



greenoak

housing association

2017

annual report



GREENOAK HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

Registered Society under the Co-operative and
Community Benefit Societies Act 2014

Registered No: 20859R

Homes and Communities Agency No: L1393

GREENOAK HOUSING ASSOCIATION LIMITED

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GREENOAK HOUSING ASSOCIATION LIMITED**GENERAL INFORMATION**

Registered Office:	155, Goldsworth Road Woking GU21 6LS	
HCA No.	L1393	
Co-operative and Community Benefit Society Registration No.	20859R	
Board of Management :	Paul Calland Vicki March MSc, BA (Hons) Dip.Arch Rowan Carstairs ACABE Phil Green FCIH, MBA Martin Large Robert Hughes Gordon Mattocks CIPFA Ruth Trown FCIH David Watts Alison Young FCCA	Chair (from 29 September 2016) Vice Chair (from 4 October 2016) (to 29 March 2017) (from 30 March 2017) (from 30 March 2017) (from 30 March 2017) (to 30 June 2017) (to 4 October 2016) (to 30 June 2017)
Chief Executive/Secretary	Diana Kingdon FCIS MBA	
Solicitors:	Mackrell Turner Garrett, Woking Devonshires, London Trowers & Hamblins, London	
Independent Auditors:	Knox Cropper Chartered Accountants 8/9 Well Court London EC4M 9DN	
Bankers:	Barclays Bank plc	

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT**

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

Constitution

Greenoak Housing Association Limited is a registered Co-operative and Community Benefit Society with the National Housing Federation's 2005 model rules for Charities.

Principal activity

Greenoak's principal activity is to provide, manage and maintain high quality housing at affordable rents. Our mission is to 'respond to the housing needs of the community, continuously improve services to a high standard, and promote sustainable communities.'

Review of the year

The provision of affordable housing to rent, energy efficiency and condition of existing stock remain our priorities and we are partners with four Local Authorities.

Over recent years we have completed four schemes of highly sustainable housing and we are planning redevelopment of an existing sheltered scheme in Woking and development of a rural housing scheme in Chichester District in the next year.

Our operating surplus for the year excluding sale of properties and before interest was £773,390 compared with £795,941 (2016). After interest, we made a surplus of £512,425 compared with £538,723 (2016).

Current and Future Operations

Greenoak has been a pioneer in designing and developing sustainable homes with a track record of winning National Awards which started over ten years ago. Our record and current strategy is based on taking a "fabric first" approach to design and materials from the outset of every project. We aim to produce new housing to the highest standard, especially in rural areas where we can work well with local communities. We are a member of the Wayfarer Development Consortium which increases our opportunities for partnership working.

We will continue to evaluate our greenhomes model and to disseminate good practice including engagement with our residents which is an integral part of the process. We are planning training for staff of Wayfarer Members on best practice in providing energy efficient, sustainable homes, learning from successes and mistakes to ensure homes are fit for the long-term.

Greenoak has freehold offices in Woking. Our Goldsworth Road office provides central administrative support and our housing management and property care services are provided from our nearby office in St Johns, Woking.

Changes to welfare benefits will impact on Greenoak's income collection over the next few years. Changes will reduce the income of some of our residents. We are therefore increasingly focussing on our work in tenancy support and collection of rents.

We are continuing with our plans to redevelop our existing sheltered scheme at Woodham Place together with our adjoining property, Oak Trees to provide 18 Passiv haus apartments designed to attract older people who wish to downsize. We expect to submit a planning application in the summer of 2017 with a planned start on site in early 2018.

Social housing rents were reduced by 1% per annum from April 2016 for 4 years though this was delayed for sheltered housing until 2017-18. This has reduced our income for the year.

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT**

Greenoak is providing management services for three small associations with contracts which commenced in April 2017. Following a competitive selection process, one of the associations which has 14 units, is planning to transfer its engagements to the association after the first year.

Support services

Some 50% of our properties are designed for older people. Our leasehold retirement schemes have Scheme Managers working on site, and we have a team that provides support to residents at our sheltered schemes. We also offer support to vulnerable residents in our general needs schemes.

We received funding from Greenoak Community Focus Ltd to meet the unfunded Supporting People cost at our sheltered schemes following cuts to local authority funding in September 2016. We continue to provide a visiting service to our more vulnerable tenants in both sheltered and non sheltered schemes.

