

Lien Viet Housing Association Limited
Financial Statements
Year Ended 31 March 2017

Co-operative and Community Benefit Societies Act 2014 26206R
Homes and Communities Agency registration number: LH 3867



INVESTOR IN PEOPLE

Contents

	Page
Board members	2
Report of the Board of Management	3
Independent Auditor's Report to the members of Lien Viet Housing Association Limited	7
Statement of Comprehensive Income	9
Statement of Changes in Reserves	10
Statement of Financial Position	11
Statement of Cash Flows	12
Notes to the Financial Statements	13

Registered with the Financial Conduct Authority as a registered society under the Co-operative and Community Benefit Societies Act 2014 26206R

Registered with the Homes and Communities Agency number LH3867

BOARD MEMBERS

Board members

Chair Merlene Emerson

Other members Trinh Bui
Suzanah Kwok
Kim Nguyen
Hong Khaou
Roz Spencer
Bich Ngoc Vu (Appointed 5 April 2016, resigned 4 August 2016)
Stephen Stringer
Clare Thomson (Secretary)

Registered Office 102 Blackstock Road
London
N4 2DR

Auditors Grant Thornton UK LLP
Grant Thornton House
202 Silbury Boulevard
Central Milton Keynes
MK9 1LW

Report of the Board of Management of Lien Viet Housing Association Limited

The Board presents its report and the audited financial statements for the year ended 31 March 2017.

Principal Activities

Lien Viet Housing Association Limited ('Lien Viet') currently owns 122 units (2016: 123 units) including 1 shared ownership unit (2016: 2 units) and 19 hostel rooms. 35 units (2016: 35) are managed on behalf of Islington & Shoreditch Housing Association ('ISHA') and London and Quadrant.

Lien Viet is a subsidiary Housing Association of ISHA Group, and its landlord functions are delivered by the Group. The Lien Viet Board's priority is to make sure that services are culturally sensitive and to be recognised as voice for the Vietnamese, Laotian and Cambodian communities in London.

Review of the year

The announcement of the 1% rent reduction, year on year for four years, starting in 2015-16, has challenged the Board to make sure that Lien Viet HA remains financially viable whilst remaining true to its community mission. A revised action plan has been agreed to enhance opportunities for Lien Viet customers and the Vietnamese community more broadly.

The £800,000 intercompany loan issued to Islington & Shoreditch Housing Association was repaid on 5 April 2017. On 6 April 2017, a £1,000,000 one-year fixed term loan was issued on the same terms to Islington & Shoreditch Housing Association.

Key Outreach and Support Work achievements 2016/17

- 156 active support cases, 19% of whom were not Lien Viet/ISHA customers
- 223 drop-in visits at Blackstock Road, by 113 people, 37% of whom were not Lien Viet/ISHA customers
- 20 community drop in sessions held, receiving 54 visits by 32 people, 84% of whom were not Lien Viet/ISHA customers
- 5 hostel residents moved to permanent accommodation
- 57 members of the Vietnamese Community Group

Employees

Lien Viet Housing Association Limited does not directly employ any staff, and all functions that support Lien Viet's activities are carried out by staff employed by the parent company, ISHA. The services provided by the parent company to Lien Viet are set out through a service level agreement, and ISHA staff support is included in that agreement. There are three Lien Viet staff members who are employed in roles that predominantly support the operations of Lien Viet Housing Association Limited. Two in Outreach and Support and one in the Finance function

Statement of the Board's responsibilities

The Board is responsible for preparing financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice which give a true and fair view of the state of affairs of the Association 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;
- 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 Association and to enable it to ensure that the financial statements are compliant with regulatory and statutory requirements. It is also responsible for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

Value for Money

The Board concentrates on the value-added objectives of representing the housing need issues for its customers and provide support and advice to its wider constituent communities within London. The community development plan has been developed with input from Lien Viet residents and the wider South East Asian community and is available on the ISHA /Lien Viet website (www.isha.co.uk).

ISHA provides the landlord services to Lien Viet. Key Performance areas include

- rent collection, with arrears at 5.1% (2016: 4.75%),
- number of customers assisted in moving home, with nil Lien Viet residents completing a transfer in 2016/17 (three in 2015/16) and two Lien Viet residents moving into a permanent Lien Viet home from a hostel room (five in 2015/16),
- and investment in renewing components within Lien Viet's homes to £23,763 (2016: £283,211).

