolidated financial statements are presented in sterling, rounded to the nearest thousand and are prepared on a going concern basis.

The Group's financial statements consolidate the accounts of the Association and all its subsidiaries as at 31 March 2017 in accordance with FRS102. All intra group balances and transactions are eliminated in full on consolidation. Full accounting policy details are available on page 55.

SUMMARY
STATEMENT OF
COMPREHENSIVE
INCOME

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Turnover | 109,151 | 104,036 |
| Cost Of Sales | (13,687) | (14,934) |
| Operating Costs | (53,773) | (51,603) |
| OPERATING SURPLUS | 41,691 | 37,499 |
| Operating Surplus As A Percentage Of Turnover (%) | 38 | 36 |
| | | |
| | 2017 £'000 | 2016 £'000 |
| Surplus On Sale Of Fixed Assets | 9,341 | 6,587 |
| Net Interest Payable | (24,362) | (27,169) |
| Share In Results Of Joint Ventures And Associates | 1,352 | 10,510 |
| Movements In Fair Value* | 72,644 | (2,871) |
| Taxation | (1,016) | (1,595) |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | 99,650 | 22,961 |

* In relation to Financial Instruments, Investment Properties and Fixed Asset Investment

This has been another very successful financial year for the Group and we have delivered strong improvement across our key financial metrics

Surplus for the year has increased by £76.7m to £99.7m, which is 334% more than the previous year. Included in the number is a one-off fair value adjustment relating to LOBO loans. In June 2016 Barclays announced the removal of optionality for the LOBO loans, which means that the loans have become categorised as basic loans and should therefore be measured on an amortised cost basis. This is deemed to be a substantial change under Section 11 of FRS102, and resulted in a one-off gain of £71.6m recognised in comprehensive income. Excluding this one-off movement, the underlying surplus

is £27.0m, 4.8% improvement from the previous year. Rental and service charge income from social housing lettings have increased by £2.2m to £75.6m (2016: £73.4m), this is despite 1% rent reduction in social housing units which is offset by a combination of additional housing units and the annual inflation based rent increases for non-social housing units. Low cost home ownership sales decreased by £0.5m to £20.9m (2016: £21.4m). This was matched by a decrease in cost of sales.

Operating costs have increased by £2.2m to £53.8m, mainly due to one-off merger related costs incurred during the year. Otherwise, operating costs are consistent with prior year and a stronger operating surplus of £41.7m was achieved increasing from the previous year by £4.2m.

Sale of fixed assets delivered a surplus of £9.3m (2016: £6.6m), as result of a significant increase in the number of properties staircased in the year. Share of profits and losses in joint ventures and associates of £1.4m (2016: £10.5m) decreased in the year primarily driven by delays at key private sales schemes in Earlsfield and Grange Walk developed by the Opal joint venture.

Net interest payable decreased by £2.8m from £27.2m in 2016 to £24.4m in 2017. The reduction is mainly due to the refund of interest on MyChoice Homebuy loans which was a one off cost in 2016. The weighted average cost of borrowing decreased to 4.47% in 2017 (2016: 4.6%).

BALANCE SHEET

| | 2017 £'000 | 2016 £'000 |
|---|----------------|----------------|
| Net Housing Properties | 1,133,110 | 1,086,394 |
| Fixed Asset Investments | 25,465 | 23,217 |
| Investments In Joint Venture and Associates | 68,621 | 60,666 |
| Homebuy Equity Loans | 51,057 | 57,930 |
| Cash | 98,200 | 102,777 |
| Stock | 29,166 | 22,440 |
| Debtors | 17,968 | 36,043 |
| Creditors | (806,104) | (870,597) |
| NET ASSETS | 617,483 | 518,870 |
| RESERVES | 617,483 | 518,870 |

The total cost of investment in Housing Properties increased by £46.7m in the year to £1,133.1m which is primarily driven by increase in the number housing assets. New housing stock with a value of £65.0m was added in the year (2016: £41m), with 484 new properties completed and 611 properties under construction at year end.

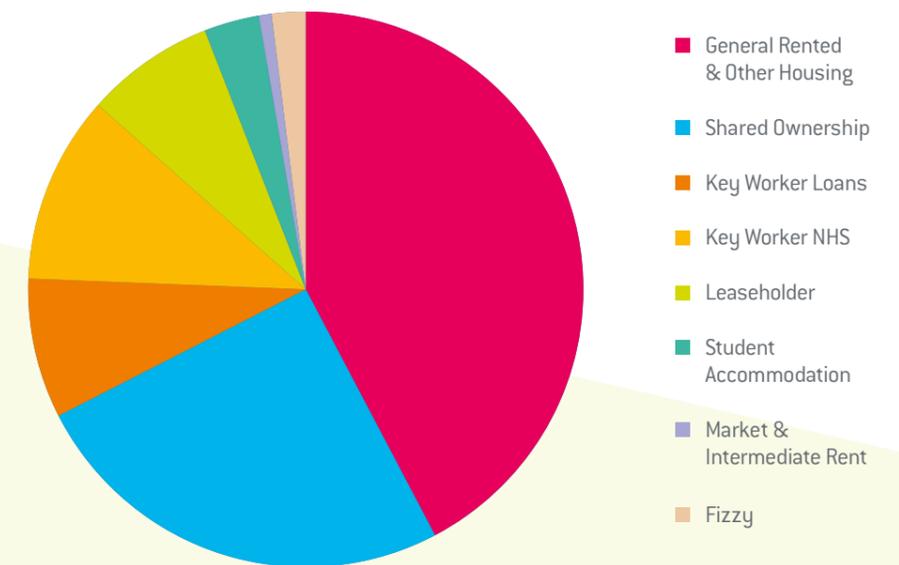
Fixed Asset Investments comprise the Group's student accommodation, investment property and other fixed assets. The £2.2m movement is attributable to additions during the year.

Debtors decrease by £18.1m mainly due to the release of £15m from the loan cash collateral account.

Creditors decreased by £64.6m to £806.1m (2016: £870.6m). The majority of this decrease relates to the aforementioned one-off revaluation adjustment of LOBO loans.

HOUSING ASSETS

The Group owns, manages or administers 15,466 homes in total.



CASH FLOW

A summary of the cash flow for the year is set out in the table below.

| | 2017 £'000 | 2016 £'000 |
|---|----------------|---------------|
| Cash Flow From Operating Activities | 66,947 | 81,687 |
| Net Interest Paid | (24,177) | (21,680) |
| Proceeds From Sale Of Fixed Assets – Housing Properties | 29,061 | 24,190 |
| Purchases Of Fixed Assets – Housing Properties | (71,566) | (48,987) |
| Receipt Of Grant | 1,586 | 5,032 |
| Other | (3,075) | 12,364 |
| Loans Repaid | (3,353) | (9,339) |
| (DECREASE)/INCREASE IN CASH | (4,577) | 43,267 |

Although operating surpluses increased by £4.2m compared to last year, operating cash flow decreased by £17.5m, this is due mainly to increased development expenditure in the year.

TREASURY

The Group is financed by a combination of revenue reserves, long-term loan facilities and social housing grant received either directly from Government or from the Recycled Capital Grant Fund.

Group priorities are to ensure that there is at least eighteen months cash and liquidity to fund operations in accordance with the Treasury Policy, to protect against the impact of adverse movements in interest rates, to ensure loan covenants are comfortably met and to prioritise the preservation of capital over financial returns when making investment decisions.

LOAN STRUCTURE

At 31 March 2017 facilities totalled £598.5m; drawn loans amounted to £568.5m with undrawn revolving credit facilities of £30m. All undrawn revolving credit facilities are fully secured and available for drawing. As at the year end the Group held cash of £98.2m (£31.3m in Thames Valley Housing Association Limited, £65.9m in Thames Valley Charitable Housing Association Limited and £0.7m in other group subsidiaries). Net debt equates to £470.6m at year end.

TREASURY AND BALANCE SHEET

All existing debt and loan facilities are held with Thames Valley Charitable Housing Association Limited with the exception of a £40m nominal loan with Legal and General which is held with Thames Valley Housing Association.

The Group has capacity to fund its development programme and will continue to develop shared ownership and invest in other affordable housing for the foreseeable future. This is expected to be financed through a combination of operating cash flow and new borrowing.

DEBT REPAYMENT PROFILE

The weighted average duration of drawn debt for the Group is 25 years. The Treasury policy aims to ensure that the Group does not have to refinance any more than 10% of drawn debt in any one year. Following the changes to the Barclays LOBO facility, £110m of debt is now repayable in the year ended March 2067.

CASH AND LIQUIDITY MANAGEMENT

The Group maintained significant cash balances throughout the year to provide adequate and on-going funding for the development programme.

The Group's cash management strategy is to hold cash equivalent to six months' net cash requirement (and cash and liquidity for eighteen months' net cash requirement). Cash balances during the year were held in short term deposit accounts and AAA rated money market funds.

CURRENCY RISK

The Group operates solely in the UK and does not have any currency risk in its normal course of business.

INTEREST RATE MANAGEMENT

The Group has no exposure to derivative margin calls. The weighted average cost of borrowing in the year for the Group was 4.47% (2016: 4.6%).

LOAN COVENANT COMPLIANCE

There are no Group-wide loan covenant requirements. Covenants relate to specific loans for TVCHA and TVHA.

Compliance with financial covenants are monitored on a monthly basis, reported to the Board quarterly and were comfortably met throughout the year and at the year end for all loan facilities.

GOING CONCERN

The Board is satisfied that no material or significant exposures exist other than as reflected in these financial statements and that the Group has adequate resources to continue operations for the foreseeable future. For this reason the going concern basis has continued to be used in preparing the financial statements.

INTERNAL CONTROL

The Board has adopted and complied with the National Housing Federation's 2015 Code of Governance. The Board has adopted and complies with a code of conduct which conforms to the NHF's requirements. The Board has adopted the Voluntary NHF Code for Mergers, Group Structures and Partnerships and has confirmed its compliance with this Code during the year. The Group has a Modern Slavery and Human Trafficking Statement which has been published on the TVHA website.

The Board certifies that it is compliant with the Homes & Communities Agency Governance and Financial Viability Standard.

The Board has responsibility for ensuring that a whole system of internal control is established and maintained and for reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Association is exposed.

Regular management reporting on control issues provides assurance to successive layers of management and to the Board. The arrangements include rigorous procedures, monitored by the Group Audit and Risk Committee, for ensuring that corrective action is taken in relation to any significant control issue.

The internal control framework and risk management process are subject to regular review by Internal Audit who are responsible

for providing independent assurance to the Board via the Group Audit and Risk Committee. The Group Audit and Risk Committee consider internal control and risk at its meetings during the year. The internal audit function is externally resourced and reports directly to the Group Audit and Risk Committee. The internal audit programme is linked to the risk identification process.

As part of the system of internal control the Board has a strategy and policy on fraud and bribery covering prevention, detection and reporting and the recovery of assets. The Group has a Money Laundering Officer.

The Board has received the Executive Directors' annual report on internal controls assurance, including arrangements for managing fraud and bribery; the annual review of the effectiveness of the system of internal control from the Group Audit and Risk Committee; and the annual Health & Safety report and has taken account of any changes needed to maintain the effectiveness of the risk management and control process. The Board confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association.

This process has been in place throughout the year under review, up to the date of the annual report, and is regularly reviewed by the Board. No significant failings or weaknesses were identified; there were two incidents of money laundering reported in the year, there were no cases of fraud and six attempted cases of fraud. No cases of bribery were reported and all instances of attempted fraud were recorded in the fraud register.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

> **IDENTIFICATION AND EVALUATION OF KEY RISKS**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Association's activities. This process is co-ordinated through a regular reporting framework by the Executive, Senior Management Team, Investment Management and Health & Safety Groups which regularly consider reports on significant risks facing the Association. The Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The Group Audit and Risk Committee has a responsibility to ensure that appropriate disaster recovery and contingency plans are in place and are tested regularly.

> **MONITORING AND CORRECTIVE ACTION**

A process of control self-assessment and regular management reporting on control issues provides assurance to the management and to the Board. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements. The Group's Audit and Risk Committee has responsibility for reviewing the Association's risk management systems. The Policy & Performance team oversees the production of a reporting suite of information which covers key performance indicators used to monitor the business. Performance outcomes are given a traffic light assessment and management responses are formally recorded for required control action.