Quality and efficiency

Greenoak is a member of a benchmarking group, SHAPE (Smaller Housing Associations Pursuing Excellence) and this enables us to collaborate, exchange examples of good practice and jointly commission services. Members benchmark their performance through Acuity, which is linked to Housemark's national club of housing associations. Acuity provides an annual performance report to members which demonstrates our high level of performance compared with the whole sector. Greenoak is also providing data for the Sector Scorecard which is being piloted by Housemark during the current financial year. This data will make a significant contribution to future value for money statements.

SHAPE holds an annual staff conference for training and networking. Previous conferences have focused on service delivery, sustainable communities and environmental sustainability. Last year there was a focus on data protection and information security.

SHAPE Members continue to find new ways to collaborate and have a shared Human Resources Service to which members can subscribe.

Key financial strategies and policies

The key financial strategies and policies are as set out below:

Development and finance strategy

The provision of affordable housing to rent, energy efficiency and condition of existing stock remain our priorities. Resources continue to be directed at our development programme including bringing schemes through the planning and design stages in our areas of operation in Surrey and Sussex. We work in partnership with four Local Authorities to provide social housing, and also manage retirement leasehold schemes in a further two Local Authority areas.

Risk Management

Our Board has a robust approach to risk management and we are supported by Hargreaves Risk and Strategy consultants. We have a policy to ensure the continued existence of the Association is not threatened by external events or an inappropriate strategy, to maximise the chances that the association will achieve its stated objectives and increase the confidence in the organisation of external stakeholders, including lenders and regulators.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

The Board sets an appropriate risk appetite in the context of the organisation's risk capacity and exposure, identifying the strategic risks to the achievement of the objectives, assessing their probability and impact, and putting in place measures to reduce their probability and / or mitigate their impact as appropriate.

The Board obtains assurance by demonstrating that it understands the Association's risk profile and that the key risks are being effectively managed, and by ensuring that the organisation has undertaken scenario analysis and stress testing.

Long-term maintenance

The condition of our stock has been reviewed and a programme set for the future, to ensure that we continue to re-invest to maintain high quality homes that are energy efficient. All our properties meet Decent Homes standard as a minimum and our new homes meet Lifetime Homes standard.

Our in house team has continued with the refurbishment programme of kitchens and bathrooms having completed 14 kitchens and three bathrooms. We also replaced the windows and doors for the six properties at our Gomshall scheme, and we had seven new boilers installed in various other properties including communal boilers at one of our sheltered schemes. This will improve energy efficiency with a corresponding reduction of heating costs which will greatly benefit residents.

Fire safety All our flatted schemes have up to date Fire Risk assessments, and none have new or retrofitted external cladding. Visits have also been made by the Fire Service, following the Grenfell Tower fire. Officers have reviewed evacuation procedures which they have confirmed are appropriate. Staff have had fire safety training and further training is planned in 2017.

Funding

Prior to the HCA investment programme, our new developments were funded by social housing grant and loan finance plus our own resources. We plan to build future schemes of affordable rented and shared ownership homes without HCA grant funding due to the low level of grant available and other conditions attached. This enables us to set our rents at truly affordable levels and to continue to offer secure tenancies once new tenants have completed their probationary period of one year.

During the year we drew down a £1,000,000 facility with the Co-operative Bank which will part fund our planned development programme.

Rent policy

Most of our properties are funded by social housing grant which enables us to charge social housing rents. For new non-grant funded development, we will consider a range of options including market and sub-market rents.

Reserves

Our reserves are to finance new development and re-invest in our existing housing stock.

GREENOAK HOUSING ASSOCIATION LIMITED**REPORT OF THE BOARD OF MANAGEMENT****Property disposal policy**

Greenoak owns sub-market rented properties acquired without social housing grant. These are let at below market rents and allow us to house more families and single people. Our policy provides for the disposal of these properties where needed, to assist in funding new housing development.

Value of properties

Our housing properties are included in the Balance Sheet at £19.3m before and £17.3m after depreciation. They are estimated to have a value in excess of £30m, based on existing use value (social housing) for grant-aided housing, and at open market value (subject to tenancies) for other properties.

