ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

CONSOLIDATED REPORT AND FINANCIAL STATEMENTS
For the year ended

31 MARCH 2017

ISLINGTON & SHOREDITCH HOUSING ASSOCIATION LIMITED

Co-operative and Community Benefit Societies Act 2014 Number	11614R
Homes and Communities Agency registration number	LO457
Registered Office	102 Blackstock Road LONDON N4 2DR
Board	Stephen Stringer (Chair) Pamela Bachu (Retired 20 September 2016) Julian Elve Merlene Emerson Ruth Gee Philip Newby Alice Powell Roz Spencer Benjamin Tansey Andrew Wade Keung Wong (Retired 20 September 2016)
Chief Executive and Secretary	Clare Thomson

Executive Directors
Colin Archer, Director of Development and New Business
Eusebio Barata, Interim Customer Operations Director
Judith Leigh, Head of People and Organisational Development
Gary Pliskin, Finance Director
Yung Yung Lee, Deputy Finance Director (Appointed 1 April 2017)

Bankers	Barclays Bank Plc Islington and Camden Group PO Box 3474 LONDON NW1 7NQ
Auditor	Grant Thornton UK LLP Registered Auditor Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW

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Statement from the Chair

This Financial Report and accounts have been prepared and published at a time of unprecedented scrutiny and focus on housing. The tragic fire at the Grenfell Tower and the consequences for its residents and all those affected puts a spotlight on effective management and governance. At the same time we continue to face an ever worsening supply crisis with an acknowledged broken housing market. Political changes over the last year or so with the publication of the Housing White Paper and changes of Housing Minister provide a sobering backdrop to reporting our financial position.

I am pleased to report that Islington and Shoreditch Housing Association Limited's (ISHA) financial performance remains robust and our underlying business continues to be resilient despite the uncertainties in the economic environment. We continue to improve our value for money and our service delivery.

Change, challenge and continue are three words that drive the strategic plan we are delivering to meet the needs up to 2020. Over the past year we have implemented significant changes to the way we operate and to meet the challenges we face. We are proud of what we have achieved but know more needs to be done. I have summarised below some of the highlights. But for all the change we will continue to have, at our core, being a social landlord meeting housing needs and being embedded in the local community. We will also continue to develop new homes to help play our part in addressing the housing shortage in our area.

We are now two years into the radical transformation of ISHA to achieve being a first class customer-centered organisation by 2020.

To achieve this we have set out a plan for the fundamental changes we need to make:

- Cultural change where all staff are customer-centered and our customer journeys are mapped to understand the key drivers for excellent customer service.
- System framework changes (Kypera) to make sure our customers and staff have the technology to support our customer-centered approach;
- The efficiency and effectiveness of our services means we are able to deliver from the customer's viewpoint.
- Our business planning and risk control framework underpins all that we do, to make sure we remain financially viable to meet our ambitions.
- Over the last year we have met significant milestones to reach our ambitions:
- Completed integration of the housing and finance computer system to provide appropriate technology to support our customer-centered approach
- Re-structured how we operate to match our new operating framework;
- Procured and commenced ISHA Home Team in April 2017, which is ISHA and Lien Viet's Responsive Repairs and Empty Homes Refurbishment Contract procurement
- Completed the first year of measuring customer insight through transactional customer feedback, with the key results of:
  - All areas of service have seen improved satisfaction except for repairs;
  - Cleaning & gardening continues to receive the lowest satisfaction scores; however, but has improved significantly since Wave 1 (March 17 was Wave 9);
  - Overall, satisfaction with ISHA as a landlord has increased steadily.
- Revised our Development Strategy to review the business case for alternative funding to support developing new homes. This work was in response to the Board's strategic objective of delivering at least 400 new homes by 2020 in a context of a likely major decline in 'traditional' funding methods.

- Scoped the requirements for a revised asset management strategy, which will be used to support the development strategy and good asset management decisions;
- As part of our revised staff engagement initiatives, staff voted to raise money through its social events for **No Second Night Out**, which works with newly identified homeless people;
- Adopted a paperless governance administration system.

Stephen Stringer

Stephen Stringer
Chair

Operating and financial review

Principal activities

To provide a local community-based service that manages, maintains and develops quality affordable housing for people in need in Camden, Hackney, Haringey, Islington, Tower Hamlets and Waltham Forest.

Islington & Shoreditch Housing Association ('ISHA') is a charitable housing association incorporated as a Co-operative and Community Benefit Society and registered with the Homes and Communities Agency ('HCA'). The Association operates in the London Boroughs of Camden, Hackney, Islington and Waltham Forest and at 31 March 2017 had 2,265 (2016: 2,172) homes.

Lien Viet Housing Association ('Lien Viet') joined ISHA as a subsidiary in October 2008. Lien Viet is a small community-based housing association with 157 (2016: 158) homes working in Hackney, Haringey, Islington and Tower Hamlets. Lien Viet's residents are predominantly Vietnamese and South East Asian. The landlord and corporate services for Lien Viet are delivered by ISHA. This has freed up the Lien Viet Board to concentrate on its mission of providing a culturally sensitive service to Vietnamese, Cambodian, Laotian, Chinese and wider South East Asian residents.

ISHA's Regulator updated its viability judgement in November 2016 and re-confirmed that the V1/G1 grading will remain unchanged at the highest viability classification that the regulator awards.

The Association's development programme is designed to address housing needs in our area of operation. To achieve this, we work in partnership with our local authorities, the HCA and the Greater London Authority (GLA). As well as a programme of rented accommodation, we develop shared ownership housing for people who cannot afford to purchase on the open market outright. In 2016/17 the Group achieved a surplus of £7.1m (2016: £9.0m) which will help us build more homes for low cost rent. To support our ambition of building at least 400 more homes from 2015 to 2020 we have revised our development strategy to broaden opportunities to fund this ambition.

The North River Alliance ('NRA'), is a development consortium of housing associations operating in North and East London led by ISHA. The NRA is a trusted development partner of the GLA. There are currently ten members of the NRA.

Islington and Shoreditch Housing Association	Lien Viet Housing Association
Bangla Housing Association;	Barnsbury Housing Association;
Christian Action (Enfield) Housing Association	Gateway Housing Association;
North London Muslim Housing Association;	Spitalfields Housing Association
Providence Row Housing Association;	Tower Hamlets Community Housing

This year ISHA completed 62 (2016:89) rent and shared ownership properties and started on site on 62 (2016:88) new properties. Our other NRA partners completed a further 90 properties (2016:21) properties and started on site on 30 (2016:158) properties.

Business and financial review

The Board is pleased to report a surplus for the year to 31 March 2017 of £7.1m (2016: £9.0m) for the Group and £6.9m (2016: £8.8m) for the Association. During the year we re-structured our Customer Operations Team and implemented a new housing and finance database to improve customer service and efficiency. We also re-procured our responsive repairs service, awarding the contract to Mitie plc.

ISHA has sufficient funds to continue to build new homes and will generate the necessary income to maintain and improve services to our customers, and meet loan repayments.

Lien Viet has continued to focus on meeting the needs of its customers and wider Vietnamese London communities.

Objectives and strategy

The Board's ambition to transform ISHA from a well-respected local housing association to a top performing service provider remains the driver of our Strategic Plan. The Board has been clear about the transformational journey it wants to make and this last year has culminated in significant changes that has started this shift. 2016/17 was the second year of implementing this plan. Our achievements against the plan are listed below:

Objective One - To be a great landlord

- Integrated housing and financial database went live in October 2016;
- Introduced a rolling transactional telephone survey carried out by an external agency. and seen our satisfaction with ISHA as a landlord increase from 74% to 79%.
- Implemented first phase of our culture change programme with staff, and over 2016/17 employee engagement increased from 34% to 78%.
- With our customers, adopted a new customer engagement strategy

Objective two – Valuing our customers and meeting their housing needs

- Implemented customer centred operating framework from customer feedback
- Moving home advice provided to 67 customers
- Income maximisation advice provided to 460 customers
- Outreach and Support Work achievements 2016/17
  - 156 active support cases, 19% of whom were not Lien Viet/ISHA customers
  - 145 people advised at drop in sessions,
  - 57 members of the Vietnamese Community Group

Objective 3 – Good Quality and Affordable Homes

- 182 homes built or started on site, on target for 400 homes by 2020
- Sustainability plan on target to achieve SHIFT Gold Award by 2020
- Revised methodology to better analyse asset performance

Objective 4 – Speaking up for housing

- 5 positive press stories,
- Maintained stakeholder engagement and Board participated in four Government consultations on changes to housing and regulator

Value for Money

The Board has completed a review of how we report our Value for Money Self-Assessment. The Value for Money self-assessment has been updated with the end of year results, and reviewed by the Board for publication. The July 2017 Self-Assessment is published on ISHA's website (see http://www.isha.co.uk/about_isha/our_performance.html).