> **CONTROL ENVIRONMENT AND CONTROL PROCEDURES**

The Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. The Association follows risk-averse policies to shield it from adverse movements in interest rates. The Board disseminates its requirements to all employees through the Thames Valley Housing Group's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which all employees must comply. These cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, the requirements of the Bribery Act, fraud prevention, and detection and money laundering.

The Group Audit and Risk Committee receives and considers internal audit reports which include recommendations to strengthen the control environment. The Group Audit and Risk Committee receives twice a year a Risk Management Review Report from the Chief Executive. The Board of the Association also receives quarterly Risk Management Review reports. The Group Audit and Risk Committee reviews the proportionality, independence and appropriateness of the Group's whistleblowing policy and follow up action. It also receives a report on the entries in the gifts and hospitality register and any instance of fraud or suspected instances of money laundering.

The Group Investment Committee considers and makes investment decisions which require Board approval and which fall outside of the Board Meeting cycle. The Group Investment Committee has delegated authority to consider and to approve the funding of projects within approved parameters. Minutes of the Group Investment Committee are reported to the Board.

> **INFORMATION AND FINANCIAL REPORTING SYSTEMS**

Financial reporting procedures include a detailed budget for the year ahead with a monthly reporting cycle that identifies variances, and forecasts for subsequent years with a comprehensive Business Plan for the next 30 years. The Business Plan incorporates a detailed multivariate stress testing of the financial plan. The detailed budget and Business Plan are reviewed and approved by the Board. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

STATEMENT OF BOARD RESPONSIBILITIES

The Board is responsible for preparing financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice or each financial year, which gives a true and fair view of the state of affairs of the Association and the Group and of the surplus or deficit for that period. In preparing those financial statements, the Board is required to:

- > Select suitable accounting policies and then apply them consistently;
- > Make judgements and estimates that are reasonable and prudent;
- > State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- > Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association and the Group will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and the Group and to enable it 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, the Accounting Direction for Private Registered Providers of Social Housing 2015 and Applicable Accounting Standards with special regard to the Statement of Recommended Practice; Accounting by Registered Social Housing Providers Update 2014. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

SHARE CAPITAL

The non-executive Board Members of TVHA and TVCHA each hold one fully paid share of £1 in each Association which carries no rights to dividends or other income. The Group Company Secretary and Executive Management hold no interest in the Association's share capital.

AUDITORS

Each of the current Board Members has taken all of the steps that they ought to have taken to make themselves aware of information needed by the Association's auditors for the purpose of their audit and to establish that the auditors are aware of that information. No Member of the Board is aware of any relevant audit information of which the auditors are unaware.

BY ORDER OF THE BOARD

BEN DENTON
CHAIR

DATE: 20/07/2017

**INDEPENDENT
AUDITORS REPORT
TO THE MEMBERS
OF THAMES
VALLEY HOUSING
ASSOCIATION LIMITED**

We have audited the financial statements of Thames Valley Housing Association Limited for the year ended 31 March 2017 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association balance sheets, 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 member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF
THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the FRC's website at

www.frc.org.uk/auditscopeukprivate

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

> Give a true and fair view of the state of the group's and parent Association's affairs as at 31 March 2017 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 Accounting Practice; and

> Have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**MATTERS ON WHICH WE ARE REQUIRED
TO REPORT BY EXCEPTION**

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

> The information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;

> Adequate accounting records have not been kept by the 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
Statutory Auditor
55 Baker Street
London W1U 7EU
United Kingdom

DATE: 28/07/2017

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

**STATEMENT OF
COMPREHENSIVE
INCOME**

| | Note | Group | | Association | |
|---|------|----------------|----------------|---------------|----------------|
| | | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| TURNOVER | 4 | 109,151 | 104,036 | 58,776 | 71,636 |
| Cost Of Sales | 4 | (13,687) | (14,934) | (19,131) | (32,250) |
| Operating Costs | 4 | (53,773) | (51,603) | (25,580) | (23,455) |
| OPERATING SURPLUS | | 41,691 | 37,499 | 14,065 | 15,931 |
| Surplus On Sale Of Fixed Assets | 7 | 9,341 | 6,587 | 946 | 472 |
| Share Of Profits Of Joint Ventures | 14 | 1,595 | 10,421 | - | - |
| Share Of (Losses) /Profit of Associates | 14 | (243) | 89 | - | - |
| Charitable Donation Paid | 31 | - | - | (13,261) | (13,875) |
| Interest Receivable | 10 | 2,528 | 2,063 | 2,317 | 2,119 |
| Interest Payable | 11 | (26,890) | (29,232) | (3,514) | (2,515) |
| Movement In Fair Value Of Financial Instruments | 23 | 71,617 | (5,835) | (9) | (9) |
| Movement In Fair Value Of Investment Properties | 15 | (873) | (945) | 4 | (952) |
| Movement In Fair Value Of Fixed Asset Investments | 14 | 1,900 | 3,909 | - | - |
| SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION | | 100,666 | 24,556 | 548 | 1,171 |
| TAXATION ON SURPLUS | 12 | (1,016) | (1,595) | (510) | (1,595) |
| TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR | | 99,650 | 22,961 | 38 | (424) |

STATEMENT OF
CHANGES IN EQUITY

| | REVENUE RESERVE £'000 | REVALUATION RESERVE £'000 | TOTAL 2017 £'000 | TOTAL 2016 £'000 |
|-----------------------------------|-----------------------------|---------------------------------|------------------------|------------------------|
| GROUP | | | | |
| At 1 April | 304,229 | 214,641 | 518,870 | 498,177 |
| Surplus For The Year | 99,650 | - | 99,650 | 20,693 |
| Movement in Reserves | 16 | (1,053) | (1,037) | - |
| At 31 March | 403,895 | 213,588 | 617,483 | 518,870 |
| ASSOCIATION | | | | |
| At 1 April | 92,741 | 1,808 | 94,549 | 94,990 |
| Surplus/(Deficit) For The Year | 38 | - | 38 | (424) |
| Movement in Reserves | - | (54) | (54) | (17) |
| At 31 March | 92,779 | 1,754 | 94,533 | 94,549 |

All activities relate to continuing operations.
The notes on pages 55 to 95 form part of these financial statements.

| | Note | Group | | Association | |
|--|------|------------------|------------------|----------------|----------------|
| | | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| FIXED ASSETS | | | | | |
| Net Housing Properties | 13 | 1,133,110 | 1,086,394 | 115,022 | 114,494 |
| Fixed Asset Investments – Joint Ventures | 14 | 32,831 | 26,475 | - | - |
| Fixed Asset Investments – Associates | 14 | 35,790 | 34,191 | - | - |
| Other Fixed Assets | 15 | 25,465 | 23,217 | 11,706 | 8,580 |
| Homebuy Equity Loans Advanced | 16 | 51,057 | 57,930 | - | - |
| | | 1,278,253 | 1,228,207 | 126,728 | 123,074 |
| CURRENT ASSETS | | | | | |
| Properties For Sale And Work In Progress | 17 | 29,166 | 22,440 | 123,175 | 77,303 |
| DEBTORS: | | | | | |
| - Amounts Receivable Within One Year | 18 | 9,819 | 28,577 | 42,951 | 58,561 |
| - Amounts Receivable After One Year | 18 | 8,149 | 7,466 | 19,429 | 23,359 |
| Cash At Bank And In Hand | | 98,200 | 102,777 | 31,310 | 37,228 |
| | | 145,334 | 161,260 | 216,865 | 196,451 |
| CREDITORS | | | | | |
| Amounts Falling Due Within One Year | 19 | (63,490) | (53,263) | (165,129) | (141,147) |
| NET CURRENT ASSETS | | 81,844 | 107,997 | 51,736 | 55,304 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 1,360,097 | 1,336,204 | 178,464 | 178,378 |
| CREDITORS | | | | | |
| Amounts Falling Due After More Than One Year | 19 | (742,614) | (817,334) | (83,931) | (83,829) |
| NET ASSETS | | 617,483 | 518,870 | 94,533 | 94,549 |
| CAPITAL AND RESERVES | | | | | |
| Non-Equity Share Capital | 25 | - | - | - | - |
| Revenue Reserve | | 403,895 | 304,229 | 92,779 | 92,741 |
| Revaluation Reserve | | 213,588 | 214,641 | 1,754 | 1,808 |
| | | 617,483 | 518,870 | 94,533 | 94,549 |

These financial statements were approved and authorised for issue by the Board on 20 July 2017 and signed on its behalf by:



BEN DENTON
Chair



BRIAN HENDON
Chair, Group Audit
& Risk Committee



RITA AKUSHIE
Group Finance Director



PATRICIA ETTER
Group Company
Secretary

The notes on pages 55 to 95 form part of these financial statements.

| | NOTES | 2017 £'000 | 2016 £'000 |
|--|--------|---------------|---------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus For The Financial Year | | 99,650 | 22,961 |
| ADJUSTMENTS FOR: | | | |
| Depreciation Of Fixed Assets – Housing Properties | 13 | 11,351 | 10,321 |
| Depreciation Of Fixed Assets – Other | 15 | 2,033 | 1,618 |
| Write Offs | 13, 15 | 1,601 | 1,166 |
| Amortised Grant | 4 | (87) | (58) |
| Debt Issue Costs | 23 | 394 | (1,139) |
| Share Of (Deficit) In Joint Venture | 14 | (1,595) | (10,421) |
| Share Of Surplus / (Deficit) In Associates | 14 | 243 | (89) |
| Net Fair Value (Gains) / Losses Recognised In Profit Or Loss | | (72,644) | 2,870 |
| Interest Payable And Finance Costs | 11 | 26,890 | 29,232 |
| Interest Received | 10 | (2,528) | (2,063) |
| Difference Between Net Pension Expense and Cash Contribution | 26 | (588) | 1,350 |
| Surplus On The Sale Of Fixed Assets – Housing Properties | 7 | (9,341) | (6,587) |
| Decrease In Trade And Other Debtors | 18 | 17,931 | 38,608 |
| (Decrease) In Stocks | 17 | (6,726) | (7,137) |
| Increase In Trade Creditors | 19 | 363 | 1,055 |
| CASH FROM OPERATIONS | | 66,947 | 81,687 |
| | NOTES | 2017 £'000 | 2016 £'000 |
| NET CASH GENERATED FROM OPERATING ACTIVITIES | | 66,947 | 81,687 |

| | NOTES | 2017 £'000 | 2016 £'000 |
|---|-------|-----------------|-----------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds From Sale Of Fixed Assets – Housing Properties | 7 | 29,061 | 24,190 |
| Purchases Of Fixed Assets – Housing Properties | 13 | (71,566) | (48,987) |
| Purchases Of Fixed Assets – Other | 15 | (5,245) | (2,851) |
| Receipt Of Grant | 20 | 1,586 | 5,032 |
| Interest Received | 10 | 2,528 | 2,063 |
| Homebuy Loans Repaid | 16 | 6,873 | 8,177 |
| Dividends Received On Fixed And Current Assets | 14 | - | 7,038 |
| Investment In Associated Undertaking | 14 | 58 | - |
| Investment In Joint Venture | 14 | (4,761) | - |
| NET CASH FROM INVESTING ACTIVITIES | | (41,466) | (5,338) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Interest Paid | 11 | (26,705) | (23,743) |
| Repayment Of Loans – Bank | 23 | (3,353) | (9,339) |
| NET CASH USED IN FINANCING ACTIVITIES | | (30,058) | (33,082) |
| Net (Decrease)/Increase In Cash And Cash Equivalents | | (4,577) | 43,267 |
| Cash And Cash Equivalents At Beginning Of Year | | 102,777 | 59,510 |
| Cash And Cash Equivalents At End Of Year | | 98,200 | 102,777 |

The notes on pages 55 to 95 form part of these financial statements

1. LEGAL STATUS

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

2. PRINCIPAL 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 Thames Valley Housing Association Limited includes the following;

- > The Co-operative and Community Benefit Societies Act 2014 (and related group regulations).
- > The Housing and Regeneration Act 2008.
- > The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland (FRS102).
- > The Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

BASIS OF CONSOLIDATION

The Consolidated Financial Statements have been prepared in accordance with FRS102 "Consolidated and Separate Financial Statements". The financial statements present the results of Thames Valley Housing Association Limited and its subsidiary undertakings as listed in Note 14 as if they formed a single entity. Intercompany transactions and balances between group companies are eliminated in full.