Staff development and welfare

Staff members have annual performance reviews and they are encouraged to achieve their potential through external courses and internal training. The health of our employees is important, and we provide annual health screening for all staff and free eye tests. We provide pension schemes through The Pensions Trust. The current pension plan is a defined contribution scheme.

Value for Money

VFM is the very essence of running a viable social business through aiming to do the right things, for the least cost and getting them right. It's also about continuous improvement. VFM is the driving force behind everything we do. It is also, crucially, about preserving value for the longer term and avoiding short-termism. Staff members have clear objectives, rooted in our purpose, and this enables us to identify the actions that will achieve those objectives.

We ensure our key processes are lean and customer focused, incorporating the use of technology wherever possible. Efficiency is about achieving the same for less, such as re-tendering of services.

We use benchmarking to identify inefficient activities and target remedial action, e.g.. where costs are high or performance is poor. We do this on an annual basis against other housing associations through Acuity. This gives us an indication of the costs of our services compared to other members, and through SHAPE, our benchmarking peer group, we follow this up by learning from the best performers. Where costs are significantly higher than the norm then a service review is triggered. We also compare the quality of our services through customer satisfaction surveys.

We keep costs down through strong fiscal stewardship. This includes an active and considered approach to a range of activities:

Treasury management: achieving the best possible return on investments, spreading financial risk, making money work.

Procurement: We recognise that to improve as an organisation, our major suppliers should be partners as well as contractors. We have a procurement strategy to achieve maximum benefit for all organisations involved in terms of delivery and cost.

Development, property care and maintenance: Our partnering procurement method combines control of the design with increased control of costs. Performance standards are validated by measuring and testing.

We use a combination of ways to achieve best value from contractors including formal tendering and schedule of rates. The use of our own direct labour team ensures a high quality of service to residents with our costs being tested by periodic market comparisons to ensure value for money.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Commodities: We compare value through NHF procurement including IT: We use Phoenix for software discounts and explore other procurement routes with SHAPE members and Procurement for Housing (PFH).

Further information is available on our web site and in our annual report.

Investing in our assets

Existing stock: We periodically review the condition of our housing stock and investment programme. As a minimum we maintain at least 'Decent Homes' standard on all our stock, but we aim to provide good quality homes including generous space standards and we continue to improve energy efficiency and upgrade kitchens and bathrooms when needed.

New housing: We have established high quality standards for our new environmentally sustainable housing and we aim to achieve best value in producing these high performance homes within normal cost range.

Monitoring and measuring performance

Our financial and statistical performance is measured and reviewed every quarter at Board Committee level and by the Board annually. We compare our performance against our peers and nationally against all associations.

Governance

Greenoak's Board recognises the importance of robust governance and has adopted the National Housing Federation's Code of Governance. We carried out an in depth governance review during the year, adopting the latest version of the National Housing Federation's Model Rules. Board vacancies were publicised by consultants acting on our behalf, and as a result, a new Chair and three Board members were recruited to the Board in the autumn of 2016. Members all have three year service contracts which are renewable up to a maximum of three terms. The Board undertakes an annual appraisal of its performance and members have appraisal interviews before standing for election or for re-election.

Details about the Board members, their qualifications and experience are set out in this report together with length of service. Whilst we have a fixed term of service of up to three terms of three years, this can be extended in exceptional circumstances to ensure retention of skills and a planned succession.

Board selection procedure:

An annual review takes place of the composition of the Board ensuring the continuing compliance with equal opportunities with particular regard to the following:

- balance of skills required to meet corporate objectives
- adequate representation by tenants and
- equality and diversity

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Board Remuneration

In an increasingly challenging environment for housing associations our Board has taken professional advice and decided to remunerate Board members to ensure that we attract the appropriate skills and experience. This is set at the lower quartile to reflect our operations and size.

GREENOAK HOUSING ASSOCIATION LIMITED

REPORT OF THE BOARD OF MANAGEMENT

Statement of the Board's Responsibilities

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

The Co-operative and Community Benefit Societies Act 2014 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of the income and expenditure for the year. In preparing those financial statements, the Board is required to:

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

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 comply 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. It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to detect fraud and other irregularities.