A summary of the key priorities from the 2015-2020 Strategic Plan are shown below. These were developed through the review of benchmarking results, the results of the Group and from feedback provided by customers. The customer value for money priorities are also reported in the Annual Report. The key improvement objective is to **Radically modernise customer service so our customers can access the services in the media they choose and at the time (24 hours) they want to conduct their business with us.**

2016/17 Value for Money Improvement Plan	Outcomes
Standards of how homes are maintained published in one easy to read document	All literature matching the new operating framework has been published on our website in October 2016.
Accurate financial information available for customers to review their own account	Integrated housing and financial system in place since October 2016, with customer portal pilot for August 2017.
Customers are supported and advised by ISHA and Lien Viet to better manage their household costs	All customers with rent arrears given support and information leaflets reviewed and updated annually. Outcomes of support published in the Annual Report. Improved reporting will commence in 2017/18.
Customers recognise how their comments have influenced service improvements	**You said We did** extended to local meetings changes to service captured and reported to the Housing Sub Committee annually. All team meetings to review customer feedback as an agenda item. Customer survey feedback shared with staff to ensure feedback is taken into account in servicing plans.
Customers access their services and receive updates using their preferred method of communication	Kypera implementation of customer portal delayed. Pilot will be implemented in 2017/18. Opportunities to share more via "Your Neighbourhood" section of website being maximised. Contact centre dealing with 90%+ of all enquiries at first point of contact.
Consultation and publication of annual asset plan for every block	All plans sent to customers in March 2017. Plans to be reviewed in 2017/18.
Realistic and accurate investment forecasting of components of existing stock	Acceleration of programme in 2015/16 agreed by component. Asset plan to include investment strategy by end of 2017/18.
Increased mobility and tenure change within ISHA and Lien Viet's stock	Further events have been held on Mutual Exchange and transfer list has been actively managed to match customer's wishes. Roadshows used to promote mutual exchanges.
Radically modernise customer service so our customers can access the services in the media they choose and at the time (24 hours) they want to conduct their business with us	Kypera HomeTeam project and staff restructure completed in October 16. Customer portal pilot in 2017.

Customers are key contributors to the scrutiny of key service workflows	The introduction of a dedicated Neighbourhood Services Team, led by a Neighbourhood Services Manager enables ISHA to concentrate its resources on the management and monitoring of estate service contracts ensuring the best value for money for our customers whilst improving standards. Customer Involvement strategy offers different customer scrutiny options including survey program, mystery shoppers as well as joint inspections. Scrutiny Panel being recruited by December 2017. New repairs contract Core Group customer members recruited and being inducted.
Increase customer satisfaction across our key services	Restructure of service around operating framework (consulted with staff and customers) was completed in October 2016. Range of service improvement plans in place while new structure beds-in. Customer satisfaction has increased over 12 months despite change programme.
Demonstrate value for money in our services to customers against a quality and cost criteria, and publish our year on year improvements	Service Charges are being reviewed in consultation with customers. ARMA membership to be reviewed in light of other changes. Repairs and empty homes contract retendered following customer feedback.
Procurement of contracts includes customer scrutiny and involvement	Customers have influenced the shape of Repairs and empty homes contract. Customers now involved in contract oversight.
400 new homes built to ISHA's environmental sustainability standard by 2020	62 homes handed over in the financial year ended 31 March 2017. A total of 74 out of 400 homes handed over to date.
Customers engaged in building new homes	Review of design brief has introduced three changes based on feedback from customers (drainage specifications, CCTV and induction to renewables), our approach to defects management has also been reviewed.
Affordable version of shared ownership in high value areas developed	Board has introduced lower levels of shared ownership rent where necessary for schemes in high value areas.

The annual calendar for Value for Money reviews has been set as follows:

July	Self-Assessment updated with analysis of end of year results with updated review and commentary and published on website
September	Summary included in Financial Statement with reference to full self-assessment on the website and customer's priorities published in Annual Report
November	Benchmarking results published
December	Self-Assessment updated with benchmarking results and published on website
January	Customers Forum Review Value for Money priorities
March	Board review benchmarking information against customer priorities and set actions for improvement for coming year

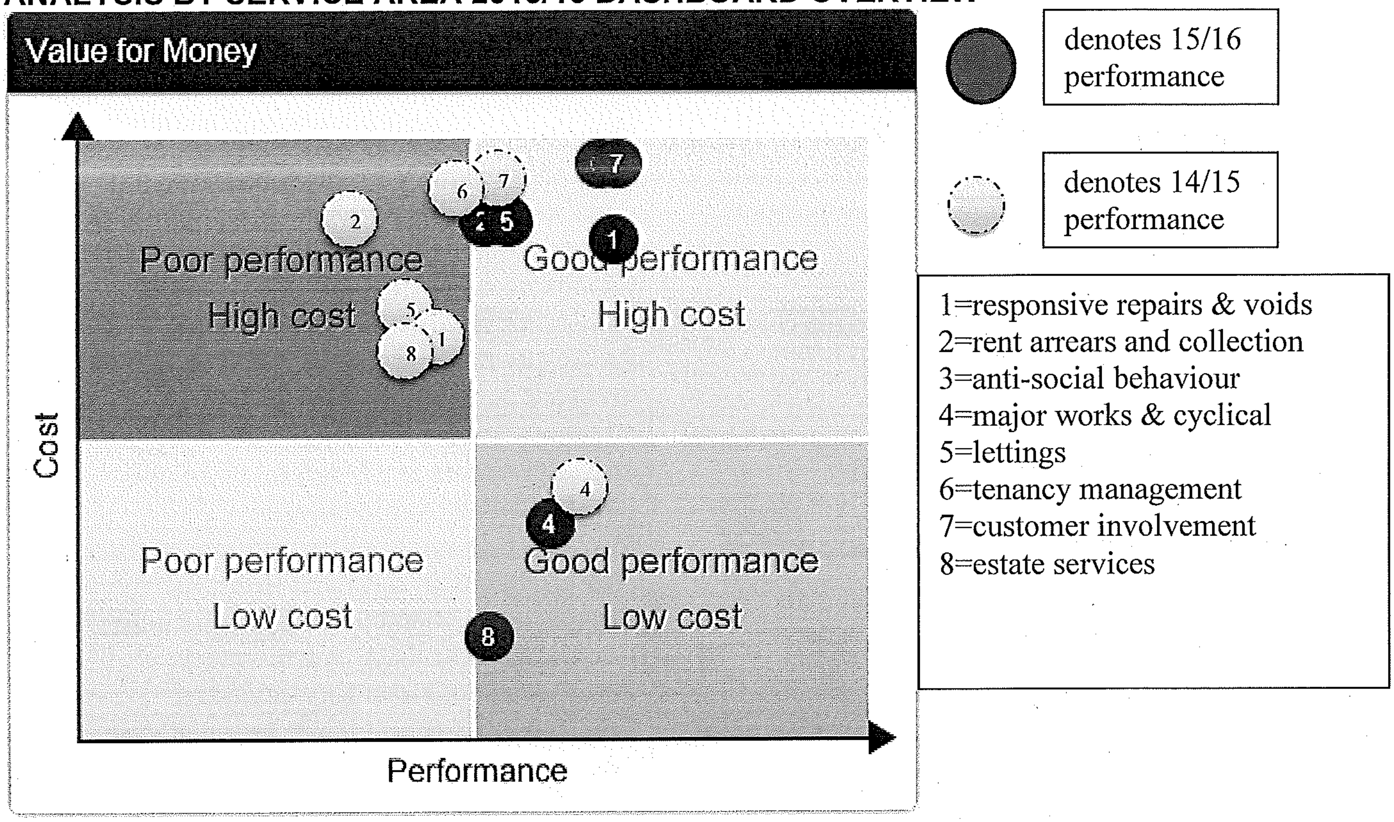
Efficiency Indicators

ISHA is participating in the pilot of a new sector scorecard where over 200 housing associations in the UK have signed up. The scorecard will enable associations to benchmark against 15 measures of business health and operational efficiency. The data has been submitted to HouseMark and is currently being reviewed. The results will be published along with the benchmarking with other housing associations in ISHA's December 2017 Value for Money update.