GOING CONCERN

The Association's current financial position and future operations are outlined within the strategic report. The Board has reasonable expectations that the group has adequate resources to meet future development programmes and operational commitments. Hence it continues to adopt the going concern basis in the financial statements.

JOINT VENTURES AND ASSOCIATES

The Group has entered into joint ventures with Galliford Try and Evolution Ltd and has set up Jointly Controlled Entities to carry out economic activity for the benefit of both partners. The Group has also invested in Fizzy Enterprises LLP which is an associate and in which it exercises significant influence over its operating and financial policy decisions.

In the Group accounts, interests in joint ventures and associates are accounted for using the gross equity method. The Consolidated Statement of Comprehensive Income includes the Group's share of the joint ventures' and associate's profit after tax for the year, whether or not the associate or joint venture has distributed profits as dividends and the Group's share of movement in fair value. In the Consolidated Balance Sheet, the investment is initially shown at cost, adjusted each year by the share of retained profits and share of movement in fair value. In the individual association accounts, TVH's loans to Joint Ventures are disclosed as debtors on the Balance Sheet and interest receivable and dividends received are disclosed as interest receivable and turnover respectively in the Statement of Comprehensive Income.

INVESTMENTS IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

In the individual accounts of Thames Valley Housing Association Limited, investments in subsidiaries, joint ventures and associates are shown at cost (less accumulated impairment).

TURNOVER

Turnover is measured at the fair value of the consideration received or receivable. Turnover is generated from the following:

- > Rental income receivable (after deducting rent from void properties available for letting),
- > First tranche sales of low cost home ownership housing properties developed for sale,
- > Service charges receivable,
- > Income from Homebuy activities,
- > Revenue grants and proceeds from the sale of land and property.
- > Income from other social activities which includes overhead recharge recoverable cost, grant amortisation and other social lettings.
- > Income from non-social activities from joint ventures and associate.

HOUSING PROPERTIES

Housing properties in the course of construction are stated at cost and included in fixed assets. Properties under construction are transferred to "completed housing properties" when they are available for letting.

DEPRECIATION OF HOUSING PROPERTY

Housing properties have been split between their land and structure costs and a specific set of major components which require periodic replacement. The costs of replacement or refurbishment of such components are capitalised and depreciated over the estimated useful economic lives of the components (excluding land and grant) at the following rates:

| | | | |
|---------------------------------|----------|---------------------|-----------|
| KITCHENS | 20 years | BOILERS | 15 years |
| BATHROOMS | 30 years | WINDOWS | 30 years |
| ELECTRICS & PLUMBING | 30 years | ROOFS | 80 years |
| DOORS | 40 years | COMMON PARTS | 25 years |
| LIFTS | 20 years | STRUCTURE | 125 years |

The exceptions to the above policy are as follows:

- > Components for key worker and Working Private Finance Initiative (WPI) properties are depreciated in accordance with lifecycles specific to the contractual obligations.
- > The estimated useful economic lives of the components are 5 years less than that stated above in Time House.

If housing properties are being developed on behalf of other associations outside the Group under agency arrangements, the costs concerned are dealt with under current assets as properties held for resale. In adopting FRS102, the group has elected to measure housing properties at deemed cost on transition to the new standard. This was applied on a scheme by scheme basis from the date of transition. Housing properties will subsequently be measured at cost less depreciation.

Separate disclosure of a valuation of the housing properties based on Existing Use Value for Social Housing (EU-VSH) and Market Value (MV) is also provided in Note 13.

Housing properties are subject to an annual impairment review. This has been carried out on a scheme by scheme basis in accordance with the way these properties are managed. If housing properties have suffered Impairment, the fall in value to the recoverable amount is recognised in the Statement of Comprehensive Income.

DEPRECIATION OF OTHER FIXED ASSETS

Other fixed asset depreciation is charged on a straight-line basis over the expected useful economic lives of the assets to write off the cost less estimated residual values at the following annual rates:

| | |
|--|-----------------------|
| Office furniture and equipment | 25% |
| Computer Hardware | 33% |
| Computer Software | 14% |
| Key workers and Student Accommodation furnishing and equipment | 25% |
| Leasehold Improvements | Over the lease period |

SHARED OWNERSHIP PROPERTIES

Under Shared Ownership arrangements, the Group disposes of a long lease to the occupier. The lease premium paid is typically between 25% and 75% of the value. The occupier has the right to purchase further proportions up to 100%. A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset and stated at the lower of cost and net realisable value; and that retained by the Group, which is recorded as a fixed asset in the same manner as for general needs housing properties held for rental.

Proceeds of first tranche sales are accounted for as turnover in the Statement of Comprehensive Income, with the apportioned cost being shown as cost of sales within operating results. The proceeds of subsequent tranches sold ("staircasing") are reflected in the Statement of Comprehensive Income as a surplus or deficit on sale of fixed asset housing properties.

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

MARKET RENTED PROPERTIES

Market rented properties held as investments are revalued annually. Any excess deficit over cost is realised through the statement of comprehensive income to the extent that this represents a permanent diminution in value of the property. No depreciation is provided in respect of market rented properties.

PRE-CONTRACT COSTS

Pre-contract costs are recognised as an asset only if they are directly attributable to specific contracts, can be separately identified, measured reliably and when there is virtual certainty that a contract will be obtained and is expected to result in future net cash inflows.

GOVERNMENT GRANTS

Government grants are paid by the Homes and Communities Agency (HCA) or Greater London Authority (GLA) to subsidise the cost of housing properties.

Grants in relation to newly acquired or existing housing properties are accounted for using the accrual model as set out in FRS102 and the Housing SORP 2014. Grants are recognised as deferred income in the Balance Sheet and released to the Comprehensive Income Statement on a systematic basis over the useful economic lives of the asset.

Grants are repayable or recycled unless formally abated. Grants are recycled on disposal of a property and are credited to a Recycled Capital Grant Fund until they are reinvested in a replacement property. The Recycled Capital Grant Fund is included as a creditor due within one year or due after more than one year, as appropriate. If the Recycled Capital Grant Fund is not used within a three year period then in principle it becomes repayable.

Grants which are received in advance of development costs being incurred are shown as current liabilities.

Grants of a revenue nature are credited to the Statement of Comprehensive Income in the period to which they relate.

HOMEBUY EQUITY LOANS AND RELATED GRANTS

Loans advanced by the Group are disclosed in the fixed asset section of the Balance Sheet.

Grants relating to Homebuy Equity are recognised as a liability in full until the loan is redeemed and the grant is transferred to Recycled Capital Grant Fund.

The Association has advanced two types of Homebuy Equity Loans; "Open Market Homebuy" and "MyChoice Homebuy". Under Open Market Homebuy the Group received grants representing a percentage of the open market purchase price of a property in order to advance interest free loans (concessionary loans) of the same amount to a homebuyer. The homebuyer met the balance of the purchase price from a combination of personal mortgage and their own resources. Under MyChoice Homebuy the Association also issued a loan representing a percentage of the open market purchase price of the properties. 50% of this loan is funded from the Association's own resources and the balance is funded by grant.

In the event that the property is sold, the Group recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Group is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property, the shortfall of proceeds is offset against the grant. In the case of Open Market Homebuy, the Group can suffer no capital loss whereas in the case of MyChoice Homebuy, the Group could incur a loss if the shortfall exceeds the abated grant.

LOANS, INVESTMENTS AND SHORT TERM DEPOSITS

All loans, investments and short term deposits are held by the Group as basic financial instruments in accordance with FRS102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost) and are subsequently measured at amortised cost.

FINANCE COSTS

Finance costs are charged to the Statement of Comprehensive Income 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. Finance costs are capitalised in housing properties under construction up to the date of practical completion using a weighted average cost of borrowing.

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 initially recognised at cost or the lower of cost and present value of lease payment if the property is under lease. Investment properties are subsequently measured at fair value annually by external valuers at each reporting date with changes in fair value recognised in the Statement of Comprehensive Income.

PROPERTIES FOR SALE AND WORK IN PROGRESS

Under Right to Buy and Right to Acquire arrangements the Group sells properties to qualifying tenants. Surpluses and deficits arising are included in the surplus on sale of fixed assets in the Statement of Comprehensive Income.

Where properties have been developed on behalf of subsidiary undertakings, these assets are shown within stock and work in progress in the Association's financial statements.

Stock and work in progress is stated at the lower of cost and net realisable value (NRV). NRV is based on the actual or estimated selling price less all further costs to completion and to be incurred in marketing, selling and distribution. Assessing NRV requires use of estimation techniques.

In making this assessment, management considers publicly available information and internal forecasts of future sales activity.

In respect of Low Cost Home Ownership properties the cost figure shown within stock and work in progress is that apportioned to the first tranche sales element of the asset, based initially on scheme appraisals and updated where appropriate.

LAND

Where land has been acquired it is accounted for either as a fixed asset under property, land and equipment (where land is acquired for social housing purpose) or as an investment property (where land is acquired for other purposes) and measured initially at the cost of the land and subsequently at fair value with surpluses or deficits recognised in the Statement of Comprehensive Income.

TAXATION

The charge for taxation is based on the surplus for the year and takes into account deferred taxation.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date except that:

- > deferred tax is not recognised on timing differences arising on revalued properties unless the Group has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- > the recognition of deferred tax assets is limited to the extent that the Group anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

VAT

A large proportion of the Group's turnover comprises rental income which is exempt for VAT purposes and gives rise to a partial exemption claim. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the Statement of Comprehensive Income.

RECYCLED CAPITAL GRANT FUND AND DISPOSAL PROCEEDS FUND

Following certain relevant events, primarily the sale of dwellings, the HCA can direct the Group to recycle grant or to repay the recoverable capital grant back to the HCA. Where the grant is recycled the recoverable capital grant is credited to a Recycled Capital Grant Fund where it can remain for up to three years. Where the sale of dwellings arises under the Right to Acquire, the proceeds after deducting appropriate costs are credited to a Disposal Proceeds Fund, where it can remain for up to three years. These funds are included as creditors due within one year or due after more than one year as appropriate to the circumstances.

PENSION COSTS

The Group participates in two funded industry-wide multi-employer schemes; The Social Housing Pension Scheme and The Growth Plan which are defined benefit pension schemes. The Group also offers employees a defined contribution scheme within The Social Housing Pension Scheme.

The defined benefit pension schemes are accounted for as defined contribution schemes due to insufficient information available from the actuary to account for them as defined benefit. Contributions made toward the schemes are charged to the Statement of Comprehensive Income in the year in which they become payable. Contributions to the Group's defined contribution scheme are charged to the Statement of Comprehensive Income in the year in which they become payable.

For the Group's defined benefit schemes, the present value of the contractual commitments to fund the past pension deficit are recognised as a liability on the Balance Sheet at the present value, using the corporate bond rate as an appropriate discount rate. The discount is unwound annually with the unwinding effect charged to the Statement of Comprehensive Income as pension interest.

PROVISIONS

The Group only provides for legal or contractual liabilities and constructive obligations which exist at the Balance Sheet date. The provisions

are assessed at each Balance Sheet date in order to ensure that they are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation.

LEASED ASSETS

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Leasing agreements that transfer to the Group substantially all of the benefits and risks of ownership of an asset are treated as finance leases and are capitalised as if they had been purchased outright within fixed assets. The asset and corresponding lease liability are initially recognised at the present value of the minimum lease payments. Subsequently, the finance lease liability is carried at amortised cost using the 'effective interest rate method', which allocates the interest expense over the period to maturity at a constant rate on the balance of the liability. The finance lease asset is depreciated in accordance with fixed asset depreciation policy.

LEASEHOLD SINKING FUNDS

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes are included in creditors.

OVERHEAD ALLOCATION

Overhead costs are expenses which are not directly attributable to a cost centre or subsidiaries. The group policy is to incur all overhead in the parent company and apportion between cost centres and subsidiaries based on the detailed time analysis agreed at the start of each year based on the strategic business plan. At group level all overhead charges between the group entities are eliminated.

The main areas of business activities to which overheads are allocated are:

- > HOUSING
- > CORPORATE
- > MARKETING & SALES
- > LEASEHOLD
- > COMMERCIAL
- > DEVELOPMENT
- > NEW BUSINESS
- > OTHER

3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

- > Whether there are indicators of impairment of the group's housing and investment 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 EUV-SH or depreciated replacement cost.
- > The critical underlying assumptions in relation to the estimate of the defined benefit pension scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- > Whether leases entered into by the Group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.