The Board has established the following procedures to provide effective internal financial control:

- (i) a financial policy which sets out key policies and procedures to ensure risks are managed prudently, and are compatible with the Association's long-term aims and objectives.
- (ii) a planning framework which incorporates a Board approved plan with detailed annual operating objectives.
- (iii) additional review of financial matters on behalf of the Board is achieved through a Committee of the Board.
- (iv) a comprehensive system of financial reporting to the Board, based on an annual budget, with quarterly reports.
- (v) management accounting of actual results against budget, analysis of variances, and performance against key performance indicators.
- (vi) internal audit functions are carried out by the external auditors on an agreed programme to cover different functions. Monitoring of the efficiency of internal control is undertaken by a Committee of the Board, which receives reports annually from the auditors. This has been carried out for the year ended 31st March 2017.

Compliance with the Governance and Financial Viability Standard

The Association complies with the HCA's Governance and Financial Viability Standard through:

- adoption of the principal recommendations of the 2015 NHF revised Code of Governance
- an effective Board of Management, appraised regularly
- standing Orders which set out roles and responsibilities which are reviewed annually by the Board
- a risk management framework with an agreed risk appetite and detailed risk map
- a long term financial plan which has been stress tested
- compliance with lenders covenants with the Board monitoring compliance on a quarterly basis
- sufficient liquidity to meet contractual commitments
- sufficient headroom to meet development plans
- an effective system of internal controls which are tested by internal audit
- an asset and liability register
- a fraud register regularly reviewed by the Finance Committee

The Board has reviewed the effectiveness of the system of internal financial control. No weaknesses have been found during the period covered by this report.

The Association has a policy in place regarding the reporting of fraud.

Information for Auditors

We the members of the Board who held office at the date of approval of these financial statements as set out above confirm, so far as we are aware, that there is no relevant audit information of which the auditors are unaware; and that we have taken all the steps that we ought to have taken as Board members to make ourselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Report of the Board of Management was approved on 27 September 2017 and signed on its behalf by the Chair.

P Calland

Chair

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
GREENOAK HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of Greenoak Housing Association Ltd 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 Association's members, as a body in accordance with section 87 of the Co-operative & Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report or for the opinion we have formed.

RESPECTIVE RESPONSIBILITIES OF THE BOARD AND AUDITORS

As explained more fully in the Statement of Board's responsibilities, set out on page 7, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the association's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the Board; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Board to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view in accordance with UK Generally Accepted Accounting Practice of the state of Greenoak Housing Association's affairs as at 31st March 2017 and of its income and expenditure for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with 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:

- the association has not kept proper accounting records; or
- a satisfactory system of control over transactions has not been maintained; 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

**Knox Cropper
Chartered Accountants
Statutory Auditor**

**8/9 Well Court
London
EC4M 9DM**

Date 27 September 2017

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31st MARCH 2017

	Notes	2017 £	2016 £
TURNOVER	2	2,537,316	2,549,895
Operating Costs	2	<u>(1,763,926)</u>	<u>(1,753,954)</u>
OPERATING SURPLUS	2	773,390	795,941
Surplus on Sale of Housing Properties		-	-
Interest Receivable and Similar Income	4	42,613	35,440
Interest Payable and Similar Charges	5	<u>(303,578)</u>	<u>(292,658)</u>
SURPLUS FOR THE YEAR		<u>£512,425</u>	<u>£538,723</u>

STATEMENT OF CHANGES IN RESERVES

AS AT 31st MARCH 2017

	Revenue reserves £	Total £
Balance at 1 April 2016	5,693,530	5,693,530
Surplus from statement of comprehensive income for the year	<u>512,425</u>	<u>512,425</u>
Balance as at 31 March 2017	<u>£6,205,955</u>	<u>£6,205,955</u>

CONTINUING OPERATIONS

None of the Association's activities were acquired or discontinued during the above two financial years.

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31st MARCH 2017

	Notes	£	2017 £	£	2016 £
FIXED ASSETS					
Housing Properties	6(a)		17,320,697		17,377,903
Other Tangible Fixed Assets	7		<u>218,618</u>		<u>230,265</u>
			<u>17,539,315</u>		<u>17,608,168</u>
CURRENT ASSETS					
Debtors	8	166,876		167,518	
Cash at Bank and in Hand	20	<u>4,623,810</u>		<u>3,278,542</u>	
		4,790,686		3,446,060	
LESS CREDITORS					
Amounts falling due within one year	9	<u>461,119</u>		<u>442,366</u>	
Net Current Assets			<u>4,329,567</u>		<u>3,003,694</u>
Total Assets Less Current Liabilities			<u>21,868,882</u>		<u>20,611,862</u>
CREDITORS					
Amounts falling due after more than one year	10		(15,531,326)		(14,769,018)
Provision for liabilities					
Pension Provision	10		(131,588)		(149,301)
Total Net Assets			<u><u>£6,205,968</u></u>		<u><u>£5,693,543</u></u>
Capital and Reserves					
Called-up Share Capital	11		13		13
Revenue Reserves	12		<u>6,205,955</u>		<u>5,693,530</u>
			<u>£6,205,968</u>		<u>£5,693,543</u>