Value for money benchmarking results

Our HouseMark benchmarking results were published in December 2016 for the financial year ended 31 March 2016. The results show how we compare with other traditional housing associations in the Southern area. Highlights are as below. (The "HouseMark average" column shows the average housing association score from the HouseMark benchmarking club. The "HouseMark quartile" shows how we compare to average – with first quartile being best and fourth quartile being the worst.)

ANALYSIS BY SERVICE AREA 2015/16 DASHBOARD OVERVIEW



HouseMark benchmarking quality of service analysis

Customer satisfaction	14/15	15/16	HouseMark Median Average 15/16	HouseMark Quartile 15/16
% of customers satisfied with the service provided	81%	81%	84%	3rd
% of customers satisfied with repairs and maintenance	78%	78%	78%	2nd
%of customers satisfied with the quality of their home	80%	80%	83%	3rd

Other measures	14/15	15/16	HouseMark Median Average 15/16	HouseMark Quartile 15/16
Rent collected as a % of rent due	98.6%	99.7%	99.9%	3rd
Current tenant arrears net of unpaid HB as % rent due	2.42%	1.76%	2.03	2nd
Average re-let time in days (standard re-lets)	36 days	29 days	23 days	4th

HouseMark benchmarking cost of service analysis

Housing management	14/15	15/16	HouseMark Median Average 15/16	HouseMark Quartile 15/16
Housing Management total cost per property	£889	£941	£588	4th
Direct cost per property of Lettings	£49	£54	£51	3rd
Direct cost per property of tenancy management	£145	£188	£85	4th
Total cost per property of responsive repairs	£765	£1,056	£665	4th
Total cost per property of major works	£713	£1,051	£824	3rd
Overheads				
Overhead costs as a % of direct costs	26%	28%	28%	2nd
Overhead costs as a % of adjusted turnover	10.35%	11.92%	11.99%	1st

HouseMark benchmarking financial metrics (updated for 15/16)

Finance	**13/14**	**14/15**	**15/16**	**HouseMark Median Average 15/16**	**HouseMark Quartile 15/16**
Debt per unit managed	£45,000	£47,000	£43,000	£34,429	4th
Adjusted net leverage	32%	34%	32%	35%	2nd
Operating margin	35%	34%	38%	28%	1st
Interest cover EBITDA (MRI)	194%	244%	266%	175%	1st

Value for money - return on assets

The return on assets and return on capital employed for the organisation for the last four financial years is as follows[1]:-

	13/14	**14/15**	**15/16**	**16/17**
Surplus for the year (ie net income) £'000	4,707	9,349	9,382	6,869
Average total assets (net of deferred grant) £'000	111,168	129,397	148,755	158,504
RETURN ON ASSETS (ROA)	**4.2%**	**7.2%**	**6.3%**	**4.3%**

[1] 13/14 and 14/15 figures are based on SORP 2010

	13/14	14/15	15/16	16/17
Earnings before interest and tax (EBIT) £'000	8,263	12,798	13,015	8,648
Capital employed £'000	108,152	127,939	144,128	148,810
RETURN ON CAPITAL EMPLOYED (ROCE)	**7.6%**	**10.0%**	**9.0%**	**5.8%**

For more detailed analysis and commentary on all the value for money information above, please see our self-assessment on the website.

Maintaining financial viability
ISHA's financial strategy underpins the strategic objectives. Our first priority is to make sure that the business remains financially viable and protects service delivery to customers.

We review annually the mitigating assumptions to make sure we are financially viable, which up to 2020 are particularly challenging because of the 1% year on year reduction in rent which results in loss of income. We estimate by 2020 this will be over £2m per annum. The key agreed steps were: -

- All budgets frozen with no inflationary increase
- Freeze on overall headcount
- Generate an annual surplus of up to £0.5m from staircasing, Right To Buy (if implemented) and if necessary void sales.

These mitigating assumptions have been incorporated into the 30-year plan. Overall, the model demonstrates that these mitigations are still sufficient to keep the Group financially viable.

ISHA has met and is forecast to meet all its loan covenants and has sufficient headroom with its existing facilities to fund its 2015/2018 development programme.

We have further strengthened our assessment of long term viability to make sure our assets are protected by:

- Maintaining a record of assets and liabilities, and all contractual agreements, and a method for making sure it is kept up to date;
- Stress tested the business plan across a range of scenarios that would break the plan. From these tests we have identified further key mitigations to protect the business from breach of viability.

The 2016/17 financial statements are compliant with the accounting standards introduced by the Statement of Recommended Practice; Accounting by registered social housing providers update 2014.

Equality and diversity and employees
ISHA is committed to ensuring that at the point of service, the needs of the individual have been considered and actively examines its practices to ensure that services do not have a differential impact on a group or groups of people within the communities it serves. At the year end, ISHA had 63 (2016: 64) full time equivalent staff. Across the boroughs we operate in, 49% of people in housing need are from black and ethnic minority communities. This is reflected at ISHA where 52% of our staff is from black and ethnic minority communities.

ISHA recognises its responsibilities on all matters relating to Health & Safety and regularly reviews and monitors its policies and provides staff training and education. ISHA ensures good practice and compliance with fire regulations and maintained its compliance with fire safety standards in 2016/17. Health and Safety was reviewed by Housing Services Committee in November 2016.

Governance
The Board is responsible for the overall strategic direction of ISHA, which includes the approving, monitoring and compliance of key policies and to ensure that the objectives of the Group are achieved. The Board meets at least six times a year. Its structure provides for sub-committees, namely the Finance and Resource Sub-committee, the Private Finance Sub-committee, the Development Sub-committee, the Housing Services Sub-committee and the Governance Sub-Committee. The specialist areas of the Group's operations are considered under these sub-committees and reported to the Board. Customer Involvement in Governance is encouraged with customers sitting on all levels of governance and over the next year we plan to improve customer scrutiny and reporting of that scrutiny to Board. The day-to-day operational control of the Association is delegated to the Senior Management Team. ISHA is committed to attaining the highest standards of corporate governance and will keep its Board structure and procedures under review.

To assist in achieving a high standard, the Board has delegated responsibility for audit supervision to the Finance and Resource Sub-committee and employs independent auditors for both internal and external audit. The Finance and Resource Sub-committee consists of voluntary members who by virtue of their position are themselves independent from the paid officers of the Association.

An external evaluation of the Board was last completed in Autumn 2015:
"ISHA meets regulatory requirements and we agree with ISHA's self-assessment that it complies with the NHF's updated Code of Governance. While much smaller in scale and activities, Lien Viet applies the same approach and we agree with its equivalent self-assessment."

"ISHA's systematic approach to its governance procedures and policies outshine some governance arrangements that we have observed in other, larger, housing providers. It is also clear from the review and from the interviews, that ISHA has made significant improvements to its governance over the past six years." Rosie Chapman Ltd, November 2015.

All Board members are required to subscribe to the agreed aims of the Association. The Board responsibilities in respect of the financial statements are set out below.

Internal control
The Board is responsible for ISHA's system of internal control and reviewing its effectiveness. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risks. However, the system of internal control is designed to manage risk and to provide reasonable assurance regarding the safeguarding of assets, control of risk, maintenance of proper accounting records and the reliability of financial information.