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

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

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

> Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations are disclosed in Note 13.

> 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. TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING RESULTS – GROUP

| | 2017 | | | | 2016 | | | |
|---|----------------|-----------------|-----------------|-------------------|----------------|-----------------|-----------------|-------------------|
| | Turnover | Cost of Sales | Operating Costs | Operating Surplus | Turnover | Cost of Sales | Operating Costs | Operating Surplus |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| SOCIAL HOUSING LETTINGS (NOTE 5) OTHER SOCIAL HOUSING ACTIVITIES | 75,601 | - | (40,888) | 34,713 | 73,412 | - | (39,082) | 34,330 |
| First Tranche Low Cost Home Ownership Sales | 20,909 | (13,687) | - | 7,222 | 21,449 | (14,934) | - | 6,515 |
| Income From Homebuy Activities | 3,424 | - | - | 3,424 | 2,719 | - | - | 2,719 |
| Right To Buy Leaseholder Activities | 342 | - | (597) | (255) | 334 | - | (818) | (484) |
| Income From Student Accommodation | 2,269 | - | (572) | 1,697 | 2,185 | - | (702) | 1,483 |
| Group Operating And Policy Costs | - | - | (6,308) | (6,308) | - | - | (5,696) | (5,696) |
| Property Development Costs | - | - | (1,155) | (1,155) | - | - | (897) | (897) |
| Other Social Housing Activities | 4,364 | - | (866) | 3,498 | 2,530 | - | (1,130) | 1,400 |
| TOTAL SOCIAL HOUSING ACTIVITIES | 31,308 | (13,687) | (9,498) | 8,123 | 29,217 | (14,934) | (9,243) | 5,040 |
| NON SOCIAL HOUSING ACTIVITIES | 2,242 | - | (3,387) | (1,145) | 1,407 | - | (3,278) | (1,871) |
| | 109,151 | (13,687) | (53,773) | 41,691 | 104,036 | (14,934) | (51,603) | 37,499 |

Other Social Housing Activities includes Government Grant taken to income of £87k (2016: £53k).

There was no dividend distribution from joint ventures for the year (2016: £7,038k) classified in non-social activity (Note 30)

TURNOVER, COST OF SALES, OPERATING COSTS AND OPERATING RESULTS – ASSOCIATION

| | 2017 | | | | 2016 | | | |
|---|---------------|-----------------|-----------------|-------------------|---------------|-----------------|-----------------|-------------------|
| | Turnover | Cost of Sales | Operating Costs | Operating Surplus | Turnover | Cost of Sales | Operating Costs | Operating Surplus |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| SOCIAL HOUSING LETTINGS (NOTE 5) OTHER SOCIAL HOUSING ACTIVITIES | 9,876 | - | (5,662) | 4,214 | 9,169 | - | (4,619) | 4,550 |
| First Tranche Low Cost Home Ownership Sales* | 20,756 | (13,575) | - | 7,181 | 21,319 | (14,820) | - | 6,499 |
| Low Cost Home Ownership Sales | 5,713 | (2,078) | - | 3,635 | 19,083 | (17,360) | - | 1,723 |
| Outright Sales | 5,248 | (3,478) | - | 1,770 | - | (70) | - | (70) |
| Group Operating And Policy Costs | - | - | (2,673) | (2,673) | - | - | (2,399) | (2,399) |
| Development Services To Subsidiary | 829 | - | (829) | - | 1,550 | - | (1,550) | - |
| Property Development Costs | - | - | (1,155) | (1,155) | - | - | (897) | (897) |
| Other Social Housing Activities | 15,737 | - | (13,762) | 1,975 | 12,665 | - | (12,026) | 639 |
| TOTAL SOCIAL HOUSING ACTIVITIES | 48,283 | (19,131) | (18,419) | 10,733 | 54,617 | (32,250) | (16,872) | 5,495 |
| NON SOCIAL HOUSING ACTIVITIES | 617 | - | (1,499) | (882) | 7,850 | - | (1,964) | 5,886 |
| | 58,776 | (19,131) | (25,580) | 14,065 | 71,636 | (32,250) | (23,455) | 15,931 |

Other Social Housing Activities includes Government Grant taken to income of £45k (2016: £21k).

There was no dividend distribution from joint ventures for the year (2016: £7,038k) classified in non-social activity (Note 30)

*Included in the First Tranche Low Cost Home Ownership Sales is £1.9m relating to a prior year adjustment.

5. INCOME FROM AND EXPENDITURE ON SOCIAL HOUSING LETTINGS – GROUP

| | RENTED PROPERTIES £'000 | LOW COST HOME OWNERSHIP £'000 | KEY WORKER ACCOMMODATION £'000 | SUPPORTED HOUSING £'000 | TOTAL 2017 £'000 | TOTAL 2016 £'000 |
|---|----------------------------|----------------------------------|-----------------------------------|----------------------------|---------------------|---------------------|
| Rents Receivable | 38,806 | 19,127 | 9,775 | 132 | 67,840 | 62,870 |
| Service Charges Receivable | 3,152 | 4,470 | 126 | 13 | 7,761 | 10,542 |
| NET RENTAL INCOME | 41,958 | 23,597 | 9,901 | 145 | 75,601 | 73,412 |
| EXPENDITURE ON SOCIAL HOUSING LETTINGS | | | | | | |
| Management | 3,364 | 909 | 458 | 3 | 4,734 | 5,255 |
| Services | 5,743 | 4,579 | 2,197 | 11 | 12,530 | 11,419 |
| Routine Maintenance | 6,518 | 1,161 | 816 | 15 | 8,510 | 8,315 |
| Gas Servicing | 1,154 | 73 | 27 | - | 1,254 | 1,318 |
| Major Repairs Expenditure | 1,055 | 319 | 861 | 4 | 2,239 | 2,290 |
| Bad Debts Provision | 205 | (106) | (31) | (5) | 63 | 854 |
| Latent Defects | - | (72) | (219) | - | (291) | (1,541) |
| Depreciation of Housing Properties | 8,068 | 509 | 2,633 | 67 | 11,277 | 10,648 |
| Other Costs | 441 | 44 | 86 | 1 | 572 | 524 |
| OPERATING COSTS ON SOCIAL HOUSING LETTINGS | 26,548 | 7,416 | 6,828 | 96 | 40,888 | 39,082 |
| OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS | 15,410 | 16,181 | 3,073 | 49 | 34,713 | 34,330 |
| Void Losses | 146 | 17 | 117 | 2 | 282 | 341 |
| EXPENDITURE TO WORKS ON HOUSING PROPERTIES | | | | | | |
| Amounts Expensed to the Statement of Comprehensive Income | | | | | 2,239 | 2,290 |
| Amounts Capitalised In Fixed Asset Housing Properties | | | | | 6,574 | 16,450 |
| | | | | | 8,813 | 18,740 |

5. INCOME FROM AND EXPENDITURE ON SOCIAL HOUSING LETTINGS – ASSOCIATION

| | RENTED PROPERTIES £'000 | LOW COST HOME OWNERSHIP £'000 | KEY WORKER ACCOMMODATION £'000 | TOTAL 2017 £'000 | TOTAL 2016 £'000 |
|---|----------------------------|----------------------------------|-----------------------------------|---------------------|---------------------|
| Rents Receivable | 2,276 | 1,548 | 5,464 | 9,288 | 6,557 |
| Service Charges Receivable | 193 | 395 | - | 588 | 2,612 |
| NET RENTAL INCOME | 2,469 | 1,943 | 5,464 | 9,876 | 9,169 |
| EXPENDITURE ON SOCIAL HOUSING LETTINGS | | | | | |
| Management | 202 | 73 | 209 | 484 | 811 |
| Services | 401 | 402 | 1,194 | 1,997 | 1,801 |
| Routine Maintenance | 118 | 69 | 294 | 481 | 547 |
| Major Repairs Expenditure | 50 | 25 | 154 | 229 | 429 |
| Bad Debts Provision | (16) | - | 3 | (13) | 40 |
| Depreciation of Housing Properties | 729 | - | 1,781 | 2,510 | 1,965 |
| Other Costs | 163 | - | - | 163 | 162 |
| Latent Defects | - | - | (189) | (189) | (1,136) |
| OPERATING COSTS ON SOCIAL HOUSING LETTINGS | 1,647 | 569 | 3,446 | 5,662 | 4,619 |
| OPERATING SURPLUS ON SOCIAL HOUSING LETTINGS | 822 | 1,374 | 2,018 | 4,214 | 4,550 |
| Void Losses | 19 | (10) | 12 | 21 | 72 |
| EXPENDITURE TO WORKS ON HOUSING PROPERTIES | | | | | |
| Amounts Expensed to the Statement of Comprehensive Income | | | | 229 | 429 |
| Amounts Capitalised In Fixed Asset Housing Properties | | | | 5,533 | 14,064 |
| | | | | 5,762 | 14,493 |

6. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAX

| | NOTE | GROUP | | ASSOCIATION | |
|--|--------|---------------|---------------|---------------|---------------|
| | | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| IS STATED AFTER CHARGING: | | | | | |
| Depreciation | 13, 15 | 13,384 | 12,166 | 4,431 | 3,532 |
| OPERATING LEASE CHARGES: | | | | | |
| Land And Buildings | | 8,953 | 9,804 | 8,953 | 9,804 |
| Other | | 540 | 605 | 540 | 605 |
| AUDITOR'S REMUNERATION: | | | | | |
| In their Capacity As External Auditors | | 64 | 54 | 27 | 27 |
| IN RESPECT OF OTHER SERVICES: | | | | | |
| Service Charge Audit Fees | | 88 | 74 | - | - |
| Tax Advice | | 174 | 62 | 62 | 62 |

Auditor's remuneration is exclusive of VAT and related expenses.

7. SURPLUS ON SALE OF FIXED ASSETS

| GROUP | 2017 £'000 | 2016 £'000 |
|--|-----------------------|-----------------------|
| COMPLETED HOUSING PROPERTIES | | |
| Proceeds On Sale Of Housing Property Assets | 29,774 | 25,671 |
| Costs Of Sale Of Housing Property Assets | (19,514) | (18,188) |
| Abated Grant | (206) | (97) |
| Incidental Selling Costs And Attributable Overheads | (713) | (799) |
| SURPLUS ON SALE OF FIXED ASSETS | 9,341 | 6,587 |
| ASSOCIATION | 2017 £'000 | 2016 £'000 |
| COMPLETED HOUSING PROPERTIES | | |
| Proceeds On Sale Of Housing Property Assets | 2,933 | 1,702 |
| Attributable Net Book Value Of Housing Property Assets | (1,979) | (1,196) |
| Incidental Selling Costs And Attributable Overheads | (8) | (34) |
| SURPLUS ON SALE OF FIXED ASSETS | 946 | 472 |

8. DIRECTORS' REMUNERATION AND EXPENSES – GROUP AND ASSOCIATION

For the purpose of this note, the Directors are the Board Members and the Executive Management as shown on pages 8 to 11.

| | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Aggregate Emoluments Payable To The Executive Management | 857 | 831 |
| Pension Contribution | 10 | 85 |
| Benefits In Kind | 5 | 6 |
| Emoluments Payable To The Highest Paid Director Were As Follows: | | |
| Salary | 213 | 193 |
| Pension Contribution | - | 24 |
| Benefits In Kind | 2 | 1 |

The Chief Executive is a member of the SHPS Pension Scheme and no special arrangements apply. No further contributions are made in respect of any other pension arrangements of the Chief Executive.

| Total Expenses Reimbursed To The Directors Not Chargeable To United Kingdom Income Tax: | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Group | 12 | 16 |
| Association | 12 | 16 |

| Aggregate Emoluments And Expenses Payable To The Non-Executive Directors: | 2017 £'000 | 2016 £'000 |
|---|---------------|---------------|
| Group | 84 | 69 |
| Association | 84 | 69 |

INDIVIDUAL EMOLUMENTS PAID TO THE NON-EXECUTIVE DIRECTORS

| | 2017 £ | | | 2016 £ |
|----------------------------------|--------------|----------|--------|-----------|
| | Remuneration | Expenses | Total | Total |
| Current Board Members | | | | |
| Ben Denton | 10,000 | - | 10,000 | 10,000 |
| Emma Cariaga | 8,500 | - | 8,500 | 8,500 |
| Brian Hendon | 8,500 | 719 | 9,219 | 8,500 |
| Kathryn Davis | 8,500 | 210 | 8,710 | 8,500 |
| Paul Bridge | 8,500 | - | 8,500 | 4,250 |
| Grainia Long | 10,250 | 2,570 | 12,820 | 5,063 |
| Past Board Members | | | | |
| David Clayton Smith | 20,000 | 2,074 | 22,074 | 20,000 |
| Current Committee Members | | | | |
| Tracy Kiss | 1,000 | - | 1,000 | - |
| Stephen Turner | 1,000 | - | 1,000 | - |
| Past Committee Members | | | | |
| Steve McAllister | 1,042 | 511 | 1,553 | 2,458 |
| Ken Robinson | 833 | - | 833 | 2,000 |

Non-Executive Directors remuneration constituted less than 0.1% of Group turnover.