The financial statements were approved by the Board of Management and were signed on its behalf by:

Board Member P Calland

Board Member V March

Secretary D Kingdon

Date: 27 September 2017

GREENOAK HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS

AS AT 31st MARCH 2017

	Notes	2017 £	2016 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	19	894,806	1,047,227
CASH FLOW FROM INVESTING ACTIVITIES			
Property expenditure		(170,578)	(249,520)
Interest received		42,613	35,440
		(127,965)	(214,080)
CASH FLOW FROM FINANCING ACTIVITIES			
Finance charges		(303,578)	(291,659)
Loans repaid		(117,995)	(97,650)
Net proceeds from issue of shares		-	(4)
Co-op loan drawdown		1,000,000	-
		578,427	(389,313)
NET CHANGE IN CASH AND CASH EQUIVALENTS		1,345,268	443,834
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,278,542	2,834,708
CASH AND CASH EQUIVALENTS AT END OF YEAR	20	£4,623,810	£3,278,542

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

1. ACCOUNTING POLICIES

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a registered social landlord as defined by the Housing and Regeneration Act 2008.

a) Basis of Accounting

The financial statements have been prepared in accordance with the Statement of Recommended Practice for social housing providers 2014, in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015). Greenoak Housing Association is a public benefit entity and applies FRS 102 accordingly.

The accounts comply with the Housing and Regeneration Act 2008 and with the Accounting Direction for Private Registered Providers of Social Housing (April 2015). The accounts are prepared in accordance with the historical cost basis of accounting.

The accounts are prepared on the going concern basis as there is a reasonable expectation that the Association will continue to operate for the foreseeable future.

b) Turnover

Turnover represents rental income receivable net of rent losses from voids, service charges receivable, bank interest and other income.

c) Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:-

Office property	2.0% on cost
Housing furniture and fittings	10.0 - 20.0% on cost
Office furniture and equipment	20.0% on cost

d) Housing Properties

Housing properties are stated at depreciated cost. The cost of completed housing properties is depreciated over the life of the properties. Development costs in connection with the acquisition and refurbishment of properties is capitalised.

In accordance with the requirements of SORP 2014, properties are now accounted for on a component basis with each component being depreciated over its estimated life. The principal components identified and the depreciation rate applied to each component are set out below:

Land	-	Not depreciated
Main Fabric	-	Over 100 years
Roof structure and covering	-	Over 70 years
Window & external doors	-	Over 30 years
Gas boilers/fires	-	Over 15 years
Kitchens	-	Over 20 years
Bathroom/WC's	-	Over 30 years
Mechanical systems (heating, ventilation & plumbing)	-	Over 30 years
Electrics	-	Over 40 years
Lifts	-	Over 20 years

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2017****1. ACCOUNTING POLICIES** (Continued)**e) Social Housing Grant**

Where developments have been financed wholly or partly by social housing grant, the grant received is recognised in income over the expected useful life of the housing property structure under the accruals model.

Housing Association grant is repayable in the following circumstances:-

- (i) If a property is sold.
- (ii) If the development of a property is not completed.

f) Works to Existing Properties

Works to existing properties are capitalised when replacing existing components or where the works provide an enhancement to the property's economic benefits in excess of the standard of performance anticipated when originally acquired or constructed.

g) Leased Assets

Rentals payable under operating leases are charged to the Income and Expenditure account as incurred.

Assets obtained under hire purchase or finance leases are capitalised in the balance sheet. Those held under hire purchase are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives, or the lease term, whichever is shorter.