The Board and its Finance and Resource Sub-committee carry out monitoring activities to ensure that appropriate control procedures are in place and changes required to these are identified and actioned. To this end, they are assisted by internal audit arrangements carried out by a professional firm. There are formal procedures for reporting weaknesses in internal controls or fraud and as part of these controls, internal audit and senior officers of the Association have access to the Board and Finance and Resource Sub-committee. No material weaknesses in internal control have been identified which require disclosure in the financial statements.

There is a clearly defined organisational structure based upon the system of delegation set out in standing orders, financial regulations, policies and procedures, which were updated and approved 11 May 2016 as part of the regular review of our systems. They will next be reviewed by December 2017.

ISHA is committed to regular, timely and accurate financial management reporting. Such reporting includes quarterly budgetary control arrangements, including reporting on variances and regular reports on the revised performance management framework. All of the Senior Management Team take internal control seriously. Staff are encouraged to discuss ways in which procedures can be improved with their managers in an open way. Directors are required to report to the Chief Executive on the effectiveness of the controls. The Chief Executive reports to the Board on the appropriateness and effectiveness of the systems of internal control.

The Board receives confirmation that controls continue to operate from three main sources. These are:

- Internal audit reports prepared according to an agreed plan over a three-year cycle;
- External auditors' management letters;
- Compliance reports issued by the Regulator.

There were no major instances of the failure of controls to operate and this was reported to the Board.

The Board is aware that neither the external auditor nor the HCA have any specific responsibility to identify shortcomings in ISHA's systems of internal control. The responsibility rests solely with the Board.

The Board obtains additional assurance through other sources including the internal audit process as the principal reassurance on control matters.

Statement of compliance

ISHA's Shareholders approved the rescinding of the existing Rules and adoption of the amended Rules in September 2014, to take account of legislative changes and adoption of an updated version of the National Housing Federation's Model Rules. The Board has adopted the NHF 2015 Code of Governance. A self-assessment of compliance against the adopted code was fully reviewed by the Board in May 2016. The Board is satisfied that the annual report can state that ISHA and its subsidiary Lien Viet Housing Association complies with the NHF 2015 Code of Governance. In addition, the Board confirm that they have complied with the HCA's Governance and Financial Viability Standard.

Risk management

The risk management framework was last reviewed and improved by the Board in March 2017. The process for identifying, evaluating and managing the significant risks faced by ISHA has been operational throughout the year and the risks are aligned to ISHA's four strategic objective areas. The risk management strategy of ISHA requires continuous assessment of ISHA's risk profile and an annual risk evaluation report submitted to the Board. The Board is updated with any changes in risk during the year.

As part of the evaluation and monitoring of risks, the Senior Management Team and the Board have reviewed the risks facing ISHA in the current economic climate. The main risks facing ISHA are monitored closely and reported on a regular basis with reports to key Board members outside the normal reporting cycles.

The main improvements the Board has made to the risk management framework includes: aligning key performance indicators to every strategic risk area, to use as a reality check against progress and likelihood of the risk occurring, further articulating what the Board's **cautious** risk appetite means operationally, strategically, reputationally and financially.

ISHA has responded to and has taken appropriate action to mitigate the impact of risks arising from:

- the continued impact of Government imposition of four year rent reduction;
- the need to improve the efficiency and auditability of our services to ISHA and Lien Viet customers
- the continuing uncertainties of the impact from BREXIT
- Health and Safety compliance across all operational areas, which lead to the transfer of the Gas service to a third party provider;
- Incomplete validation and recording of compliance with Health and Safety requirements to keep customers safe in their homes.

Financial viability remains the highest monitored risk at Executive, Board and Regulator level.

Post balance sheet events
The fire at Grenfell Tower is a significant post balance sheet event which has affected the social housing sector across the country. Although the extent of the impact to the Group is uncertain, there is a risk that the Group may be faced with large financial obligations to make sure that all properties comply with any amendments to the fire standards and regulations. These risks have been recognised in the strategic risk register and will be monitored by management.

Auditors
A resolution to re-appoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.

The report of the Board was approved on 27 July 2017 and signed on its behalf by:

Stephen Stringer

Stephen Stringer
Chair of the Board

STATEMENT OF THE BOARD'S RESPONSIBILITIES

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

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation require the Board to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (Financial Reporting Standard 102 and applicable law). Under the Co-operative and Community Benefit Societies legislation the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and income and expenditure of the Group for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgments and accounting estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2014, have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

- there is no relevant audit information of which the Association's auditors are unaware; and
- the Board have taken steps that they ought to have taken as board members in order to makes themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Grant Thornton

Independent auditor's report to the members of Islington & Shoreditch Housing Association Limited

We have audited the financial statements of Islington & Shoreditch Housing Association Limited for the year ended 31 March 2017 which comprise the group and association statements of comprehensive income, the group and association statements of changes in reserves, group and association statements of financial position, consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the society's members, as a body, in accordance with regulations made under Sections 87 and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society'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 the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 15, the board is responsible for the preparation of financial statements, which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent society's affairs as at 31 March 2017 and of the group and parent's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Milton Keynes

14 August 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDING 31 MARCH 2017

	Notes	GROUP		ASSOCIATION	
		2017 £'000	Restated[2] 2016 £'000	2017 £'000	Restated[2] 2016 £'000
Turnover	2	20,859	27,449	20,009	26,528
Operating costs	2	(14,510)	(17,784)	(13,851)	(16,956)
Operating surplus	2	**6,349**	**9,665**	**6,158**	**9,572**
Surplus on sale of properties and land	21	2,502	2,923	2,490	2,893
Interest receivable		87	73	87	73
Interest and financing costs	7	(3,778)	(4,281)	(3,777)	(4,279)
Movement in fair value of investment properties	9	1,926	593	1,911	573
Surplus for the year		**7,086**	**8,973**	**6,869**	**8,832**
Total comprehensive income for the year		**7,086**	**8,973**	**6,869**	**8,832**

All amounts relate to continuing operations.

The accompanying notes on page 22 to 50 form part of the financial statements.

These financial statements were authorised and approved by the Board on 27 July 2017 and were signed on their behalf by:

Stephen Stringer
(Chairman)

Benjamin Tansey
(Chair of Finance and Resources Sub-Committee)

Clare Thomson
(Secretary)

2 Note 28 – Prior year adjustment

STATEMENT OF CHANGES IN RESERVES

	Income and Expenditure Reserves	
	GROUP	ASSOCIATION
	£'000	£'000
Balance as at 1 April 2015	53,991	47,106
Total comprehensive income for the year	8,973	8,832
Balance as at 31 March 2016	**62,964**	**55,938**
Total comprehensive income for the year	7,086	6,869
Balance as at 31 March 2017	**70,050**	**62,807**

The accompanying notes on page 22 to 50 form part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

		GROUP		ASSOCIATION	
		2017	2016	2017	2016
FIXED ASSETS		£'000	£'000	£'000	£'000
Tangible fixed assets	8	260,416	248,304	247,281	235,010
Investment Properties	9	18,554	16,628	18,244	16,333
Intangible Assets	10	235	141	235	141
		279,205	**265,073**	**265,760**	**251,484**
CURRENT ASSETS					
Properties held for sale	11	1,177	1,077	1,177	1,077
Trade and other debtors	12	1,797	3,288	1,874	3,348
Cash and cash equivalent		11,469	21,926	10,923	20,939
		14,443	26,291	13,974	25,364
CREDITORS: amounts falling due within one year	13	(10,738)	(12,153)	(11,308)	(12,022)
NET CURRENT ASSETS		**3,705**	**14,138**	**2,666**	**13,342**
TOTAL ASSETS LESS CURRENT LIABILITIES		**282,910**	**279,211**	**268,426**	**264,826**
CREDITORS: amounts falling due after more than one year	14	210,469	213,749	203,228	206,390
PROVISIONS FOR LIABILITIES					
Pension provision	25	1,631	1,759	1,631	1,759
Other provisions	25	760	739	760	739
TOTAL NET ASSETS		**70,050**	**62,964**	**62,807**	**55,938**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH

		GROUP		ASSOCIATION	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
RESERVES					
Share capital – Non Equity	19	-	-	-	-
Income and expenditure reserve		70,050	62,964	62,807	55,938
Total Reserves		**70,050**	**62,964**	**62,807**	**55,938**

The accompanying notes on page 22 to 50 form part of these financial statements.