Lien Viet's landlord services are included within ISHA's benchmarking and service improvement plans. ISHA's Board carried out a Value for Money self-assessment which includes the services provided to Lien Viet. The full assessment is published on ISHA's website at www.isha.co.uk

Board disclosure to auditors

The Board members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which the auditors are unaware; and each board member has taken all the steps that he/ she ought to have taken as a board member to make himself/ herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Corporate governance and internal control

The Board has adopted the NHF 2015 Code of Governance, and is compliant with that code.

The Board has overall responsibility for establishing and maintaining the whole system of internal control 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.

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:

- *Monitoring and corrective action*
Regular management reporting on control issues provides assurance to management and to the Board. This includes a 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.
- *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 Board disseminates its requirements to all employees through the Association's policies with regard to the quality, integrity and ethics of its employees. It is supported by clear and comprehensive financial standing orders, describing responsibilities, levels of authority and segregation of duties.
- *Regulatory Code*
The Board has responsibility for ensuring that the Association complied with its obligations under the regulatory code.
- *Information and financial reporting systems*
Financial reporting procedures include annual budgets, reviewed every three months, and a long term business plan which is reviewed and updated annually. These 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.

The internal control framework was reviewed by internal auditors and approved by the Board. As part of the service level agreement with ISHA a regular review of internal controls is performed.

The Board confirms there is an ongoing process for identifying, evaluating and managing significant risks faced by the Association.

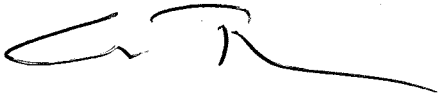
- *Fraud*
Policy and procedures on the identification and reporting of fraud are in place. As part of our fraud procedures we have a clear whistleblowing policy. Regular consideration of the main risks facing the association and the internal audit ensures system weaknesses are addressed.

Going Concern

The Board has a reasonable expectation that the Association has adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

External auditors

A resolution to reappoint Grant Thornton UK LLP will be proposed at the forthcoming annual general meeting.



On behalf of the Board
CLARE THOMSON
Secretary
14 June 2017



Independent auditor's report to the members of Lien Viet Housing Association Limited

We have audited the financial statements of Lien Viet Housing Association Limited (the Society) for the year ended 31 March 2017 which comprise the statement of comprehensive income, the statement of changes in reserves, the statement of financial position, the 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, as a body, in accordance with sections 87(2) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Board's Responsibilities set out on pages 3 to 6, the directors are 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 society's affairs as at 31 March 2017 and of the society's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Independent auditor's report to the members of Lien Viet Housing Association Limited

Matters on which we are required to report by exception

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

- the society has not kept proper books of account, or a satisfactory system of control over its transactions has not been maintained; or
- the society 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
Central Milton Keynes

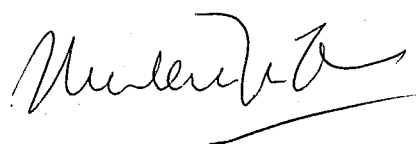
7 August 2017

Statement of Comprehensive Income as at 31 March

	Notes	2017 £	2016 £
Turnover	3	1,164,835	1,112,092
Operating expenditure	3	(926,296)	(994,612)
Operating surplus	3	238,539	117,480
Surplus from sale of properties and land	16	15,587	47,627
Loss on disposal of fixed assets	4	(2,356)	(17,840)
Movement in fair value of Investment Properties	17	15,000	20,000
Interest receivable	7a)	7,762	9,626
Interest and financing costs	7b)	(35,530)	(38,435)
		<u>463</u>	<u>20,978</u>
Surplus and total comprehensive income for the financial year		<u>239,002</u>	<u>138,458</u>

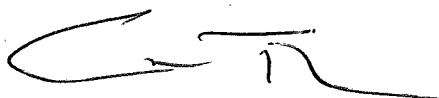
The Association's results relate wholly to continuing activities. The accompanying notes form part of these financial statements.

