

Lien Viet Housing Association Limited
Financial Statements
Year Ended 31 March 2016

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	6
Statement of Comprehensive Income	8
Statement of Changes in Reserves	9
Statement of Financial Position	10
Statement of Cash Flows	11
Notes to the Financial Statements	12

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

Financial Statements for the year ended 31 March 2016

BOARD MEMBERS

Board members

Chair Merlene Emerson

Other members
Trinh Bui
Suzanah Kwok
Kim Nguyen
Hong Khaou
Roz Spencer
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 2016.

Principal Activities

Lien Viet Housing Association Limited ('Lien Viet') currently owns 123 units (2015: 123 units) including 2 shared ownership units (2015: 2 units) and 19 hostel rooms. 35 units (2015: 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 the next four years, 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.

Key Outreach and Support Work achievements 2015/16

- 400 clients assisted (39% not Lien Viet/ISHA customers)
- 34 drop in sessions held
- 10 hostel residents moved to permanent accommodation
- 61 members of the Vietnamese Women's and Men's groups

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).

The integration of landlord services into ISHA has continued to see improved performance in the areas of rent collection, with arrears at 4.75% (2015: 6.37%), increased numbers of residents assisted in moving home, with three Lien Viet residents completing a transfer in 2015/16 (one in 2014/15) and five Lien Viet residents moving into a permanent Lien Viet home from a hostel room (six in 2014/15), and investment has been increased in renewing components within Lien Viet's homes to £283,211 (2015: £108,913). 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 <https://www.isha.co.uk/news/isha-regulatory-ratings-and-value-for.html>

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
15 June 2016

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

We have audited the financial statements of Lien Viet Housing Association Limited for the year ended 31 March 2016 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's members, as a body, in accordance with regulations made under Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the 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 pages 3 and 4, 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 society's affairs as at 31 March 2016 and of its 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; and
- comply with the requirements of the Co-operative and Community Benefits Societies Act 2014.

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

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 society has not kept proper accounting records; or
- 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
Central Milton Keynes

9 September 2016

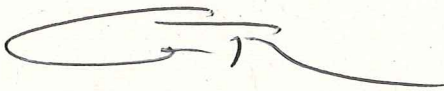
Statement of Comprehensive Income as at 31 March

	Notes	2016 £	2015 £
Turnover	3	1,112,092	1,116,246
Operating expenditure	3	(994,612)	(857,128)
Operating surplus	3	117,480	259,118
Surplus from sale of properties and land	16	47,627	-
Loss on disposal of fixed assets	4	(17,840)	(40,139)
Movement in fair value of Investment Properties	17	20,000	5,000
Interest receivable	7a)	9,626	8,263
Interest and financing costs	7b)	(38,435)	(41,062)
		<u>20,978</u>	<u>(67,938)</u>
Surplus and total comprehensive income for the financial year		<u>138,458</u>	<u>191,180</u>

The financial statements were approved by the Board of Management at its meeting on 15 June 2016 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 2014	2,043,049	2,043,049
Total comprehensive income for the year	191,180	191,180
Balance as at 31 March 2015	2,234,229	2,234,229
Total comprehensive income for the year	138,458	138,458
Balance as at 31 March 2016	2,372,687	2,372,687

The Association's results relate wholly to continuing activities.

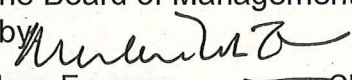
The accompanying notes form part of these financial statements.

Statement of Financial Position as at 31 March

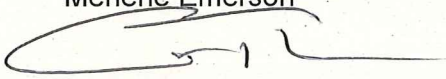
FIXED ASSETS	Note	2016	2015
		£	£
Fixed Assets			
Tangible Fixed Assets	9	8,429,899	8,323,797
Investment Properties	17	<u>295,000</u>	<u>275,000</u>
		8,724,899	8,598,797
Other fixed assets	9	<u>2,535</u>	<u>4,431</u>
		<u>8,727,434</u>	<u>8,603,228</u>
Current assets			
Trade and other debtors	10	116,707	1,125,129
Cash and cash equivalents		<u>987,492</u>	<u>116,294</u>
		1,104,199	1,241,423
Creditors: amounts falling due within one year	11	<u>(286,824)</u>	<u>(346,497)</u>
Net current assets		<u>817,375</u>	<u>894,926</u>
Total assets less current liabilities		9,544,809	9,498,154
Creditors: amounts falling due after more than one year	12	<u>(7,172,122)</u>	<u>(7,263,925)</u>
Total net assets		<u>2,372,687</u>	<u>2,234,229</u>
Reserves			
Income and expenditure reserves		<u>2,372,687</u>	<u>2,234,229</u>
Total reserves		<u>2,372,687</u>	<u>2,234,229</u>

The accompanying notes form part of these financial statements.