9. EMPLOYEE INFORMATION

The average number of employees (including the Executive Management) of the Group and Association during the year expressed in full time equivalents based on a standard 35 hour working week was:

| | 2017 Number | 2016 Number |
|---|-----------------------|-----------------------|
| Chief Executive | 3 | 3 |
| Corporate Services | 36 | 36 |
| Development | 45 | 45 |
| Finance | 35 | 34 |
| Housing | 132 | 130 |
| | 251 | 248 |
| EMPLOYEE COSTS (FOR THE ABOVE PERSONS) | 2017 £'000 | 2016 £'000 |
| Wages And Salaries | 10,849 | 10,922 |
| Social Security Costs | 1,198 | 1,001 |
| Pension Costs (See Note 27) | 1,508 | 2,545 |
| | 13,555 | 14,468 |
| Capitalised Salaries | (55) | (370) |
| | 13,500 | 14,098 |

During the year £106k was paid to four employees as termination and redundancy payments.

HIGHER PAID EMPLOYEES

The full time equivalent number of staff whose remuneration, including pension contributions, fell within each band of £10,000 from £60,000 upwards was

| £ | 2017 Number | 2016 Number |
|-------------------|----------------|----------------|
| 240,001 – 250,000 | 1 | 1 |
| 230,001 – 240,000 | - | - |
| 220,001 – 230,000 | - | - |
| 210,001 – 220,000 | 1 | - |
| 200,001 – 210,000 | - | 1 |
| 190,001 – 200,000 | - | - |
| 180,001 – 190,000 | - | - |
| 170,001 – 180,000 | 1 | 1 |
| 160,001 – 170,000 | - | 1 |
| 150,001 – 160,000 | 2 | - |
| 140,001 – 150,000 | - | - |
| 130,001 – 140,000 | 2 | 1 |
| 120,001 – 130,000 | 1 | 1 |
| 110,001 – 120,000 | 1 | 4 |
| 100,001 – 110,000 | 5 | 4 |
| 90,001 – 100,000 | 3 | 2 |
| 80,001 – 90,000 | 7 | 6 |
| 70,001 – 80,000 | 8 | 3 |
| 60,000 – 70,000 | 13 | 12 |
| | 45 | 37 |

10. INTEREST RECEIVABLE

| | GROUP | | ASSOCIATION | |
|---|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Interest Receivable On Bank Deposits | 814 | 510 | 74 | 95 |
| Interest Receivable From Subsidiaries | - | - | 1,285 | 1,232 |
| Interest Receivable From Joint Ventures | 1,096 | 1,099 | 958 | 792 |
| Interest Receivable From Associates | 617 | 454 | - | - |
| Other Interest Receivable | 1 | - | - | - |
| | 2,528 | 2,063 | 2,317 | 2,119 |

11. INTEREST PAYABLE

| | GROUP | | ASSOCIATION | |
|---|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| On Bank Loans, Overdrafts And Other Loans Repayable Wholly Or Partly In More Than 5 Years | 27,120 | 26,578 | 3,327 | 2,558 |
| My Choice Homebuy Interest Repayment | - | 3,173 | - | - |
| Interest Expense on Pension Deficit | 141 | 107 | 141 | 108 |
| Interest Payable and Accrued to the Recycled Capital Grant | - | - | - | - |
| Fund and Disposal Proceeds Fund | 140 | 181 | 46 | 61 |
| | 27,401 | 30,039 | 3,514 | 2,727 |
| Less: Interest Capitalised In Housing Property Costs | (511) | (807) | - | (212) |
| | 26,890 | 29,232 | 3,514 | 2,515 |

Interest is capitalised at a weighted average rate of 4.47% (2016: 4.60%) on the Group borrowing portfolio.

| | GROUP | | ASSOCIATION | |
|-------------------------------------|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Interest Repayment | | | | |
| MyChoice Homebuy Interest Repayment | - | 3,173 | - | - |

Last year the Association made an interest refund of £3,173k to MyChoice Homebuy customers due to historic non-compliance with the requirements of the Consumer Credit Act 1974 regarding the specified format of certain customer notices and statements. The Association now fully comply with the Act.

12. TAXATION

Direct charge to corporation tax arises on the results for the year of £1,016k in 2017 (2016: £1,595k).

| | GROUP | | ASSOCIATION | |
|--|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Surplus Per Accounts | 100,666 | 24,556 | 548 | 1,171 |
| Tax On Surplus At Standard Rate Of Corporation Tax Of 20% | 20,133 | 4,911 | 110 | 234 |
| Effects Of: | | | | |
| Fixed Asset Differences | 48 | 438 | 48 | 438 |
| Expenses Not Deductible For Tax Purposes | 1,645 | 180 | 1,286 | 180 |
| Income Not Taxable For Tax Purposes | (21,040) | (6,181) | (541) | (1,504) |
| Amounts (Charged)/Credited Directly to Statement of Total Recognised Gains and Losses Or Otherwise Transferred | (65) | - | (65) | - |
| Chargeable Gains | 939 | 48 | 239 | 48 |
| Adjust Closing Deferred Tax To Average Rate Of 20% | 2 | 84 | - | 84 |
| Deferred Tax Not Recognised | (271) | (584) | (339) | (584) |
| Profit From Share in Partnerships | (89) | 2,313 | (227) | 2,313 |
| Unrelieved Tax Losses & Other Deductions Arising In The Period | - | - | - | - |
| Loss From Share In Partnership | (220) | - | - | - |
| LLP Losses Not Available For Relief | - | (184) | - | (184) |
| FRS102 Transitional Adjustment In Respect Of Stock | - | 379 | - | 379 |
| Tax Losses Not Utilised | (65) | - | - | - |
| Movement In Fair Value Of Investment Properties Not Deductible For Tax | (1) | 191 | (1) | 191 |
| Tax Charge For The Period | 1,016 | 1,595 | 510 | 1,595 |

13. FIXED ASSETS – HOUSING
PROPERTIES – GROUP

| | KEY WORKER ACCOMMODATION Completed Properties Held For Letting £'000 | RENTED PROPERTIES Completed Properties Held For Letting £'000 | RENTED PROPERTIES Under Construction £'000 | LOW COST HOME OWNERSHIP Completed Properties £'000 | LOW COST HOME OWNERSHIP Under Construction £'000 | TOTAL £'000 |
|------------------------------|---|--|--|---|---|------------------|
| COST | | | | | | |
| At 1 April 2016 | 111,007 | 627,451 | 15,783 | 323,690 | 28,714 | 1,106,645 |
| ADDITIONS: | | | | | | |
| New Developments | - | - | 16,979 | - | 48,013 | 64,992 |
| Works To Existing Properties | 44 | 7,681 | - | (1,154) | - | 6,571 |
| Reclassification | - | 159 | - | 1 | - | 160 |
| Properties Completed | 6,673 | 11,327 | (18,000) | 15,191 | (15,191) | - |
| Change Of Tenure | - | (489) | - | 456 | - | (33) |
| Transfers To Subsidiary | - | - | (36) | 100 | (64) | - |
| DISPOSALS: | | | | | | |
| Staircasing Sales | - | (7) | - | (11,979) | - | (11,986) |
| Eliminated On Disposal | (77) | (483) | - | (9) | - | (569) |
| Other | - | (524) | (73) | - | (583) | (1,180) |
| At 31 March 2017 | 117,647 | 645,115 | 14,653 | 326,296 | 60,889 | 1,164,600 |
| LESS: DEPRECIATION | | | | | | |
| At 1 April 2016 | 4,988 | 15,263 | - | - | - | 20,251 |
| Charge For Year | 2,636 | 8,715 | - | - | - | 11,351 |
| Other | - | 160 | - | - | - | 160 |
| Change of Tenure | - | (33) | - | - | - | (33) |
| Components Written Off | (18) | (221) | - | - | - | (239) |
| At 31 March 2017 | 7,606 | 23,884 | - | - | - | 31,490 |
| NET BOOK VALUE | | | | | | |
| At 31 March 2017 | 110,041 | 621,231 | 14,653 | 326,296 | 60,889 | 1,133,110 |
| At 31 March 2016 | 106,019 | 612,188 | 15,783 | 323,690 | 28,714 | 1,086,394 |

13. FIXED ASSETS – HOUSING PROPERTIES – ASSOCIATION

| | KEY WORKER ACCOMMODATION Completed Properties Held For Letting £'000 | RENTED PROPERTIES Completed Properties Held For Letting £'000 | LOW COST HOME OWNERSHIP Completed Properties £'000 | LOW COST HOME OWNERSHIP Under Construction £'000 | TOTAL £'000 |
|------------------------------|--|---|--|--|----------------|
| COST | | | | | |
| At 1 April 2016 | 64,830 | 37,988 | 15,590 | 12 | 118,420 |
| ADDITIONS: | | | | | |
| New Developments | - | - | - | 61,791 | 61,791 |
| Works To Existing Properties | - | 4,991 | 545 | - | 5,536 |
| Reclassification | - | 159 | 1 | - | 160 |
| Properties Completed | - | - | 15,191 | (15,191) | - |
| Change Of Tenure | - | (489) | 456 | - | (33) |
| Transfers To Subsidiary | - | (4,478) | (2,809) | - | (7,287) |
| Transfers From/(To) Stock | - | 4,482 | (13,383) | (46,029) | (54,930) |
| DISPOSALS: | | | | | |
| Staircasing Sales | - | (7) | (1,541) | - | (1,548) |
| Eliminated On Disposal | - | - | - | - | - |
| Other | - | - | - | (583) | (583) |
| At 31 March 2017 | 64,830 | 42,646 | 14,050 | - | 121,526 |
| LESS: DEPRECIATION | | | | | |
| At 1 April 2016 | 3,562 | 364 | - | - | 3,926 |
| Charge For The Year | 1,781 | 727 | - | - | 2,508 |
| Transfers From Stock | - | 14 | - | - | 14 |
| Reclassification | - | 160 | - | - | 160 |
| Change of Tenure | - | (33) | - | - | (33) |
| Eliminated On Disposal | - | (71) | - | - | (71) |
| At 31 March 2017 | 5,343 | 1,161 | - | - | 6,504 |
| At 31 March 2017 | 59,487 | 41,485 | 14,050 | - | 115,022 |
| At 31 March 2016 | 61,268 | 37,624 | 15,590 | 12 | 114,494 |

| | GROUP | | ASSOCIATION | |
|--|------------|------------|-------------|------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |

NET BOOK VALUE OF HOUSING PROPERTIES COMPRISE

| | | | | |
|----------------|------------------|------------------|----------------|----------------|
| Freehold | 835,010 | 802,865 | 12,053 | 11,859 |
| Long Leasehold | 272,338 | 262,355 | 77,207 | 81,460 |
| Finance Leases | 25,762 | 21,175 | 25,762 | 21,175 |
| | 1,133,110 | 1,086,395 | 115,022 | 114,494 |

INTEREST CAPITALISATION

| | | | | |
|-----------------------------------|------|------|------|------|
| Rates Used For Capitalisation (%) | 4.47 | 4.60 | 4.47 | 4.60 |
|-----------------------------------|------|------|------|------|

Given the Group's long held policy of capitalising the finance costs associated with carrying out development activity, it is not possible to disclose the aggregate amount of finance costs included in the cost of housing properties as required by FRS102.

| | GROUP | | ASSOCIATION | |
|--|------------|------------|-------------|------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |

TOTAL SOCIAL HOUSING GRANT RECEIVED OR RECEIVABLE TO DATE:

| | | | | |
|---|---------|---------|--------|--------|
| Capital Grant – Housing Properties | 23,194 | 20,303 | 11,534 | 11,340 |
| Capital Grant – Homebuy Investments | 42,559 | 47,821 | - | - |
| Recycled Capital Grant Fund | 42,985 | 39,940 | 11,722 | 13,666 |
| Disposal Proceeds Fund | 1,126 | 844 | - | - |
| Revenue Grant – Statement Of Comprehensive Income | 2,597 | 1,118 | - | - |
| Historical Grant | 387,484 | 392,298 | 9,563 | 11,083 |

STOCK TRANSACTION

In the current year Thames Valley Housing Association Limited entered into a stock transaction with Thames Charitable Housing Association Limited, with a fair value of £5.6m. The value includes original government grant funding of £5m which has an obligation to be recycled in accordance with the original grant funding terms and conditions. Thames Valley Housing Association Limited is responsible for the recycling of the grant in the event it disposes of the properties.