The interest element of those obligations is charged to the profit and loss account over the relevant period. The capital element is treated as a liability.

h) Interest Payable

Interest payable is charged to the income and expenditure account in the year to which it relates.

i) Pension Costs

Provision is made for the discounted cost of past service deficit contributions to the Association's defined benefit multi-employer scheme where there is a contractual liability to pay the contributions by agreement with the Pension Scheme. The provision is reviewed annually with increases and decreases in the provision accounted for in the Statement of Comprehensive Income.

j) 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 the amortised cost model.

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2017****1. ACCOUNTING POLICIES** (Continued)**k) Significant management judgements and estimation uncertainties**Impairment:

Properties are assessed for impairment when there is an indication that the property has been impaired. This includes properties in the course of development. The assessment is carried out by comparing the carrying value of the property with its recoverable amount (taking into account service potential), and, where applicable, the property is written down to its recoverable amount. No impairment reviews were necessary this year.

Depreciation:

The depreciation of property components is based on management's estimate of their useful lives which is kept under review.

Doubtful Debts provision:

The provision for doubtful debts is based on management's estimate of the recoverability of tenant arrears. The total provision at 31st March 2017 is £45,040.

l) Taxation

The Association is not registered for VAT and its expenditure is therefore VAT inclusive. As an exempt charity, the Association is entitled to the exemptions from corporation tax available to charities.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

2. TURNOVER, OPERATING COSTS, AND OPERATING SURPLUS

	Turnover	2017 Operating Costs	Operating Surplus (Deficit)	Turnover	2016 Operating Costs	Operating Surplus (Deficit)
	£	£	£	£	£	£
Income Expenditure from Lettings						
Housing Accommodation	2,370,113	(1,632,820)	737,293	2,361,671	(1,587,652)	774,019
	<u>£2,370,113</u>	<u>£(1,632,820)</u>	<u>£737,293</u>	<u>£2,361,671</u>	<u>£(1,587,652)</u>	<u>£774,019</u>
Other Income & Expenditure						
Development and New Business	-	(73,713)	(73,713)	-	(46,632)	(46,632)
Management Services	66,426	(42,512)	23,914	61,468	(39,339)	22,129
Sustainability Project	-	(7,308)	(7,308)	-	(46,779)	(46,779)
Amortisation of Grants	93,204	-	93,204	93,204	-	93,204
Other	7,573	(7,573)	-	33,552	(33,552)	-
	<u>167,203</u>	<u>(131,106)</u>	<u>36,097</u>	<u>188,224</u>	<u>(166,302)</u>	<u>21,922</u>
Total	<u>£2,537,316</u>	<u>£(1,763,926)</u>	<u>£773,390</u>	<u>£2,549,895</u>	<u>£(1,753,954)</u>	<u>£795,941</u>

INCOME AND EXPENDITURE FROM LETTINGS

	General Needs	Supported Housing & Housing for Older People	2017 Total	2016 Total
	£	£	£	£
Income from Lettings				
Rent receivable net of identifiable Service Charge	1,341,736	670,498	2,012,234	1,998,628
Service charges receivable	90,063	267,816	357,879	363,043
Net rents receivable	<u>1,431,799</u>	<u>938,314</u>	<u>2,370,113</u>	<u>2,361,671</u>
Expenditure on letting activities				
Services	179,291	157,578	336,869	320,638
Management	160,427	76,903	237,330	300,977
Leasehold Rents	162,698	97,762	260,460	260,872
Routine Maintenance	218,977	77,854	296,831	280,600
Planned Maintenance	135,859	65,036	200,895	139,514
Major Repairs	40,667	20,098	60,765	55,898
Bad Debts	11,886	-	11,886	(2,107)
Housing Property Depreciation	191,738	36,046	227,784	231,260
Total expenditure on lettings	<u>1,101,543</u>	<u>531,277</u>	<u>1,632,820</u>	<u>1,587,652</u>
Operating Surplus on Lettings	<u>£330,256</u>	<u>£407,037</u>	<u>£737,293</u>	<u>£774,019</u>
Voids	<u>£9,332</u>	<u>£20,384</u>	<u>£29,716</u>	<u>£58,879</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

3. OPERATING SURPLUS

	2017	2016
	£	£
Operating Surplus is stated after charging :		
Auditors' remuneration (including VAT)		
Audit Services	5,904	5,785
Non Audit Services	2,184	6,300
Depreciation of housing assets	227,783	231,259
Depreciation of other fixed assets	11,647	15,629
Amortisation of housing association grants	93,204	93,204