The financial statements were approved by the Board of Management at its meeting on 15 June 2016 and were signed on its behalf by


Merlene Emerson

Chair


Clare Thomson

Secretary


Stephen Stringer

Board Member

Statement of Cash Flows for the year ended 31 March

	Notes	2016 £	2015 £
Net cash generated from operating activities	15	1,142,203	88,871
Cash flow from investing activities			
Purchase of tangible fixed assets	9	(283,211)	(108,913)
Proceeds from sale of tangible fixed assets	16	76,000	-
Interest received	7	9,626	8,263
		<hr/>	<hr/>
		944,618	(11,779)
Cash flow from financing activities			
Interest paid	7	(38,435)	(41,062)
Repayment of borrowings		(34,985)	(31,080)
		<hr/>	<hr/>
Net change in cash and cash equivalent		871,198	(83,921)
Cash and cash equivalent at 1 April		116,294	200,215
		<hr/>	<hr/>
Cash and cash equivalent at 31 March		<u>987,492</u>	<u>116,294</u>

The accompanying notes 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.

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.

This is the first year in which the financial statements have been prepared under FRS 102. Refer to note 21 for an explanation of the transition.

The financial statements are presented in Sterling (£).

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 2016 was £1,858,983.

Financial Statements for the year ended 31 March 2016

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 2016

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 2016

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 2016

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

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)
Activities other than Social Housing			
Commercial properties	19,363	-	19,363
Total	1,112,092	(994,612)	117,480

2015

	Turnover £	Operating Expenditure £	Operating Surplus/(Deficit) £
Letting activities			
Social housing (Note 3b)	1,086,386	(845,901)	240,485
Shared ownership	11,066	(3,347)	7,719
Total	1,097,452	(849,248)	248,204
Other social housing activities			
Charges for support services	-	(2,001)	(2,001)
Management services	-	(5,879)	(5,879)
Total	-	(7,880)	(7,880)
Non Social Housing			
Commercial Properties	18,794	-	18,794
Total	1,116,246	(857,128)	259,118

Financial Statements for the year ended 31 March 2016

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

	General Needs Housing £	Supported Housing £	Shared Ownership £	Total 2016 £	Total 2015 £
Income					
Rent receivable net of identifiable service charge	859,150	62,107	5,027	926,284	945,257
Service charges income	56,070	54,761	3,243	114,074	99,824
Amortised government grant	46,119	4,372	1,880	52,371	52,371
Turnover from Social Housing Lettings	961,339	121,240	10,150	1,092,729	1,097,452
Operating expenditure					
Management	418,820	73,910	-	492,730	473,155
Service charge costs	63,702	33,878	2,290	99,870	101,999
Routine maintenance	143,903	21,763	-	165,666	126,415
Planned maintenance	27,482	83,007	-	110,489	72,287
Bad debts	(18,584)	3,487	-	(15,097)	(9,847)
Depreciation of housing properties	119,109	10,555	1,229	130,893	85,239
Operating expenditure on Social Housing Lettings	754,432	226,600	3,519	984,551	849,248
Operating surplus/(deficit) on Social Housing Lettings	206,907	(105,360)	6,631	108,178	248,204
Void losses	(5,796)	(8,962)	-	(14,758)	(6,634)

3c. Accommodation in management

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

	2016 No. of properties	2015 No. of properties
Social Housing		
General needs social rent	102	102
Supported housing	19	19
Shared Ownership	2	2
Total owned	123	123
Accommodation managed for others	35	35
Total owned and managed	158	158

Financial Statements for the year ended 31 March 2016

4. DISPOSALS OF FIXED ASSET COMPONENTS

	Other fixed assets	Total 2016	Total 2015
	£	£	£
Disposal at cost	(146,568)	(146,568)	(60,681)
Depreciation on disposals	128,728	128,728	20,542
(Deficit)/surplus on disposal	(17,840)	(17,840)	(40,139)

5a. Key management personnel

As at 31 March 2016 none of the board members received emoluments in excess of £60,000 (2015: nil). The board members are considered to represent key management personnel.