FINANCE LEASES

The net book value of housing properties for the group includes an amount of £26m (2016: £21m) in respect of assets held under finance leases and hire purchase contracts.

Such assets are generally classified as finance leases as the rental period amounts to the estimated useful economic life of the assets concerned and often the Group has the right to purchase the assets outright at the end of the minimum lease term by paying a nominal amount.

VALUATION

For information purposes only, completed housing properties were revalued by Jones Lang LaSalle (JLL), Chartered Surveyors at Existing Use Value for Social Housing (EUV-SH) and Market Value (MV) in accordance with the current edition of the Royal Institution of Chartered Surveyors' (RICS Valuation Standards PS5.1) Appraisal and Valuation Standards. EUV-SH means that the properties are assumed to be managed and owned by a Registered Provider of Social Housing which is committed to the provision of rented accommodation let at affordable rents, and that vacant units would be re-let at affordable rents rather than sold on the open market. Market Value means the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

The valuation basis used for this disclosure is that recommended by the Statement of Recommended Practice "Accounting by Registered Social Housing Providers Update 2010". The discount rate in the valuation was 5.5% (excluding the effect of inflation for rental income) and 8% on estimated future staircasing sales.

If housing properties had been stated at EUV-SH, the amounts disclosed in the Balance Sheet in respect of completed housing properties and the revaluation reserve would have been as follows:

| | GROUP | | ASSOCIATION | |
|--|------------------|----------------|----------------|----------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Completed Housing Properties At Valuation | 1,056,482 | 997,510 | 160,880 | 131,147 |
| Revaluation (Loss)/Surplus – Housing Properties | (14,380) | (58,552) | 45,860 | 14,840 |
| | 1,042,102 | 938,958 | 206,740 | 145,987 |

Completed Housing Properties at Valuation is the net book value of all completed properties held for letting in Note 13 and the Investment Properties in Note 14.

Based on the valuation conducted by JLL, Chartered Surveyors at 31 March 2017, the Association's assets EUV-SH valuation is less than the carrying value of the properties. The revaluation loss is primarily due to the reduction in rents for social housing in England by 1% per annum for four years from April 2017.

The fair value, net book value and share of profits for joint ventures and associated undertakings are presented below:

| GROUP | JOINT VENTURES | | | ASSOCIATED UNDERTAKINGS £'000 | TOTAL £'000 |
|-------------------------|--------------------|---------------|----------------|-------------------------------------|----------------|
| | EVOLUTION £'000 | OPAL £'000 | TOTAL £'000 | | |
| COST | | | | | |
| At 1 April 2016 | 50 | 23,955 | 24,005 | 34,144 | 58,149 |
| Additions | 1,989 | 2,772 | 4,761 | - | 4,761 |
| Disposals | - | - | - | - | - |
| Movement In Fair Value | - | - | - | 1,900 | 1,900 |
| At 31 March 2017 | 2,039 | 26,727 | 28,766 | 36,044 | 64,810 |
| SHARE OF PROFITS | | | | | |
| At 1 April 2016 | (700) | 3,170 | 2,470 | 47 | 2,517 |
| Profit For The Year | 463 | 1,132 | 1,595 | (243) | 1,352 |
| Dividend Distribution | - | - | - | (58) | (58) |
| At 31 March 2017 | (237) | 4,302 | 4,065 | (254) | 3,811 |
| NET BOOK VALUE | | | | | |
| At 31 March 2017 | 1,802 | 31,029 | 32,831 | 35,790 | 68,621 |
| At 31 March 2016 | (650) | 27,125 | 26,475 | 34,191 | 60,666 |

There was no premium on acquisition relating to the associated undertakings or joint venture.

14. FIXED ASSET INVESTMENTS

DETAILS OF SUBSIDIARY UNDERTAKINGS, JOINT VENTURES AND ASSOCIATED UNDERTAKINGS AND OTHER INVESTMENTS

| SUBSIDIARY | STATUS | ACTIVITY | HOLDING |
|---|---|---------------------|-------------|
| Thames Valley Charitable Housing Association Limited | Registered in England and Wales under the Co-operative and Community Benefit Societies Act 2014 | Housing Association | 100% |
| TVH Fizzy Holdings Ltd | Limited Company registered in England and Wales | Holding Company | 100% |
| TVH Fizzy 2 Limited | Limited Company registered in England and Wales | Holding Company | 100% |
| Fizzy Services Management LLP | LLP registered in England and Wales | Property Management | 100% |
| Fizzy Brand Management LLP | LLP registered in England and Wales | Brand Management | 95% |

| JOINT VENTURE | STATUS | ACTIVITY | HOLDING |
|-----------------------------------|---|---|------------|
| Opal Land LLP | LLP registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Opal (St. Bernard's) LLP | LLP registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Opal (Earlsfield) LLP | LLP registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Opal (Grange Walk) LLP | LLP Registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Opal (Silvertown) LLP | LLP Registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Linden Enfield LLP | LLP Registered in England and Wales | Development and Sale of residential accommodation | 50% |
| Evolution (Woking) Limited | Limited Company registered in England and Wales | Development and Management of residential accommodation | 50% |

| ASSOCIATED UNDERTAKINGS | STATUS | ACTIVITY | HOLDING |
|----------------------------|---|--------------------------------|---------|
| Fizzy Newco1 Ltd | Limited Company registered in England and Wales | Holding Company | 16% |
| Fizzy Enterprises LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy One LLP | LLP registered in England and Wales | Holding Company | 16% |
| Fizzy Canning Town LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Epsom LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Stepney Green LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Poplar LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Lewisham LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Finchley LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Silvertown Way A LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Silvertown Way B LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Hayes LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Lewisham B1 LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Hackney Wick LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Fizzy Walthamstow LLP | LLP registered in England and Wales | Property Investment and Rental | 16% |
| Academy 4 Housing | Social Enterprise Company Limited by Guarantee in England and Wales | Training | 25% |

15. OTHER FIXED ASSETS – GROUP

| | INVESTMENT PROPERTY COMPLETED (VALUATION) £'000 | INVESTMENT PROPERTY UNDER CONSTRUCTION (COST) £'000 | LEASEHOLD OFFICE PREMISES (COST) £'000 | OFFICE FURNITURE & EQUIPMENT (COST) £'000 | COMPUTER HARDWARE & SOFTWARE (COST) £'000 | SCHEME FURNISHINGS & EQUIPMENT (COST) £'000 | TOTAL £'000 |
|--------------------------|---|---|--|---|---|---|---------------|
| COST OR VALUATION | | | | | | | (Cost) |
| At 31 March 2016 | 14,174 | 357 | 4,116 | 1,152 | 555 | 17,229 | 37,583 |
| Additions | 200 | 3,207 | 28 | 1 | - | 1,809 | 5,245 |
| Reclassification | - | - | - | - | - | - | - |
| Revaluation deficit | (873) | - | - | - | - | - | (873) |
| Component Write Off | (80) | - | - | - | (11) | - | (91) |
| At 31 March 2017 | 13,421 | 3,564 | 4,144 | 1,153 | 544 | 19,038 | 41,864 |
| DEPRECIATION | | | | | | | |
| At 31 March 2016 | 9 | - | 2,237 | 1,009 | 83 | 11,028 | 14,366 |
| Charge For Year | 11 | - | 262 | 98 | 99 | 1,563 | 2,033 |
| At 31 March 2017 | 20 | - | 2,499 | 1,107 | 182 | 12,591 | 16,399 |
| NET BOOK VALUE | | | | | | | |
| At 31 March 2017 | 13,401 | 3,564 | 1,645 | 46 | 362 | 6,447 | 25,465 |
| At 31 March 2016 | 14,165 | 357 | 1,879 | 143 | 472 | 6,201 | 23,217 |

Other Investment properties were valued by JLL, Chartered Surveyors, on the basis of their Market Value as at 31 March 2017. These valuations were undertaken in accordance with the Appraisal and Valuation Standards published by the RICS Valuation Standards PS5.1.

15. OTHER FIXED ASSETS – ASSOCIATION

| | INVESTMENT PROPERTY (VALUATION) £'000 | LEASEHOLD OFFICE PREMISES (COST) £'000 | OFFICE FURNITURE & EQUIPMENT (COST) £'000 | COMPUTER HARDWARE & SOFTWARE (COST) £'000 | TOTAL £'000 |
|--------------------------|--|---|--|--|----------------|
| COST OR VALUATION | | | | | |
| At 1 April 2016 | 358 | 4,117 | 1,152 | 16,486 | 22,113 |
| Additions | 3,207 | 28 | 1 | 1,809 | 5,045 |
| Revaluation (Deficit) | 4 | - | - | - | 4 |
| At 31 March 2017 | 3,569 | 4,145 | 1,153 | 18,295 | 27,162 |
| DEPRECIATION | | | | | |
| At 1 April 2016 | - | 2,237 | 1,010 | 10,286 | 13,533 |
| Charge For Year | - | 262 | 98 | 1,563 | 1,923 |
| At 31 March 2017 | - | 2,499 | 1,108 | 11,849 | 15,456 |
| NET BOOK VALUE | | | | | |
| At 31 March 2017 | 3,569 | 1,646 | 45 | 6,446 | 11,706 |
| At 31 March 2016 | 358 | 1,880 | 142 | 6,200 | 8,580 |

Investment properties were professionally revalued by JLL, Chartered Surveyors, on the basis of their Market Value as at 31 March 2017. These valuations were undertaken in accordance with the Appraisal and Valuation Standards published by RICS Valuation Standard PS5.1.

16. HOMEBUY EQUITY LOANS – GROUP

| | MYCHOICE HOMEBUY £'000 | OPEN MARKET HOMEBUY £'000 | 2017 TOTAL £'000 | 2016 TOTAL £'000 |
|--------------------------------------|---------------------------|------------------------------|------------------------|------------------------|
| HOMEBUY EQUITY LOANS ADVANCED | | | | |
| At 1 April 2016 | 26,200 | 31,730 | 57,930 | 66,005 |
| Loans Issued During The Year | - | - | - | 102 |
| Loans Redeemed During The Year | (3,833) | (3,040) | (6,873) | (8,177) |
| At 31 March 2017 | 22,367 | 28,690 | 51,057 | 57,930 |

17. PROPERTIES FOR SALE AND WORK IN PROGRESS

| | FIRST TRANCHE LOW COST HOME OWNERSHIP £'000 | DEVELOPED FOR SALE £'000 | 2017 TOTAL £'000 | 2016 TOTAL £'000 |
|-----------------------|--|-----------------------------|------------------------|------------------------|
| GROUP | | | | |
| Gross Cost: Completed | 2,510 | - | 2,510 | 2,906 |
| Gross Cost: WIP | 21,800 | 4,856 | 26,656 | 19,534 |
| | 24,310 | 4,856 | 29,166 | 22,440 |
| ASSOCIATION | | | | |
| Gross Cost: Completed | 31,084 | 2,510 | 33,594 | 27,217 |
| Gross Cost: WIP | 62,925 | 21,800 | 89,581 | 50,086 |
| | 94,009 | 24,310 | 123,175 | 77,303 |

Stock and work in Progress included capitalised interest of £0.5m (2016: £0.6m).

The Association develops social housing for other registered housing associations and also for its subsidiary, Thames Valley Charitable Housing Association Limited. The net cost of these developments is held within current assets up to the point of transfer.