These financial statements were authorised and approved by the Board on 27 July 2017 and were signed on their behalf by:

Stephen Stringer
(Chairman)

Benjamin Tansey
(Chair of Finance and Resources Sub-Committee)

Clare Thomson
(Secretary)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	2017 £'000	2016 £'000
Net cash generated from operating activities	(a)	8,943	10,215
Cash flow from investing activities			
Purchase of tangible fixed assets		(19,250)	(14,600)
Purchase of intangible fixed assets		(112)	(141)
Proceeds from sale of tangible fixed assets		6,128	12,417
Grants received		450	2,711
Interest received		87	73
		(3,754)	10,675
Cash flow from financing activities			
Interest paid		(4,115)	(4,230)
Loan drawdown		3,000	-
Capital element of finance lease rental payments		(3)	(7)
Repayment of borrowings		(5,585)	(4,454)
Net change in cash and cash equivalents		(10,457)	1,984
Cash and cash equivalent at the beginning of the year		21,926	19,942
Cash and cash equivalent at the end of the year		**11,469**	**21,926**

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH

a. Cash flow from operating activities

	2017 £'000	2016 £'000
Surplus for the year	7,086	8,973
Adjustments for non-cash items:		
Depreciation of fixed assets	3,532	3,333
Amortisation of grant income	(1,385)	(2,509)
Decrease/(increase) in trade and other debtors	1,493	(1,512)
Increase/(decrease) in trade and other creditors	(946)	(1,004)
Decrease/(increase) in properties held for sale	(100)	2,242
Net gain/loss on sale of fixed assets	(2,502)	(2,923)
Movement in value of investment property	(1,926)	(593)
Adjustments for investing and financing activities:		
Interest payable	3,778	4,281
Interest receivable	(87)	(73)
Net cash from operating activities	**8,943**	**10,215**

1a Legal status

The Association is incorporated with limited liability as a charitable Housing Association under the Co-operative and Community Benefit Societies Act 2014.

Islington & Shoreditch Housing Association Limited (ISHA) is a parent company to Lien Viet Housing Association Limited who is also registered under the Cooperative and Community Benefit Society Act 2014 and is a registered provider of social housing.

1b Accounting policies

Basis of accounting

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

ISHA is a public benefit entity whose financial statements have been prepared in accordance to FRS 102.

The financial statements are presented in Sterling (£).

Disclosure exemptions

ISHA has adopted the following disclosure exemptions:

The requirement to present a statement of cash flows and the related notes
- Financial instrument disclosures, including:
  - categories of financial instruments
  - items of income, expenses, gains or losses relating to financial instruments, and
  - exposure and management of financial risks.

Going concern

The Group has adequate financial facilities in place to resource its day to day operations and committed development programmes. The Group's 30 year business plan shows that it is able to meet long term debt requirements whilst complying with all lender covenants.

The Association continues to adopt the going concern basis in the preparation of the financial statements as the board has reasonable expectation that the Association will continue in operational existence for the foreseeable future. Foreseeable future being at least twelve months after the date that the report and financial statement are signed.

Significant judgement and estimates

The preparation of the financial statements requires management to make significant judgements and estimates when applying accounting policies. The items in the financial statements where these judgements have been made include:

Impairment
Management continuously review the performance of its assets to identify any schemes that display indicators of impairment. Indicators include schemes that have increasing void losses, have been affected by policy changes or where the decision has been made to dispose of the property.

Where there is evidence of impairment, the fixed asset is written down to the recoverable amount and any impairment losses are charged to operating surpluses.

The recoverable amount is estimated in the following way:

(a) Determined the level at which the recoverable amount is to be assessed (i.e. the asset level or the cash generating unit (CGU) level).
(b) Estimated the recoverable amount of the cash generating unit and
(c) Calculated the carrying amount of the cash generating unit and
(d) Compared the carry amount to the recoverable amount to determine if an impairment loss has occurred.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to Decent Homes Standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2017 was £35.1m (note 8).

Capitalisation of property development costs
Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

For existing properties, expenditure is capitalised where it will result in enhancement of economic benefit. The amount capitalised in the year was £1.0m (note 8) relating to various schemes.

Estimation uncertainty
The estimates that may substantially vary from actual results and therefore have the most significant effect on the recognition and measurement of assets, liabilities, income and expenditure are detailed as follows:

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how the market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from

the actual prices. Fair value measurements were applied to the investment properties. The total value of investment properties was £18.6m at the year end (note 9).

Basis of consolidation
The Group financial statements incorporate the financial statements of the Parent, ISHA, and its subsidiary, Lien Viet Housing Association Limited.

The parent has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities and is therefore controlled by the Group.

The transactions incurred directly by agencies managing the Group's properties are not consolidated in the financial statements.

Turnover
Turnover compromises rental and service charge income receivable in the year, income from shared ownership first tranche sales and other services included at the invoiced value excluding VAT where recoverable of services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point where properties under developments reach practical completion or otherwise become available for letting, net of voids. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of the agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

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

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

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

Other interest payable is charged to income and expenditure.

Financial instruments
Financial instruments which meet the criteria of basic financial instruments as defined in Section 11 of FRS 102 are accounted for under and amortised historic cost model.

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

The Group and Association have not adopted hedge accounting for the financial instruments.

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

Where deferral of payment terms has been agreed at below market rate, and where material, the balance is shown at the present value, discounted at a market rate.

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

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

Pension
The Group participates along with a number of other associations in defined benefit final salary and career average revalued earnings contributory pension schemes administered independently by the Pensions Trust. It is not possible to identify the underlying assets and liabilities belonging to individual participating employers. The charge to the income and expenditure represents the employer contribution payable to the scheme for the accounting period.

Contribution payable from the Association to the Pension Trust under the terms of the funding agreement for past deficits is recognised as a liability within other provisions in the Association's financial statements.

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

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

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

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

Intangible Assets
Intangible Assets consists of costs relating to the development of an integrated Housing and Finance system which was implemented during 2016/17.

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

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

Grants due from government organisations or received in advance are included as current assets or liabilities.
Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Where developments have been financed wholly or partly by Social Housing Grant (SHG), a deduction is made to provide cover for development overhead.

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

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to income and expenditure. Upon disposal of the associated property, the Group is required to recycle these proceeds and recognise them as a liability.

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

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

The Group depreciates the major components of its housing properties on a straight line basis from the year of purchase or in the first year following that of completion of new properties on the following basis:

Roof structure	70 years
Windows, external doors	30 years
Gas boilers, fires	15 years
Kitchens	20 years
Bathrooms	30 years
Central heating	30 years
Communal parts	30 years
Plumbing and infrastructure	30 years
Electrics	40 years
Lifts	20 years

Freehold land is not depreciated.

Impairment
Annually housing properties are assessed for impairment indicators. Where indicators are identified, an assessment for impairment is undertaken comparing the scheme's carrying amount to its recoverable amount. Where the carrying amount of a scheme is deemed to exceed its recoverable amount, the scheme is written down to its recoverable amount. The resulting impairment loss is recognised as operating expenditure. Where a scheme is currently deemed not to be providing service potential to the Association, its recoverable amount is its fair value less cost to sell.

Depreciation of other tangible fixed assets
Other fixed assets are included at cost to the Group less depreciation, which is provided on a straight-line basis over the periods shown below:

Office furniture, equipment and motor vehicles	4 years
Scheme equipment	10 – 15 years
Freehold office	50 years

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

Depreciation of intangible fixed assets
Intangible fixed assets are capitalised at the cost to the Group. Amortisation is calculated on a straight-line basis over the course of 7 years, which is the expected useful life of the asset. Cost includes all expenditure related to preparing the asset for its intended use.

Capitalisation of development costs
Development administration costs based on the time spent on a scheme are capitalised up to the date of practical completion of that scheme. Only direct costs are included.

Major repairs
Where a repair involves replacement of property components, the expenditure is treated as capital expenditure and depreciated as outlined above. Any other replacement, renewal or repair to the fabric of an existing building that enhances the net income generated from the property or substantially increases its useful life is capitalised. All other repairs are treated as revenue items.