5b. Employees

Average monthly number of employees expressed as full time equivalents:

	2016 Number	2015 Number
Administration	3	3
	3	3

	2016 £	2015 £
Employee costs:		
Wages and salaries	79,851	71,992
Social security costs	7,503	6,839
Pension costs	4,776	4,365
	92,130	83,196

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

	2016 £	2015 £
Interest receivable and similar income	9,626	8,263
	9,626	8,263

Financial Statements for the year ended 31 March 2016

7b. Interest and financing costs

	2016	2015
	£	£
Loans and bank overdrafts	38,435	41,062
	<u>38,435</u>	<u>41,062</u>

8. Operating surplus

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

	2016	2015
	£	£
Depreciation of housing properties	130,893	85,239
Depreciation of other tangible fixed assets	1,895	2,326
Surplus on sale of properties and land	47,627	-
Deficit on sale of fixed assets	<u>(17,840)</u>	<u>(40,139)</u>
Auditors' remuneration (excluding VAT)		
– Audit of the financial statements of the Association	<u>8,510</u>	<u>4,650</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 2015	10,029,041	100,526	10,129,567	53,582	53,582	10,183,149
Additions	283,211	-	283,211	-	-	283,211
Disposals	(146,570)	(28,373)	(174,943)	-	-	(174,943)
At 31 March 2016	<u>10,165,682</u>	<u>72,153</u>	<u>10,237,835</u>	<u>53,582</u>	<u>53,582</u>	<u>10,291,417</u>
Depreciation						
At 1 April 2015	1,797,378	8,392	1,805,770	49,151	49,151	1,854,921
Charge for year	129,958	936	130,894	1,896	1,896	132,790
Released on disposals	(128,017)	(711)	(128,728)	-	-	(128,728)
At 31 March 2016	<u>1,799,319</u>	<u>8,617</u>	<u>1,807,936</u>	<u>51,047</u>	<u>51,047</u>	<u>1,858,983</u>
Net book value						
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>
At 31 March 2015	<u>8,231,663</u>	<u>92,134</u>	<u>8,323,797</u>	<u>4,431</u>	<u>4,431</u>	<u>8,328,228</u>

Financial Statements for the year ended 31 March 2016

Expenditure on works to existing properties

	2016	2015
	£	£
Components Capitalised	283,211	108,913
Amount charged to income and expenditure	19,256	7,914
	<u>302,467</u>	<u>116,827</u>

10. Trade and other debtors

	2016	2015
	£	£
Due within one year		
Rent and service charges receivable	57,880	114,805
Less: provision for bad and doubtful debts	(16,625)	(34,542)
	<u>41,255</u>	<u>80,263</u>
Amount due from parent company	40,302	1,031,985
Trade debtors	-	2,507
Prepayments and accrued income	35,150	10,374
	<u>116,707</u>	<u>1,125,129</u>

11. Creditors: amounts falling due within one year

	2016	2015
	£	£
Loans repayable (note 14)	33,423	27,973
Trade creditors	22,825	19,832
Deferred grant income	52,371	52,371
Amounts owed to group undertaking	135,223	135,536
Accruals and deferred income	27,071	64,001
Rent and service charges received in advance	15,911	46,784
	<u>286,824</u>	<u>346,497</u>

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

	2016	2015
	£	£
Debt (note 14)	449,920	489,355
Deferred grant income	6,722,202	6,774,570
	<u>7,172,122</u>	<u>7,263,925</u>

Financial Statements for the year ended 31 March 2016

13. Deferred grant income

	2016	2015
	£	£
At 1 April	6,826,941	6,879,312
Released to income in the year	(52,371)	(52,371)
At 31 March	<u>6,774,570</u>	<u>6,826,941</u>
	2016	2015
	£	£
Amounts to be released within one year	52,371	52,371
Amounts to be released in more than one year	6,722,199	6,774,570
	<u>6,774,570</u>	<u>6,826,941</u>

14. Debt analysis

Borrowings

	2016	2015
	£	£
Due within one year		
Bank loans	33,423	27,973
Due after more than one year		
Bank loans	449,920	489,355
Total loans	<u>483,343</u>	<u>517,328</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:

	2016	2015
	£	£
Within one year or on demand	33,423	27,973
One year or more but less than two years	34,584	30,453
Two years or more but less than five years	122,951	109,422
Five years or more	292,385	349,480
	<u>483,343</u>	<u>517,328</u>