The financial statements were approved by the Board of Management at its meeting on 14 June 2017 and were signed on its behalf by:



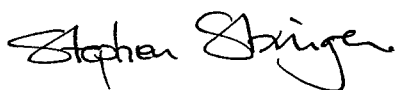
Merlene Emerson

Chair



Clare Thomson

Secretary



Stephen Stringer

Board Member

Statement of Changes in Reserves

	Income and Expenditure Reserves	Total
	£	£
Balance as at 1 April 2015	2,234,229	2,234,229
Total comprehensive income for the year	<u>138,458</u>	<u>138,458</u>
Balance as at 31 March 2016	2,372,687	2,372,687
Total comprehensive income for the year	<u>239,002</u>	<u>239,002</u>
Balance as at 31 March 2017	<u>2,611,689</u>	<u>2,611,689</u>

The Association's results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Financial Statements for the year ended 31 March 2017

Statement of Financial Position as at 31 March

FIXED ASSETS	Note	2017	2016
		£	£
Fixed Assets			
Tangible Fixed Assets	9	8,319,889	8,429,899
Investment Properties	17	<u>310,000</u>	<u>295,000</u>
		8,629,889	8,724,899
Other fixed assets	9	<u>1,051</u>	<u>2,535</u>
		8,630,940	8,727,434
Current assets			
Trade and other debtors	10	905,611	116,707
Cash and cash equivalents		<u>546,392</u>	<u>987,492</u>
		1,452,003	1,104,199
Creditors: amounts falling due within one year	11	<u>(390,164)</u>	<u>(286,824)</u>
Net current assets		1,061,839	817,375
Total assets less current liabilities		9,692,779	9,544,809
Creditors: amounts falling due after more than one year	12	<u>(7,081,090)</u>	<u>(7,172,122)</u>
Total net assets		<u>2,611,689</u>	<u>2,372,687</u>
Reserves			
Income and expenditure reserves		<u>2,611,689</u>	<u>2,372,687</u>
Total reserves		<u>2,611,689</u>	<u>2,372,687</u>

The accompanying notes on pages 13 to 25 form part of these financial statements.

The financial statements were approved by the Board of Management at its meeting on 14 June 2017 and were signed on its behalf by:

Merlene Emerson

Chair

Clare Thomson

Secretary

Stephen Stringer

Board Member

Statement of Cash Flows

	Notes	2017 £	2016 £
Net cash generated from operating activities	15	(372,815)	1,142,203
Cash flow from investing activities			
Purchase of tangible fixed assets	9	(23,763)	(283,211)
Proceeds from sale of tangible fixed assets	16	20,400	76,000
Interest received	7a	7,762	9,626
		(368,416)	944,618
Cash flow from financing activities			
Interest paid	7b	(35,530)	(38,435)
Repayment of borrowings		(37,154)	(34,985)
Net change in cash and cash equivalent		(441,100)	871,198
Cash and cash equivalent at 1 April		987,492	116,294
Cash and cash equivalent at 31 March		546,392	987,492

The accompanying notes on pages 13 to 25 form part of these financial statements.

Notes to the financial statements

1. Legal Status

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

2. Accounting policies

Basis of accounting

The financial statements of the 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.

The financial statements are presented in Sterling (£).

Going concern

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 judgements and estimations

Preparations of the financial statements require management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other relevant factors. The items in the financial statements where these judgements have been made include:

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 costs to sell.

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 £1,967,278, shown in note 9.

Financial Statements for the year ended 31 March 2017

Turnover

Turnover comprises 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.

Interest payable

Interest payable is charged to income and expenditure for the year.

Financial instruments

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

Basic financial instruments are recognised at amortised historical cost.

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.

Investment properties

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

Financial Statements for the year ended 31 March 2017

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.

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

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

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.

Depreciation of housing properties

The association 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 economic life.

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

Component	Useful economic life (years)
Pitched roofs	60
Flat roofs	60
External doors	30
Windows	30
Electrical installation	25
General heating (excluding boilers)	25
Boilers	15
Lifts	25
Kitchens	15
Bathrooms	20
Residual structure (Building)	150

Financial Statements for the year ended 31 March 2017

Other tangible fixed assets

Other tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Office premises	1.66%
Hostel scheme and office furniture and equipment	20%
Office fittings	20%
Computer hardware and software	33.3%

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

Taxation

The Association is an exempt Charity and its activities in the year did not give rise to a tax liability.