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

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

Rentals payable under operating leases are charged to income and expenditure on a straight-line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the Group recognises annual rent expense equal to amounts owed to the lessor.
The aggregate benefit of lease incentives is recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Properties for sale
Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net

realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

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

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

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

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

Taxation
ISHA and Lien Viet are both charitable Housing Associations and are not taxable on any surpluses derived from charitable activities.

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

GROUP – continuing activities

2017

	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	3	16,797	-	12,066	4,731
Other social housing activities					
First tranche shared ownership sales		1,602	949	-	653
Development activities		-	-	59	(59)
Fees for development services		70	-	70	-
Management fees		1,143	-	651	492
Other		52	-	74	(22)
Activities other than Social Housing					
Commercial properties		843	-	495	348
Private renting		352	-	146	206
TOTAL		**20,859**	**949**	**13,561**	**6,349**

Restated*

2016

	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	3	15,952	-	12,250	3,702
Other social housing activities					
First tranche shared ownership sales		7,420	4,163	-	3,257
Development activities		-	-	31	(31)
Fees for development services		14	-	14	-
Management fees		1,219	-	616	603
Other		1,608	-	62	1,546
Activities other than Social Housing					
Commercial properties		917	-	516	401
Private renting		319	-	132	187
		27,449	**4,163**	**13,621**	**9,665**

2 Particulars of turnover, cost of sales, operating costs and operating surplus
Association – continuing activities

2017

	Note	Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	3	15,652	-	11,421	4,231
Other social housing activities					
First tranche shared ownership sales		1,602	949	-	653
Development activities		-	-	59	(59)
Fees for development services		70	-	70	-
Management fees		1,143	-	640	503
Other		368	-	72	296
Activities other than Social Housing					
Commercial properties		822	-	494	328
Private renting		352	-	146	206
		20,009	**949**	**12,902**	**6,158**

Restated*
2016

		Turnover £'000	Cost of sales £'000	Operating expenditure £'000	Operating surplus £'000
Social housing lettings	3	14,859	-	11,431	3,428
Other social housing activities					
First tranche shared ownership sales		7,420	4,163	-	3,257
Development activities		-	-	31	(31)
Fees for development services		14	-	14	-
Management fees		1,219	-	608	611
Other		1,801	-	60	1,741
Activities other than Social Housing					
Commercial properties		896	-	517	379
Private renting		319	-	132	187
		26,528	**4,163**	**12,793**	**9,572**

3 Particulars of income and expenditure from social housing lettings

GROUP

	Housing £'000	Supported Housing £'000	Shared Ownership £'000	2017 £'000	Restated* 2016 £'000
Income					
Rents receivable net of identifiable service charges	11,383	367	1,801	13,551	12,938
Service charge income	1,278	205	378	1,861	1,641
Amortised government grant	1,379	4	2	1,385	1,373
Turnover from social housing lettings	**14,040**	**576**	**2,181**	**16,797**	**15,952**
Operating costs					
Service charge costs	1,694	182	378	2,254	2,318
Management	1,466	202	310	1,978	1,926
Routine maintenance	3,760	152	-	3,912	3,551
Planned maintenance	611	16	-	627	1,066
Major repairs expenditure	20	-	-	20	169
Bad debts	(62)	(2)	-	(64)	73
Depreciation of housing properties	2,978	105	256	3,339	3,147
Operating expenditure on social housing lettings	**10,467**	**655**	**944**	**12,066**	**12,250**
Operating surplus on social housing letting	**3,573**	**(79)**	**1,237**	**4,731**	**3,702**
Void losses	**(75)**	**(29)**	**-**	**(104)**	**(92)**

* Note 28 – Prior year adjustment

3 Particulars of income and expenditure from social housing lettings

	ASSOCIATION				Restated*
	Housin g £'000	Supported Housing £'000	Shared Ownership £'000	2017 £'000	2016 £'000
Income					
Rents receivable net of identifiable service charges	10,524	279	1,797	12,600	12,011
Service charge income	1,181	162	376	1,719	1,527
Amortised government grant	1,333	-	-	1,333	1,321
Turnover from social housing lettings	**13,038**	**441**	**2,173**	**15,652**	**14,859**
Operating costs					
Service charge costs	1,838	154	377	2,369	2,218
Management	1,089	154	310	1,553	1,647
Routine maintenance	3,664	137	-	3,801	3,385
Planned maintenance	564	14	-	578	956
Major repairs expenditure	20	-	-	20	169
Bad debts	(62)	(2)	-	(64)	88
Depreciation of housing properties	2,812	97	255	3,164	2,968
Operating expenditure on social housing lettings	**9,925**	**554**	**942**	**11,421**	**11,431**
Operating surplus on social housing letting	**3,113**	**(113)**	**1,231**	**4,231**	**3,428**
Void losses	**(73)**	**(28)**	**-**	**(101)**	**(77)**

* Note 28 – Prior year adjustment

4 Key management personnel

The emoluments in respect of the Senior Executives were as follows:

	Basic Salary £'000	Pension Contributions £'000	2017 Total £'000	2016 Total £'000
Chief Executive				
Clare Thomson	93	8	101	98
Director of Development and New Business				
Colin Archer	82	6	88	88
Operations Director				
Jenny Donaldson	-	-	-	56
Interim Operations Director				
Eusebio Barata	81	-	81	30
Finance Director				
Gary Pliskin	82	7	89	89
Head of People and Organisational Development				
Judith Leigh	56	5	61	60
	394	**26**	**420**	**421**

The aggregate emoluments (excluding pension contributions) payable to the key management personnel (Senior Executive) is £436,000 (2016: £432,000).

All permanent Senior Executives are members of the Social Housing Pension Scheme. They are ordinary members of the pension scheme with no enhanced or special terms. The Group did not make any further contributions to individual arrangements for its Senior Executives.

The full time equivalent number of staff (including directors) who received remuneration in excess of £60,000 are as follows:

	2017 No.	2016 No.
£60,001 to £70,000	2	1
£70,001 to £80,000	-	1
£80,001 to £90,000	3	3
£90,001 to £100,000	-	-
£100,001 to £110,000	1	-

Board members

None of the board members received emoluments.

5 Employee information

The average monthly number of persons employed by the Group and Association during the year expressed in full time equivalents was as follows:

	GROUP 2017 No	GROUP 2016 No	ASSOCIATION 2017 No	ASSOCIATION 2016 No
Housing, development and administration staff	58	59	56	57
Estate officers	5	5	4	4
	63	**64**	**60**	**61**

Employee costs:

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
Wages	2,589	2,498	2,506	2,418
Social security costs	258	229	250	221
Pension costs	166	323	161	318
	3,013	**3,050**	**2,917**	**2,957**

6 Operating surplus

The operating surplus for the year is arrived after charging:

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
Depreciation:				
Housing properties	3,339	3,147	3,164	2,968
Other tangible fixed assets	175	186	173	184
Surplus on sale of properties and land	2,502	2,923	2,490	2,893
Auditors' remuneration (excluding VAT):				
- Audit of the financial statements of the association	46	40	46	40
- Audit of subsidiary financial statements	6	5	6	5
Non-audit services – VAT advisory and Corporation tax compliance service	21	32	21	39

7 Interest and financing costs

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Defined benefit pension charge	34	24	34	24
Housing loans	4,046	4,466	4,045	4,464
Less: Capitalised interest	(302)	(209)	(302)	(209)
	3,778	**4,281**	**3,777**	**4,279**

Capitalised interest is based on a calculation of the average cost of borrowing incurred by the Group and Association during the financial year. This amounts to 3.66% (2016: 3.54%).