Financial Statements for the year ended 31 March 2016

15. Cash flow from operating activities

	2016	Restated 2015
	£	£
Surplus for the year	117,480	259,118
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	132,790	94,894
Amortisation of grant income	(52,371)	(52,371)
Decrease/(increase) in trade and other debtors	1,008,422	(126,742)
Increase/(decrease) in trade and other creditors	(64,118)	(86,028)
Net cash generated from operating activities	1,142,203	88,871

16. Surplus on sale of fixed assets – housing properties

	2016	2015
	£	£
Disposal proceeds	76,000	-
Carrying value of fixed assets	(28,373)	-
	<u>47,627</u>	<u>-</u>

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

	£
At 1 April 2015	275,000
Increase in value	20,000
At 31 March 2016	<u>295,000</u>

Investment properties were valued as at 31 March 2016. 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.

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.

	2016	2015
	Number	Number
Number of members		
At 1 April	9	7
Joining during the year	-	5
Leaving during the year	(1)	(3)
At 31 March	<u>8</u>	<u>9</u>

19. Capital commitments

	2016	2015
	£	£
Capital expenditure		
Expenditure contracted but not provided for in the accounts	63,936	-
	<u>63,936</u>	<u>-</u>

The above commitments will be financed by working capital held in a deposit account.

20. Financial assets and liabilities

Categories of financial assets and financial liabilities

	2016	2015
	£	£
Financial assets that are debt instruments measured at amortised cost		
Other debtors	116,707	125,129
Loan to parent company	-	1,000,000
	<u>116,707</u>	<u>1,125,129</u>

Financial liabilities measured amortised cost

Loans (Note14)	483,343	517,328
Creditors	6,975,603	7,093,094
Total	<u>7,458,946</u>	<u>7,610,422</u>

Financial assets includes short term debtors and an intercompany loan of £nil (2015:£1m) at a floating rate, attracting interest at rates that vary with the bank rates.

Financial liabilities include all creditors and loan amounts payable.

21. Transition to FRS102

The association has adopted FRS 102 for the year ended 31 March 2016 and has restated the comparative prior year amounts.

Changes for FRS 102 adoption

1. Holiday pay provision

A provision is now made for entitlement to holiday at the year-end which has not been taken by employees. This has been calculated based on payroll records and totalled £569 as a liability in opening reserves.

2. Grant accounting

Grants were previously netted off the cost of housing properties. Under FRS 102, government grants must be accounted for using the accruals model or the performance model. As the association accounts for its properties at historical cost, it has adopted the accruals model for government grants as required by SORP 2014.

Under the accruals model, the government grants have been allocated to the housing property structure and amortised over the useful economic life of the structure. The unamortised amount is held within deferred income, split between less than 1 year and more than 1 year. The amount of amortised grant that has been recognised in opening reserves is £1,028,668.

3. Investment properties

Under FRS 102, investment properties are not held primarily to provide social benefits and will return market value rentals and/or held for their capital appreciation. FRS 102 requires those properties to be classified as investment properties. The association holds one commercial office let at market value, which was classified as other fixed assets and accounted for under the historical cost model.

Investment properties are measured at fair value at each reporting date. To restate the commercial office value, the fair value as at 31 March 2014 and 31 March 2015 was obtained from a Chartered Surveyor. The cost of the commercial unit was adjusted with the movement in fair value released through opening reserves. The accumulated depreciation of the commercial office was also released through opening reserves.

Restated statement of financial position	31 March 2015	1 April 2014
	£	£
Original Reserves	2,805,311	2,618,918
Adjustment to opening reserves	(635,211)	(1,514,714)
Amortisation of government grants	52,371	976,297
Reversal of investment property depreciation	7,327	132,193
Movement in fair value of investment property	5,000	(169,645)
Holiday pay accrual	(569)	-
Restated reserves	<u>2,234,229</u>	<u>2,043,049</u>

Financial Statements for the year ended 31 March 2016

Restated surplus for the year ended 31 March 2015	£
Original surplus	186,393
Amortisation of government grants	52,371
Accumulated depreciation adjustment for components	(27,471)
Write back grant written-off on component disposal	(31,871)
Investment property depreciation reversal	7,327
Movement in fair value of investment property	5,000
Holiday pay	(569)
Restated surplus for the financial year	191,180

22. 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.

23. 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.