Pensions

Retirement benefits to employees are provided by a defined contribution scheme. Contributions are charged to the income & expenditure account in the period to which they are incurred.

Financial Statements for the year ended 31 March 2017

3a. Particulars of turnover, cost of sales, operating expenditure and operating surplus

	2017		
	Turnover	Operating Expenditure	Operating Surplus/(Deficit)
	£	£	£
Letting activities			
Social housing (Note 3b)	1,137,220	(911,599)	225,621
Shared ownership	8,348	(2,193)	6,155
Total	1,145,568	(913,792)	231,776
Other social housing activities			
Charges for support services	-	(1,446)	(1,446)
Management services	-	(11,058)	(11,058)
Total	-	(12,504)	(12,504)
Activities other than Social Housing			
Commercial properties	19,267	-	19,267
Total	1,164,835	(926,296)	238,539
	2016		
	Turnover	Operating Expenditure	Operating Surplus/(Deficit)
	£	£	£
Letting activities			
Social housing (Note 3b)	1,082,579	(981,032)	101,547
Shared ownership	10,150	(3,519)	6,631
Total	1,092,729	(984,551)	108,178
Other social housing activities			
Charges for support services	-	(1,971)	(1,971)
Management services	-	(8,090)	(8,090)
Total	-	(10,061)	(10,061)
Non Social Housing			
Commercial Properties	19,363	-	19,363
Total	1,112,092	(994,612)	117,480

3b. Particulars of turnover and operating expenditure from Social Housing Lettings

	General Needs Housing £	Supported Housing £	Shared Ownership £	Total 2017 £	Total 2016 £
Income					
Rent receivable net of identifiable service charge	858,844	88,081	4,090	951,015	926,284
Service charges income	96,938	42,866	2,378	142,182	114,074
Amortised government grant	46,119	4,372	1,880	52,371	52,371
Turnover from Social Housing Lettings	1,001,901	135,319	8,348	1,145,568	1,092,729
Operating expenditure					
Management	474,692	47,772	-	522,464	492,730
Service charge costs	75,002	28,141	1,288	104,431	99,870
Routine maintenance	96,009	15,321	-	111,330	165,666
Planned maintenance	46,637	2,326	-	48,963	110,489
Bad debts	-	-	-	-	(15,097)
Depreciation of housing properties	117,603	8,096	905	126,604	130,893
Operating expenditure on Social Housing Lettings	809,943	101,656	2,193	913,792	984,551
Operating surplus/(deficit) on Social Housing Lettings	191,958	33,663	6,155	231,776	108,178
Void losses	(1,642)	(1,294)	-	(2,936)	(14,758)

3c. Accommodation in management

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

	2017 No. of properties	2016 No. of properties
Social Housing		
General needs social rent	102	102
Supported housing	19	19
Shared Ownership	1	2
Total owned	122	123
Accommodation managed for others	35	35
Total owned and managed	157	158

Financial Statements for the year ended 31 March 2017

4. DISPOSALS OF FIXED ASSET COMPONENTS

	Other fixed assets	Total 2017	Total 2016
	£	£	£
Disposal at cost	(19,869)	(19,869)	(146,568)
Depreciation on disposals	17,513	17,513	128,728
Deficit on disposal	<u>(2,356)</u>	<u>(2,356)</u>	<u>(17,840)</u>

5a. Key management personnel

As at 31 March 2017 none of the board members received emoluments in excess of £60,000 (2016: nil). The board members are considered to represent key management personnel.

5b. Employees

Average monthly number of employees expressed as full time equivalents:

	2017	2016
	Number	Number
Administration	3	3
	<u>3</u>	<u>3</u>

	2017	2016
	£	£
Employee costs:		
Wages and salaries	85,380	79,851
Social security costs	5,993	7,503
Pension costs	4,327	4,776
	<u>95,700</u>	<u>92,130</u>

6. Pensions

All Lien Viet employees have joint contracts of employment with ISHA. All employees are currently members of the Social Housing Pension Scheme.