8 GROUP - Tangible fixed assets

	Social Housing Properties Held For Letting	Shared Ownership Properties Completed	Properties under construction	Subtotal Housing properties	Freehold Office	Other Fixed Assets	Subtotal Other fixed Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2016	229,748	43,140	4,320	**277,208**	795	2,081	**2,876**	**280,084**
Additions	183	-	18,598	**18,781**	-	167	**167**	**18,948**
Interest capitalised	-	-	302	**302**	-	-	-	**302**
Disposals	(1,857)	(1,579)	(416)	**(3,852)**	-	-	-	**(3,852)**
Schemes completed	8,812	1,810	(10,622)	-	-	-	-	-
At 31 March 2017	236,886	43,371	12,182	**292,439**	795	2,248	**3,043**	**295,482**
Depreciation								
At 1 April 2016	29,170	737	-	**29,907**	194	1,679	**1,873**	**31,780**
Released on disposals	(188)	(40)	-	**(228)**	-	-	-	**(228)**
Charge for the year	3,083	256	-	**3,339**	16	159	**175**	**3,514**
At 31 March 2017	32,065	953	-	**33,018**	210	1,838	**2,048**	**35,066**
Net book value At 31 March 2017	204,821	42,418	12,182	**259,421**	585	410	**995**	**260,416**
At 31 March 2016	200,578	42,403	4,320	**247,301**	601	402	**1,003**	**248,304**

8 ASSOCIATION - Tangible fixed assets

	Social Housing Properties Held For Letting	Shared Ownership Properties Completed	Properties under construction	Subtotal Housing properties	Freehold Office	Other Fixed Assets	Subtotal Other fixed Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 1 April 2016	214,435	43,068	4,320	**261,823**	795	2,027	**2,822**	**264,645**
Additions	159	-	18,598	**18,757**	-	167	**167**	**18,924**
Interest capitalised	-	-	302	**302**	-	-	**-**	**302**
Disposals	(1,838)	(1,572)	(416)	**(3,826)**	-	-	**-**	**(3,826)**
Schemes completed	8,812	1,810	(10,622)	**-**	-	-	**-**	**-**
At 31 March 2017	221,568	43,306	12,182	**277,056**	795	2,194	**2,989**	**280,045**
Depreciation								
At 1 April 2016	27,084	729	-	**27,813**	194	1,628	**1,822**	**29,635**
Released on disposals	(170)	(38)	-	**(208)**	-	-	**-**	**(208)**
Charge for the year	2,909	255	-	**3,164**	16	157	**173**	**3,337**
At 31 March 2017	29,823	946	-	**30,769**	210	1,785	**1,995**	**32,764**
Net book value								
At 31 March 2017	191,745	42,360	12,182	**246,287**	585	409	**994**	**247,281**
At 31 March 2016	187,351	42,339	4,320	**234,010**	601	399	**1,000**	**235,010**

8 Tangible fixed assets (continued)

Expenditure in works to existing properties

	GROUP		ASSOCIATION	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Components capitalised	998	1,702	974	1,419
Amounts charged to income and expenditure	4,440	4,539	4,399	4,263
	5,438	**6,241**	**5,373**	**5,682**

Social housing assistance

	GROUP		ASSOCIATION	
	2017 £'000	**2016 £'000**	**2017 £'000**	**2016 £'000**
Total accumulated social housing grant received or receivable as at 31 March:				
Recognised in the Statement of Comprehensive Income	1,385	1,373	1,333	1,321
Held as deferred income	126,338	126,786	119,615	119,959
Subsumed within reserves	15,931	14,532	14,850	13,556
	143,654	**142,691**	**135,798**	**134,836**

9 Investment properties: non-social housing properties held for letting

	GROUP £'000	ASSOCIATION £'000
At 1 April 2016	16,628	16,333
Increase in value	1,926	1,911
At 31 March 2017	**18,554**	**18,244**

The investment properties consist of commercial and market rent properties. These were valued by Res-Prop Chartered Surveyors, external professional Valuers who are registered with the Royal Institute of Chartered Surveyors (RICS). The valuation of the properties was undertaken in accordance with the RICS Valuation – Professional Standards, January 2014 on the basis of fair value. For the commercial properties a rent capitalisation methodology was adopted (rent and yield approach) coupled with an assessment of what an owner occupier might pay to arrive at the fair value, with reference to respective rental and capital value market data/sentiment.
The residential valuations were valued on an individual unit sale of a long leasehold interest with no onerous terms or ground rent. The valuation approach was based on the vacant possession value discounted to reflect the limitations to the market that the unit may be let. The valuation was also tested on the gross yield basis using the passing rents provided.

10 Intangible assets

	GROUP 2017 £'000	ASSOCIATION 2017 £'000
Cost		
At 1 April 2016	141	141
Additions	112	112
At 31 March 2017	253	253
Amortisation		
At 1 April 2016	-	-
Charge for the year	18	18
At 31 March 2017	18	18
Net book value		
At 31 March 2017	**235**	**235**
At 31 March 2016	141	141

Intangible Assets consists of costs relating to the development of a Housing and Finance system which was implemented during 2016/17.

11 Properties for sale

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
Shared-ownership properties:				
Under construction	466	551	466	551
Completed properties	468	526	468	526
Social Housing Properties	243	-	243	-
	1,177	**1,077**	**1,177**	**1,077**

12 Debtors

	GROUP		ASSOCIATION	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Rent and service charges receivable	657	621	602	563
Less: provision for bad and doubtful debts	(438)	(441)	(415)	(424)
	219	180	187	139
Social housing grant receivable	283	1,368	283	1,368
Other debtors	456	563	456	551
Owed by the subsidiary	-	-	142	135
Prepayments and accrued income	839	1,177	806	1,155
	1,797	**3,288**	**1,874**	**3,348**

Included in the Group's and Association's prepayments and accrued income is an amount of £365,000 (2016: £261,000) due after more than one year.

13 Creditors: amounts falling due within one year

	GROUP		ASSOCIATION	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Debt (Note 15)	2,420	2,583	2,359	2,523
Trade creditors	856	1,750	856	1,727
Rent and service charges received in advance	286	186	243	170
Amount due to subsidiary company	-	-	841	40
Recycled capital grant fund (Note 17)	982	1,057	982	1,057
Disposal capital grant fund	-	-	-	-
Deferred grant income (Note 16)	1,380	1,382	1,328	1,330
Other taxation and social security	66	79	66	79
Obligations under finance lease	1	4	1	4
Other creditors	1,475	1,256	1,475	1,256
Accruals and Deferred Income	3,272	3,856	3,157	3,836
	10,738	**12,153**	**11,308**	**12,022**

14 Creditors: amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Debt (Note 15)	84,139	86,563	83,568	85,926
Loan stock	2	2	2	2
Obligations under finance lease	-	-	-	-
Recycled capital grant fund	1,370	1,833	1,370	1,833
Deferred grant income	124,958	125,351	118,288	118,629
	210,469	**213,749**	**203,228**	**206,390**

15 Debt analysis

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Within one year or on demand	2,421	2,583	3,159	2,523
One year or more but less than two years	3,834	2,420	3,769	2,358
Two years or more but less than five years	6,863	7,177	6,676	7,046
Five years or more	73,441	76,965	73,122	76,522
	86,559	**89,145**	**86,726**	**88,449**

Security
Housing loans are from private lenders and in the main secured by specific charges on the Association's housing properties.

Terms of repayment and interest rate
The portfolio has a mixture of fixed and variable rate loans at interest rates ranging from 0.93% to 11.15%. Included in housing loans is £nil (2016: £ nil) drawn from a revolving facility at a variable rate of interest. This facility is for £30m and is available until 2020. All other loans are long term borrowings.

Obligations under finance leases

	GROUP		ASSOCIATION	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Due within one year	1	4	1	4
Closing balance	**1**	**4**	**1**	**4**

The obligations under finance lease are repayable by equal instalments in less than five years

NOTES TO THE FINANCIAL STATEMENTS (continued)

16 Deferred grant income

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
At 1 April	126,733	128,977	119,959	122,150
Movement in the year	990	(871)	990	(870)
Released to income in the year	(1,385)	(1,373)	(1,333)	(1,321)
At 31 March	**126,338**	**126,733**	**119,616**	**119,959**

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
Amounts to be released in one year	1,380	1,382	1,328	1,330
Amounts to be released in more than one year	124,958	125,351	118,288	118,629
At 31 March	**126,338**	**126,733**	**119,616**	**119,959**

17 Recycled Capital Grant Fund

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
At 1 April	2,890	2,036	2,890	2,036
Grants recycled	495	875	495	875
Utilised during the year	(1,033)	(21)	(1,033)	(21)
At 31 March	**2,352**	**2,890**	**2,352**	**2,890**

18 Disposal Proceeds Fund

	GROUP 2017 £'000	GROUP 2016 £'000	ASSOCIATION 2017 £'000	ASSOCIATION 2016 £'000
At 1 April	-	3	-	3
Utilised during the year	-	(3)	-	(3)
At 31 March	-	-	-	-

As at March 2017, there are no amounts due for repayments (2016: Nil).