18. DEBTORS

| | GROUP | | ASSOCIATION | |
|--|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| AMOUNTS RECEIVABLE WITHIN ONE YEAR | | | | |
| Rent And Service Charges | 5,581 | 5,346 | 409 | 342 |
| Less: Provision For Bad Debts | (1,204) | (1,147) | (50) | (41) |
| | 4,377 | 4,199 | 359 | 301 |
| Property Grants Receivable | - | 144 | - | - |
| Amounts Receivable From Leaseholders And Tenants | 9 | 252 | (4) | 4 |
| Due From Subsidiaries | - | - | 31,563 | 31,512 |
| Due From Associates | 253 | 1,038 | - | - |
| VAT Recoverable | - | 283 | - | 283 |
| Prepayments | 437 | 491 | 436 | 480 |
| Secured Cash Deposits | 764 | 812 | - | - |
| Loans To Joint Ventures | - | - | 8,910 | 7,130 |
| Investments | - | 17,908 | - | 17,908 |
| Other Debtors | 3,979 | 3,450 | 1,687 | 943 |
| | 9,819 | 28,577 | 42,951 | 58,561 |
| AMOUNTS RECEIVABLE AFTER ONE YEAR | | | | |
| Loans To Joint Ventures | - | - | 11,280 | 15,893 |
| Investments | 7,959 | 7,021 | 7,959 | 7,021 |
| Property Mortgages | 190 | 445 | 190 | 445 |
| | 8,149 | 7,466 | 19,429 | 23,359 |

19A. CREDITORS

| | GROUP | | ASSOCIATION | |
|---|---------------|---------------|----------------|----------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| AMOUNTS FALLING DUE WITHIN ONE YEAR | | | | |
| Loans (Note 23) | 5,988 | 2,900 | - | - |
| Trade Creditors | 3,867 | 1,235 | 2,136 | 477 |
| Grant Due To Consortium Members | - | 90 | - | 90 |
| Loan Interest Due | 3,175 | 3,271 | - | - |
| Recycled Capital Grant Fund (Note 22) | 23,645 | 16,967 | 10,610 | 8,548 |
| Property Development Accruals And Retentions | 7,281 | 4,871 | 4,988 | 2,946 |
| Bank Overdraft | - | 1,308 | - | 566 |
| Rent Received In Advance | 2,721 | 2,367 | 115 | 103 |
| Estate Costs Accruals (Including Major Repairs) | 1,013 | 2,158 | 49 | 229 |
| Amount Due To Subsidiary Undertaking | - | - | 139,968 | 118,217 |
| Leaseholder Sinking Funds | 5,838 | 5,391 | 229 | 239 |
| Amount Due Under Finance Leases (Note 19b) | 372 | 73 | 372 | 73 |
| Disposal Proceeds Fund (Note 21) | 554 | 388 | - | - |
| Taxation Payable | 1,610 | 1,595 | 1,087 | 1,595 |
| Grant Received In Advance | 264 | 264 | 264 | 264 |
| Other Creditors And Accruals | 7,162 | 10,385 | 5,311 | 7,800 |
| | 63,490 | 53,263 | 165,129 | 141,147 |

| | GROUP | | ASSOCIATION | |
|---|----------------|----------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR | | | | |
| Loans (Note 23) | 554,658 | 560,705 | 39,116 | 39,046 |
| Fair Value Of Financial Instruments (Note 23) | 65,130 | 136,747 | - | (9) |
| Deferred Capital Grant (Note 20) | 70,745 | 68,124 | 11,534 | 11,340 |
| Past Pension Deficit | 6,720 | 7,306 | 6,720 | 7,310 |
| Amount Due Under Finance Leases (Note 19b) | 25,449 | 21,024 | 25,449 | 21,024 |
| Disposal Proceeds Fund (Note 21) | 572 | 456 | - | - |
| Recycled Capital Grant Fund (Note 22) | 19,340 | 22,972 | 1,112 | 5,118 |
| | 742,614 | 817,334 | 83,931 | 83,829 |

19B. FINANCE LEASE SCHEDULE

| | GROUP | | ASSOCIATION | |
|---|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Not Later Than One Year | 372 | 73 | 372 | 73 |
| Later Than One Year And Not Later Than Five Years | 2,170 | 570 | 2,170 | 570 |
| Later Than Five Years | 23,279 | 20,454 | 23,279 | 20,454 |
| | 25,821 | 21,097 | 25,821 | 21,097 |

20. DEFERRED CAPITAL GRANT

| | GROUP | | ASSOCIATION | |
|--|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| At 1 April | 68,124 | 72,376 | 11,340 | 7,217 |
| Grants Received During The Year | 1,586 | 125 | 363 | - |
| Grants Recycled From The Recycled Capital Grant Fund | 1,408 | (4,283) | 5,096 | 843 |
| Grant re Staircasing Sales | (90) | - | (90) | - |
| Grant Adjustment | (3) | (2) | (3) | - |
| Released To Income During The Year | (193) | (34) | (134) | (2) |
| Grant Amortisation | (87) | (58) | (46) | - |
| Transfer From Subsidiary | - | - | (4,992) | 3,282 |
| At 31 March | 70,745 | 68,124 | 11,534 | 11,340 |

21. DISPOSAL PROCEEDS FUND – GROUP

| | 2017 £'000 | 2016 £'000 |
|--|---------------|---------------|
| At 1 April | 844 | 554 |
| Input to fund: Funds Recycled From Deferred Capital Grants | 279 | 290 |
| Interest Accrued | 3 | - |
| At 31 March | 1,126 | 844 |
| DISCLOSED AS: | | |
| Creditors Falling Due Within One Year | 554 | 388 |
| Creditors Falling Due After More Than One Year | 572 | 456 |
| | 1,126 | 844 |

22. RECYCLED CAPITAL GRANT FUND (RCGF)

| | GROUP | | ASSOCIATION | |
|--|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| At 1 April | 39,939 | 31,342 | 13,666 | 3,789 |
| Input to fund: | | | | |
| Social Housing Grant Recycled In The Year | 9,580 | 10,743 | 799 | 296 |
| Transfers With Properties Sold To Subsidiary Undertaking | - | - | 2,308 | 10,382 |
| Interest Credited To The Fund | 136 | 181 | 46 | 61 |
| Recycling Of Grant: | | | | |
| RCGF Utilised On New Build Housing Properties | (6,670) | (2,327) | (5,097) | (862) |
| At 31 March | 42,985 | 39,939 | 11,722 | 13,666 |
| DISCLOSED AS: | | | | |
| Creditors Falling Due Within One Year | 23,645 | 16,967 | 10,610 | 8,548 |
| Creditors Falling Due After One Year | 19,340 | 22,972 | 1,112 | 5,118 |
| | 42,985 | 39,939 | 11,722 | 13,666 |

Recycled Capital Grant Fund of £14m due for repayment was approved by the HCA to be rolled forward into the next financial year.

23. LOANS

Loans are secured by charges on selected properties of the Group and are repayable as follows:

| | GROUP | | ASSOCIATION | |
|---|----------------|----------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| LOANS REPAYABLE BY INSTALMENTS | | | | |
| In Five Or More Years | 347,436 | 359,035 | 40,000 | 40,000 |
| Between Two And Five Years | 31,797 | 24,922 | - | - |
| Between One And Two Years | 4,726 | 5,990 | - | - |
| | 383,959 | 389,947 | 40,000 | 40,000 |
| In One Year Or Less | 5,988 | 2,900 | - | - |
| | 389,947 | 392,847 | 40,000 | 40,000 |
| LOANS NOT REPAYABLE BY INSTALMENTS | | | | |
| In Five Or More Years | 175,556 | 116,009 | - | - |
| Between Two And Five Years | 3,000 | 63,000 | - | - |
| | 178,556 | 179,009 | - | - |
| In One Year Or Less | - | - | - | - |
| | 178,556 | 179,009 | - | - |
| TOTAL LOANS | 568,503 | 571,856 | 40,000 | 40,000 |
| Add: Fair Value Of Financial Instruments | 65,130 | 136,747 | - | (9) |
| Less: Loan Issue Costs | (7,857) | (8,251) | 884 | (953) |
| TOTAL LOANS (INCLUDING FAIR VALUE) | 625,776 | 700,352 | 39,116 | 39,038 |

In the previous financial year, the Association completed a restructuring of £75m of the £135m notional loan value of the Lender Option Borrower Option (LOBO), the restructure was deemed as substantial. The fair value movement of the unstructured LOBO was a £5.8m debit to the statement of comprehensive income. There was no fair value movement in the restructured LOBO at the year end.

During the financial year, Barclays voluntarily removed the embedded option in the remaining LOBO loan which had a carrying value of £130m (notional value of £60m). The removal of the optionality is deemed as a substantial change in terms. The financial impact of this is the recognition of £71m fair value movement to date as a credit to the Statement of Comprehensive Income.

As a result of the restructuring in 2016 and the voluntary removal of the optionality by Barclays, all the former LOBO loans are now considered as basic financial instruments and measured on an amortised cost basis.

FINANCIAL INSTRUMENTS

Analysis As Follows:

| | GROUP | | ASSOCIATION | |
|---|------------------|------------------|----------------|----------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| FINANCIAL ASSETS | | | | |
| Financial Assets Measured At Historical Cost: | 1,187,741 | 1,132,051 | 249,904 | 200,377 |
| Trade Receivables | 4,377 | 4,199 | 359 | 301 |
| Other Receivables | 55,735 | 63,588 | 33,684 | 33,222 |
| Investments | 76,580 | 67,687 | 7,959 | 7,021 |
| Investments In Short Term Securities | 764 | 18,720 | - | 17,908 |
| Cash And Cash Equivalents | 98,200 | 102,777 | 31,310 | 37,228 |
| Loans Receivable | 190 | 445 | 20,380 | 23,468 |
| TOTAL FINANCIAL ASSETS | 1,423,587 | 1,389,467 | 343,596 | 319,525 |
| FINANCIAL LIABILITIES | | | | |
| Financial Liabilities Measured At Amortised Cost Loans Repayable | 568,503 | 571,856 | 40,000 | 40,000 |
| Financial Liabilities Measured At Historical Cost Trade Creditors | 3,867 | 1,236 | 2,136 | 477 |
| Other Creditors | 143,155 | 139,734 | 181,475 | 161,887 |
| Finance Leases | 25,449 | 21,024 | 25,449 | 21,024 |
| Fair Value Of Financial Instruments | 65,130 | 136,747 | - | (9) |
| TOTAL FINANCIAL LIABILITIES | 806,104 | 870,597 | 249,060 | 223,379 |

24. CONTINGENT LIABILITIES

The Group receives grant from the HCA and from the GLA, which is used to fund the acquisition and development of housing properties and their components. Grant of £220m received in respect of housing properties held at 31 March 2014 was credited to reserves in respect of adoption of 'deemed' cost. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2017, the value of grant received in respect of those properties that had not been disposed of was £212m.

As the timing of any future disposal is uncertain, no provision for repayment has been recognised in these financial statements.

25. NON-EQUITY SHARE CAPITAL

| | 2017 £ | 2016 £ |
|---|-----------|-----------|
| Shares Of £1 Each Issued And Fully Paid | | |
| At 1 April | 7 | 6 |
| Shares Issued During The Year | - | 1 |
| Shares Cancelled During The Year | - | - |
| At 31 March | 7 | 7 |

All shareholdings relate to non-equity interests. 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 are not capable of being repaid or transferred. Where a shareholder ceases to be a shareholder, that person's share is cancelled and the amount paid up thereon becomes the property of the Association.