7a. Interest receivable and other income

	2017	2016
	£	£
Interest receivable and similar income	7,762	9,626
	<u>7,762</u>	<u>9,626</u>

Financial Statements for the year ended 31 March 2017

7b. Interest and financing costs

	2017	2016
	£	£
Loans and bank overdrafts	35,530	38,435
	<u>35,530</u>	<u>38,435</u>

8. Operating surplus

The operating surplus is arrived after charging/(crediting):

	2017	2016
	£	£
Depreciation of housing properties	126,604	130,893
Depreciation of other tangible fixed assets	1,484	1,895
Surplus on sale of properties and land	15,587	47,627
Deficit on sale of fixed assets	<u>(2,356)</u>	<u>(17,840)</u>
Auditors' remuneration (excluding VAT)		
– Audit of the financial statements of the Association	<u>5,520</u>	<u>8,510</u>

9. Fixed assets – housing properties and other fixed assets

	Social housing properties held for letting £	Shared Ownership £	Subtotal housing properties £	Plant, vehicles and equipment £	Subtotal other fixed assets £	Total £
Cost						
At 1 April 2016	10,165,682	72,153	10,237,835	53,582	53,582	10,291,417
Additions	23,763	-	23,763	-	-	23,763
Disposals	(19,869)	(7,093)	(26,962)	-	-	(26,962)
At 31 March 2017	<u>10,169,576</u>	<u>65,060</u>	<u>10,234,636</u>	<u>53,582</u>	<u>53,582</u>	<u>10,288,218</u>
Depreciation						
At 1 April 2016	1,799,319	8,617	1,807,936	51,047	51,047	1,858,983
Charge for year	125,699	905	126,604	1,484	1,484	128,088
Released on disposals	(17,513)	(2,280)	(19,793)	-	-	(19,793)
At 31 March 2017	<u>1,907,505</u>	<u>7,242</u>	<u>1,914,747</u>	<u>52,531</u>	<u>52,531</u>	<u>1,967,278</u>
Net book value						
At 31 March 2017	<u>8,262,071</u>	<u>57,818</u>	<u>8,319,889</u>	<u>1,051</u>	<u>1,051</u>	<u>8,320,940</u>
At 31 March 2016	<u>8,366,363</u>	<u>63,536</u>	<u>8,429,899</u>	<u>2,535</u>	<u>2,535</u>	<u>8,432,434</u>

Financial Statements for the year ended 31 March 2017

9. Fixed assets – housing properties and other fixed assets – *continued*

Expenditure on works to existing properties

	2017	2016
	£	£
Components Capitalised	23,763	283,211
Amount charged to income and expenditure	41,210	19,256
	<u>64,973</u>	<u>302,467</u>

10. Trade and other debtors

	2017	2016
	£	£
Due within one year		
Rent and service charges receivable	54,718	57,880
Less: provision for bad and doubtful debts	(23,379)	(16,625)
	<u>31,339</u>	<u>41,255</u>
Amount due from parent company	841,398	40,302
Prepayments and accrued income	32,874	35,150
	<u>905,611</u>	<u>116,707</u>

11. Creditors: amounts falling due within one year

	2017	2016
	£	£
Loans repayable (note 14)	34,923	33,423
Trade creditors	-	22,825
Deferred grant income	52,371	52,371
Amounts owed to group undertaking	141,701	135,223
Accruals and deferred income	118,817	27,071
Rent and service charges received in advance	42,352	15,911
	<u>390,164</u>	<u>286,824</u>

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

	2017	2016
	£	£
Debt (note 14)	411,266	449,920
Deferred grant income	6,669,824	6,722,202
	<u>7,081,090</u>	<u>7,172,122</u>

13. Deferred grant income

	2017	2016
	£	£
At 1 April	6,774,570	6,826,941
Released to income in the year	(52,371)	(52,371)
At 31 March	<u>6,722,199</u>	<u>6,774,570</u>
	2017	2016
	£	£
Amounts to be released within one year	52,371	52,371
Amounts to be released in more than one year	6,669,828	6,722,199
	<u>6,7220,199</u>	<u>6,774,570</u>