19 Share capital

	2017 £	2016 £
Shares of £1 fully paid and issued	39	37
Shares issued during year	1	3
Shares cancelled	(20)	(1)
Balance at 31 March	**20**	**39**

Shares have limited rights and carry no entitlement to dividend. They are not repayable and do not carry rights to participate in a winding up. They carry an entitlement to vote at the Association's General meeting.

20 Capital commitments

	GROUP		ASSOCIATION	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Expenditure contracted for but not provided in the accounts	35,035	16,589	35,035	16,525
Expenditure authorised by directors, but not contracted	53,857	11,533	53,857	11,533

Of the above contracted but not provided for, £4.9 million (2016: £2.9 million) is to be financed by SHG, £17.9 million (2016: £6.0 million) from shared ownership sales and the remaining £12.2 million (2016: £7.6 million) is to be financed from existing cash resources and borrowings.

The expenditure of £53.9 million which has been authorised by the Board will be funded by grant of £1.0 million (2016: £1.6million), £14.5 million (2016: £3.5 million) from shared ownership sales, and the remaining £38.4 million (2016: £6.4 million) from other income and loan finance.

The above capital expenditure is expected to be incurred over the next five years.

21 Surplus on sale of fixed assets – housing properties

	GROUP		ASSOCIATION	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Sales proceeds	5,113	8,634	5,093	8,558
Carrying value of fixed assets	(2,611)	(5,711)	(2,603)	(5,665)
	2,502	**2,923**	**2,490**	**2,893**

22 Accommodation in management and development

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

	GROUP		ASSOCIATION	
	2017 No.	2016 No.	2017 No.	2016 No.
Social Housing				
General housing:				
- social rent	1,590	1,554	1,488	1,452
- affordable rent	184	152	184	152
Supported housing	113	113	94	94
Intermediate rent	1	1	1	1
Shared ownership	356	346	355	344
Total owned	2,244	2,166	2,122	2,043
Accommodation managed for others	35	35	-	-
Total managed	**2,279**	**2,201**	**2,122**	**2,043**
Non-social housing				
Private renting	18	18	18	18
Total owned and managed	**2,297**	**2,219**	**2,140**	**2,061**
Accommodation in development at the year end	108	108	108	108

The group owns 41 units (2016: 41 units) which are managed on its behalf, under management agreements by other bodies.

The group manages accommodation for London and Quadrant, a registered social landlord operating across London and the South East.

23 Related party disclosure

ISHA has four Resident Board Members. The rent and terms of their tenancies are on normal commercial terms. Details of the charges for their tenancy and the rent arrears at the 31 March 2017 were as follow:

	Rent and Service Charge £	Arrears 31 March 2017 £
Julian Elve	6,419	-
Alice Powell	7,414	-
Victor Kaufman	7,275	-
Michael Wardle	4,573	143

24 Pension scheme

The Association participates in the Social Housing Pension Scheme (SHPS), a multi-employer defined benefit scheme. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. 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 in the scheme.

The ISHA Group's scheme is in deficit and the Group has agreed to a deficit funding arrangement. This obligation is recognised as a liability in the Statement of Financial Position. 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

Year Ending	**2017**	**2016**
	£'000	**£'000**
Provision at start of period	1,759	1,336
Unwinding of the discount factor (interest expense)	34	24
Deficit contribution paid	(209)	(151)
Re-measurements - impact of any change in assumptions	47	(11)
Re-measurements - amendments to the contribution schedule	-	561
Provision at end of year	**1,631**	**1,759**

Income and expenditure impact

Year Ending	2017	2016
	£'000	£'000
Interest expense	34	24
Re-measurements – impact of any change in assumptions	47	(11)
Re-measurements – amendments to the contribution schedule	-	561
Costs recognised in income and expenditure account	**81**	**574**

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

Year ending	31 March 2017	31 March 2016	31 March 2015
	£'000	£'000	£'000
Year 1	217	209	151
Year 2	225	217	158
Year 3	234	225	164
Year 4	205	234	171
Year 5	174	205	178
Year 6	180	174	147
Year 7	156	180	115
Year 8	130	156	119
Year 9	133	130	93
Year 10	69	133	65
Year 11	-	69	67
Year 12	-	-	34
Year 13	-	-	-

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

It is these contributions that have been used to derive the Association's statement of financial position.

25 Provisions for liabilities – other provisions

Group and Association

	SHPS obligation £'000	Repairs £'000	Total £'000
At 1 April 2016	1,759	739	2,498
Additions	-	460	460
Released	(128)	(439)	(567)
At 31 March 2017	**1,631**	**760**	**2,391**

Repairs provisions as at the start of the year relates to setting aside fund to cover cost of repairs that are likely to be claimed by a tenant which may not be recoverable from insurers. The repairs provision released during the year relates to components replacement for a scheme where the work was carried out during the year. The addition during the year to the repairs provision is due to repairs contract dispute including legal costs.

26 Financial assets and liabilities

Categories of financial assets and financial liabilities

	GROUP		ASSOCIATION	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Financial assets that are debt instruments measured at amortised cost				
Other debtors	1,797	3,288	1,874	3,348
Financial liabilities measured at amortised cost				
Loans (Note15)	87,358	89,145	86,726	88,449
Trade and other creditors	136,240	139,255	130,201	132,461
Total	**223,598**	**228,400**	**216,927**	**220,910**

Financial liabilities include all creditors and loan amounts payable.

Financial assets
Other than short-term debtors, financial assets held are cash deposits placed on term deposits and cash at bank. They are sterling denominated and the interest rate profile at 31 March was:

	GROUP		ASSOCIATION	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Floating rate on money market deposits	11,240	21,822	10,694	20,835
Financial assets on which no interest is paid	229	104	229	104
Total	**11,469**	**21,926**	**10,923**	**20,939**

Financial liabilities excluding trade creditors – interest rate risk profile

The group's financial liabilities are sterling denominated. The interest rate profile of the group's financial liabilities at 31 March was:

	GROUP		ASSOCIATION	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Fixed rate	69,606	74,404	69,083	73,921
Floating rate	17,752	14,741	17,643	14,528
	87,358	**89,145**	**86,726**	**88,449**

The floating rate financial liabilities comprise bank loans that bear interested based on LIBOR and RPI. The fixed rate financial liabilities have a weighted average interest rate of 4.7% (2016: 4.64%) and the weighted average period for which it is fixed is 9 years (2016: 10 years).

The debt maturity profile is shown in note 15.

Borrowing facilities
The group has undrawn committed borrowing facilities. The facilities available at 31 March in respect if which all conditions precedent has been met were as follows:

	2017	**2016**
	£'000	**£'000**
Expiring in more than two years	**31,000**	**31,000**

27 Group structure

As required by statute, the financial statements consolidate the results of Lien Viet Housing Association limited which is a wholly-owned subsidiary of the Association at the end of the year. The Association also has a dormant subsidiary – Urban Style Limited.

28 Prior year adjustments

Following a re-measurement of the contribution rate on the Defined Benefit SHPS scheme, the actuarial loss in respect of pension schemes had previously been reported under total comprehensive income for the year. It has now been reclassified as part of operating surplus as an expense in the Statement of Comprehensive Income in line with FRS 102 section 28.11A.
All notes affected have been restated and marked with an asterisk.

Grant subsumed within reserves is included within the social housing assistance to derive the total accumulated social housing grant received or receivable in line with Accounting Direction Part 2 22.

29 Post balance sheet events

The fire at Grenfell Tower is a significant post balance sheet event which has affected the social housing sector across the country. Although the extent of the impact to the Group is uncertain, there is a risk that the Group may be faced with large financial obligations to make sure that all properties comply with any amendments to the fire standards and regulations. These risks have been recognised in the strategic risk register and will be monitored by management.