26. PENSION COSTS

SOCIAL HOUSING PENSION SCHEME (SHPS)

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

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

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

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

DEFICIT CONTRIBUTIONS

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

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

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

PRESENT VALUE OF PROVISION

| | 31 March 2017 £'000 | 31 March 2016 £'000 | 31 March 2015 £'000 |
|----------------------------|---------------------------|---------------------------|---------------------------|
| Present Value Of Provision | 6,632 | 7,214 | 5,872 |

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

| | Period Ending 31 March 2017 £'000 | Period Ending 31 March 2016 £'000 |
|--|---|---|
| Provision At Start of Period | 7,215 | 5,872 |
| Unwinding Of The Discount Factor (Interest Expense) | 139 | 106 |
| Deficit Contribution Paid | (903) | (693) |
| Remeasurements – Impact Of Any Change In Assumptions | 181 | (43) |
| Remeasurements – Amendments To The Contribution Schedule | - | 1,972 |
| Provision At End Of Period | 6,632 | 7,214 |

INCOME AND EXPENDITURE IMPACT

| | Period Ending 31 March 2017 £'000 | Period Ending 31 March 2016 £'000 |
|--|---|---|
| Interest Expense | 139 | 106 |
| Remeasurements – Impact Of Any Change In Assumptions | 181 | (43) |
| Remeasurements – Amendments To The Contribution Schedule | - | 1,972 |
| Contributions Paid In Respect Of Future Service* | - | 492 |
| Costs Recognised In Income And Expenditure Account | - | 2,545 |

*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 2017 % per annum | 31 March 2016 % per annum | 31 March 2015 % per annum |
|------------------|------------------------------------|------------------------------------|------------------------------------|
| Rate Of Discount | 1.33 | 2.06 | 1.92 |

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

THE PENSIONS TRUST – THE GROWTH PLAN

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

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

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

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

PRESENT VALUE OF PROVISION

| | 31 March 2017 £ | 31 March 2016 £ | 31 March 2015 £ |
|----------------------------|-----------------------|-----------------------|-----------------------|
| Present Value Of Provision | 88,620 | 93,595 | 85,830 |

DEFICIT CONTRIBUTIONS

| | |
|---|---|
| From 1 April 2013 to 31 March 2023: | £13.9 per annum (payable monthly and increasing by 3% each year on 1 April) |
| From 1 April 2016 to 30 September 2028: | £54,560 per annum (payable monthly and increasing by 3% each year on 1 April) |

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

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

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

| | Period Ending 31 March 2017 £ | Period Ending 31 March 2016 £ |
|--|-------------------------------------|-------------------------------------|
| Provision At Start Of Period | 93,595 | 85,830 |
| Unwinding Of The Discount Factor (Interest Expense) | 1,830 | 1,404 |
| Deficit Contribution Paid | (9,562) | (10,354) |
| Remeasurements – Impact Of Any Change In Assumptions | 2,757 | (1,463) |
| Remeasurements – Amendments To The Contribution Schedule | - | 18,178 |
| Provision At End Of Period | 88,620 | 93,595 |

INCOME AND EXPENDITURE IMPACT

| | Period Ending 31 March 2017 £ | Period Ending 31 March 2016 £ |
|--|-------------------------------------|-------------------------------------|
| Interest Expense | 1,830 | 1,404 |
| Remeasurements – Impact Of Any Change In Assumptions | 2,757 | (1,463) |
| Remeasurements – Amendments To The Contribution Schedule | - | 18,178 |
| Contributions Paid In Respect Of Future Service* | - | - |

*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 2017 % per annum | 31 March 2016 % per annum | 31 March 2015 % per annum |
|------------------|------------------------------|------------------------------|------------------------------|
| Rate Of Discount | 1.32 | 2.07 | 1.74 |

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

27. CAPITAL COMMITMENTS

| | GROUP | | ASSOCIATION | |
|---|----------------|----------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| Capital Expenditure Contracted For But Not Included In The Financial Statements | 138,439 | 105,758 | 95,722 | 68,680 |
| Capital Expenditure Authorised Not Yet Contracted | - | 18,162 | - | 12,940 |
| | 138,439 | 123,920 | 95,722 | 81,620 |

THE GROUP EXPECTS TO FINANCE THE ABOVE COMMITMENTS BY:

| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
|---------------------------------|----------------|----------------|---------------|---------------|
| Social Housing Grant Receivable | 9,794 | 10,346 | 7,049 | 10,738 |
| Utilisation Of Cash Balances | 128,645 | 113,574 | 88,673 | 70,882 |
| | 138,439 | 123,920 | 95,722 | 81,620 |

28. FINANCIAL COMMITMENTS

| | GROUP | | ASSOCIATION | |
|--|---------------|---------------|---------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |
| IN RESPECT OF LOW COST HOME OWNERSHIP FIRST TRANCHE DEVELOPMENT | | | | |
| Contracted For But Not Included In The Financial Statements | 58,200 | 51,156 | 58,200 | 51,156 |
| Authorised Not Yet Contracted For | - | 8,627 | - | 8,627 |
| | 58,200 | 59,783 | 58,200 | 59,783 |

At the end of March 2017, the Group had £8m (2016: £25m) of undrawn loan facilities.

At 31 March 2017, the Group had annual commitments under non-cancellable operating leases as follows:

| | 2017 | | 2016 | |
|---------------------------------------|-----------------------------|----------------|-----------------------------|----------------|
| | Land and Buildings £'000 | Other £'000 | Land and Buildings £'000 | Other £'000 |
| OPERATING LEASES WHICH EXPIRE: | | | | |
| Within One Year | 851 | 134 | 844 | 129 |
| In Two To Five Years | 4,259 | 363 | 4,221 | 505 |
| After Five Years | 2,859 | - | 3,807 | - |
| | 7,969 | 497 | 8,872 | 634 |

29. COMMITMENTS UNDER OPERATING LEASES

30. RELATED PARTY DISCLOSURES

The ultimate controlling party of the Group is Thames Valley Housing Association Limited, a registered social housing provider. There is no ultimate controlling party of Thames Valley Housing Association Limited.

JOINT VENTURE AND ASSOCIATED COMPANIES

The following transactions took place between the group and its joint venture and associated companies during the year:

| | EVOLUTION JOINT VENTURE | | OPAL JOINT VENTURE | | FIZZY GROUP ASSOCIATE | |
|--|-------------------------|---------------|--------------------|---------------|-----------------------|---------------|
| | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 | 2017 £'000 | 2016 £'000 |

CASH MOVEMENTS IN THE YEAR

| | | | | | | |
|--|--------------|-------------|--------------|--------------|--------------|------------|
| Net Loan Movements, Advances/ (Repayments) | 1,925 | (23) | 1,839 | (4,565) | - | - |
| Loan Interest Received | - | - | 1,033 | 693 | 1,519 | 241 |
| Dividends Received | - | - | - | 7,038 | - | - |
| | 1,925 | (23) | 2,872 | 3,166 | 1,519 | 241 |

BALANCES AT YEAR END

| | | | | | | |
|-----------------------------|--------------|-----------|---------------|---------------|---------------|---------------|
| Investment Equity And Loans | 1,975 | 50 | 23,920 | 22,181 | 26,177 | 26,177 |
| Interest Receivable | 64 | - | 2,806 | 1,774 | 135 | 1,038 |
| | 2,039 | 50 | 26,726 | 23,955 | 26,312 | 27,215 |

The Association provides management services, other services and loans to its subsidiaries. The quantum and basis of those charges is set out below:

| PAYABLE TO ASSOCIATION BY SUBSIDIARIES | MANAGEMENT CHARGES | | INTEREST CHARGES | |
|---|-----------------------|---------------|------------------|--------------|
| | 2017 | 2016 | 2017 | 2016 |
| | £'000 | £'000 | £'000 | £'000 |
| Thames Valley Charitable Housing Association Limited | - | 10,934 | - | - |
| TVH Fizzy Holdings Limited | - | - | 1,113 | 1,232 |
| Fizzy Services Management LLP | 858 | 812 | 172 | 116 |
| | 858 | 11,746 | 1,285 | 1,348 |

| RECEIVED BY SUBSIDIARIES FROM ASSOCIATION | GIFT AID | |
|---|----------|--------|
| | 2017 | 2016 |
| | £'000 | £'000 |
| Thames Valley Charitable Housing Association Limited | 13,261 | 13,875 |

INTRA-GROUP MANAGEMENT FEES

Intra-group management fees are receivable by the Association from subsidiaries to cover the running costs the Association incurs on behalf of its subsidiaries. The management fee is calculated on a directorate basis. The costs are apportioned as follows:

| DIRECTORATE | BY REFERENCE TO |
|-----------------|-----------------|
| Finance | Staff time |
| Corporate Costs | Staff time |

INTRA-GROUP LOANS

Intra-group loans are repayable on demand and no guarantees are in place on either loan. Interest is payable on the loan balances.

| ENTITY GRANTING LOAN | ENTITY RECEIVING LOAN | OPENING BALANCE £'000 | MOVEMENT £'000 | CLOSING BALANCE £'000 |
|--|----------------------------------|-----------------------------|-------------------|-----------------------------|
| Thames Valley Housing Association Limited | TVH Fizzy Holdings Ltd | 28,535 | (407) | 28,128 |
| Thames Valley Housing Association Limited | Fizzy Services Management LLP | 2,977 | 458 | 3,435 |

The Association disposed of assets and transferred RCGF to its Thames Valley Charitable Housing Association Limited subsidiary as set out below:

| | RCGF TRANSFER | | HOUSING PROPERTIES | | HOUSING GRANT | |
|--|---------------|--------|-----------------------|-------|------------------|-------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Transfer To Thames Valley Charitable Housing Association Limited | 46 | 10,382 | 7,219 | 1,763 | 4,992 | 3,281 |

31. NUMBER OF HOMES OWNED, MANAGED OR ADMINISTERED BY THE GROUP

| | AT 31 MARCH 2016 | ACQUIRED, COMPLETED, TRANSFERRED | TRANSFERRED | DISPOSALS | AT 31 MARCH 2017 |
|------------------------------------|------------------|----------------------------------|-------------|--------------|------------------|
| | NUMBER | NUMBER | NUMBER | NUMBER | NUMBER |
| SOCIAL HOUSING | | | | | |
| General Needs | 5,870 | 20 | (18) | (1) | 5,871 |
| Affordable Rent | 329 | 47 | 18 | - | 394 |
| Supported Housing Bed spaces | 19 | - | - | - | 19 |
| Working PFI | 108 | 116 | - | - | 224 |
| Key Worker Accommodation | 1,624 | 86 | - | - | 1,710 |
| TOTAL SOCIAL HOUSING | 7,950 | 269 | - | (1) | 8,218 |
| NON-SOCIAL HOUSING | | | | | |
| Student Accommodation | 463 | - | - | - | 463 |
| Low Cost Home Ownership | 3,933 | 142 | (63) | (53) | 3,959 |
| Low Cost Home Ownership Leasehold | 1,116 | 5 | 70 | (8) | 1,183 |
| Market Rent | 28 | - | - | - | 28 |
| Intermediate Rent | 72 | - | (7) | (1) | 64 |
| TOTAL NON-SOCIAL HOUSING | 5,612 | 147 | - | (62) | 5,697 |
| HOMES ADMINISTERED FOR | | | | | |
| Open Market Homebuy Key Worker | 707 | - | - | (72) | 635 |
| Open Market Homebuy Non Key Worker | 220 | - | - | (17) | 203 |
| MyChoice Homebuy Key Worker | 200 | - | - | (36) | 164 |
| MyChoice Homebuy Non Key Worker | 271 | - | - | (40) | 231 |
| Mortgage Rescue Equity Loans | 4 | - | - | - | 4 |
| Market Rent | 246 | 68 | - | - | 314 |
| TOTAL HOMES ADMINISTERED | 1,648 | 68 | - | (165) | 1,551 |
| | 15,210 | 484 | - | (228) | 15,466 |

| | 31 MARCH 2017 | 31 MARCH 2016 |
|---------------------------------|---------------|---------------|
| | NUMBER | NUMBER |
| HOMES UNDER CONSTRUCTION | | |
| Affordable Rent | 154 | 97 |
| Low Cost Home Ownership | 385 | 204 |
| General Needs | 53 | 10 |
| Private | 19 | 34 |
| Key Worker | - | 86 |
| | 611 | 431 |

The following organisations manage accommodation on behalf of the Group:

| | UNITS OF ACCOMMODATION | |
|---------------------------------------|------------------------|------------|
| | 2017 | 2016 |
| | NUMBER | NUMBER |
| MANAGING AGENT | | |
| Ability Housing | 1 | 1 |
| First Wessex | 138 | 138 |
| Sovereign Housing Association Limited | 285 | 285 |
| Royal Horticultural Society | 23 | 23 |
| | 447 | 447 |

32. ACCOMMODATION MANAGED BY OTHERS

33. LEGISLATIVE PROVISIONS

Thames Valley Housing Association Limited and its subsidiary undertaking, Thames Valley Charitable Housing Association Limited, are incorporated under the Co-operative and Community Benefit Societies Act 2014 and are Registered Providers of Social Housing registered with the Homes & Communities Agency under the Housing and Regeneration Act 2008. Thames Valley Charitable Housing Association Limited is an exempt charity registered under charitable rules.

THAMES VALLEY HOUSING



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