14. Debt analysis

Borrowings

	2017	2016
	£	£
Due within one year		
Bank loans	34,923	33,423
Due after more than one year		
Bank loans	411,266	449,920
Total loans	<u>446,189</u>	<u>483,343</u>

Housing Loans are from private lenders and in the main secured by specific charges on the Group's housing properties

Loan Portfolio	Interest Rate
Orchardbrook ex HC – Fixed 30 Yr	9.375%
Orchardbrook ex HC – Deferred 30 Yr	LIBOR + 1.5%

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

	2017	2016
	£	£
Within one year or on demand	34,923	33,423
One year or more but less than two years	37,718	34,584
Two years or more but less than five years	134,585	122,951
Five years or more	238,963	292,385
	<u>446,189</u>	<u>483,343</u>

Financial Statements for the year ended 31 March 2017

15. Cash flow from operating activities

	2017	2016
	£	£
Surplus for the year	239,002	138,458
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	128,080	132,790
Amortisation of grant income	(52,371)	(52,371)
Decrease/(increase) in trade and other debtors	(788,904)	1,008,422
Increase/(decrease) in trade and other creditors	101,841	(64,118)
Net gain/loss on sale of fixed assets	2,356	17,840
Surplus on staircasings	(15,587)	(47,627)
Movement in value of investment property	(15,000)	(20,000)
Interest receivable	(7,762)	(9,626)
Interest payable	35,530	38,435
Net cash generated from operating activities	<u>(372,815)</u>	<u>1,142,203</u>

16. Surplus on sale of fixed assets – housing properties

	2017	2016
	£	£
Disposal proceeds	20,400	76,000
Carrying value of fixed assets	(4,813)	(28,373)
	<u>15,587</u>	<u>47,627</u>

17. Investment properties: non-social housing properties held for letting

	£
At 1 April 2016	295,000
Increase in value	15,000
At 31 March 2017	<u>310,000</u>

Investment properties were valued as at 31 March 2017. The association's investment property has been valued by Res-Prop Chartered Surveyors, professional external valuers. The full valuation of the property was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors on the basis of fair value. The investment property is a commercial office and a rent capitalisation methodology was adopted 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.

Financial Statements for the year ended 31 March 2017

18. Share Capital

The association is limited by guarantee and therefore has no share capital. Each member (see numbers below) agrees to contribute £1 in the event on the association winding up.

	2017 Number	2016 Number
Number of members		
At 1 April	8	9
Joining during the year	-	-
Leaving during the year	-	(1)
At 31 March	<u>8</u>	<u>8</u>

19. Capital commitments

	2017 £	2016 £
Capital expenditure		
Expenditure contracted but not provided for in the accounts	-	63,936
	<u>-</u>	<u>63,936</u>

20. Financial assets and liabilities

Categories of financial assets and financial liabilities

	2017 £	2016 £
Financial assets that are debt instruments measured at amortised cost		
Other debtors	105,611	116,707
Loan to parent company	800,000	-
	<u>905,611</u>	<u>116,707</u>
Financial liabilities measured amortised cost		
Loans (Note 14)	446,189	483,343
Creditors	7,025,065	6,975,603
Total	<u>7,471,254</u>	<u>7,458,946</u>

Financial assets includes short term debtors and an intercompany loan of £800,000 (2016:£ nil) at a floating rate, attracting interest at rates that vary with the bank rates.

Financial liabilities include all creditors and loan amounts payable.

21. Related parties

The Association has taken advantage of the exemption in FRS 102, section 33 concerning related party transactions by virtue of its status as a 100% owned subsidiary of a parent whose accounts are consolidated and made publicly available.

22. Parent undertaking

The parent association is Islington & Shoreditch Housing Association, a Registered Provider of Social Housing incorporated in the United Kingdom as a Co-operative and Community Benefit Society and under the Housing and Regeneration Act 2008. Its accounts are available from 102 Blackstock Road, London, N4 2DR.

23. Post balance sheet event

Islington & Shoreditch Housing Association repaid the £800,000 intercompany loan to the Association on 5 April 2017. On 6 April 2017, a £1,000,000 one-year fixed term loan was issued on the same terms to Islington & Shoreditch Housing Association.