4. INTEREST RECEIVABLE

Bank Interest	42,613	35,440
	<u>£42,613</u>	<u>£35,440</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

Loan Interest	296,765	285,727
Bank Charges and Interest	6,813	5,931
Pension Liability Expense	-	1,000
	<u>£303,578</u>	<u>£292,658</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

6(a) TANGIBLE FIXED ASSETS: HOUSING PROPERTIES

	Housing Properties held for Letting	Properties Under Construction	Total Properties
	£	£	£
COST			
At 1 st April 2016	19,141,339	46,211	19,187,550
Additions	143,063	27,514	170,577
Disposals	(52,346)	-	(52,346)
At 31 st March 2017	<u>19,232,056</u>	<u>73,725</u>	<u>19,305,781</u>
DEPRECIATION			
At 1 st April 2016	1,809,647	-	1,809,647
Charge for the Year	227,783	-	227,783
Disposals	(52,346)	-	(52,346)
At 31 st March 2017	<u>1,985,084</u>	<u>-</u>	<u>1,985,084</u>
NET BOOK VALUE			
At 31 st March 2017	<u>£17,246,972</u>	<u>£73,725</u>	<u>£17,320,697</u>
At 31 st March 2016	<u>£17,331,692</u>	<u>£46,211</u>	<u>£17,377,903</u>
6(b) SOCIAL HOUSING GRANT (Note 10)			
At 1 st April 2016	9,320,418	-	9,320,418
Received in Year	-	-	-
At 31 st March 2017	<u>9,320,418</u>	<u>-</u>	<u>9,320,418</u>
AMORTISATION			
At 1 st April 2016	(867,676)	-	(867,676)
Released to Income	(93,204)	-	(93,204)
At 31 st March 2017	<u>(960,880)</u>	<u>-</u>	<u>(960,880)</u>
CARRYING VALUE			
At 31 st March 2017	<u>£8,359,538</u>	<u>-</u>	<u>£8,359,538</u>
At 31 st March 2016	<u>£8,452,742</u>	<u>-</u>	<u>£8,452,742</u>

Social Housing Grant is disclosed in the Balance Sheet within creditors as deferred income (Note 10)

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

7. TANGIBLE FIXED ASSETS: OTHER

	Freehold Office Property	Housing Furniture & Fittings	Office Furniture & Equipment	Total
	£	£	£	£
COST				
At 1 st April 2016	289,354	191,703	114,175	595,232
Additions	-	-	-	-
At 31 st March 2017	<u>289,354</u>	<u>191,703</u>	<u>114,175</u>	<u>595,232</u>
DEPRECIATION				
At 1 st April 2016	70,000	188,696	106,271	364,967
Charge for the Year	5,000	1,501	5,146	11,647
At 31 st March 2017	<u>75,000</u>	<u>190,197</u>	<u>111,417</u>	<u>376,614</u>
NET BOOK VALUE				
At 31 st March 2017	<u>£214,354</u>	<u>£1,506</u>	<u>£2,758</u>	<u>£218,618</u>
At 31 st March 2016	<u>£219,354</u>	<u>£3,007</u>	<u>£7,904</u>	<u>£230,265</u>

8. DEBTORS

	2017	2016
	£	£
Amounts falling due within one year		
Rent arrears	114,894	104,041
Less : Provision for bad debts	<u>(45,040)</u>	<u>(20,642)</u>
	69,854	83,399
Other debtors and prepayments	<u>97,022</u>	<u>84,119</u>
	<u>£166,876</u>	<u>£167,518</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade Creditors	69,009	105,305
Rents in Advance	55,364	51,406
Housing Loans	115,076	88,583
Other Creditors	52,124	52,090
Accruals	40,372	21,784
Taxation and Social Security	14,907	14,645
Defined Benefit Pension Deficit Provision	21,063	15,349
Social Housing Grant (Note 6b)	93,204	93,204
	<u>£461,119</u>	<u>£442,366</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2017	2016
	£	£
Social Housing Grant	8,266,334	8,359,538
Housing Loans	7,264,992	6,409,480
	<hr/>	<hr/>
	15,531,326	14,769,018
Defined Benefit Pension Deficit Provision	131,588	149,301
	<hr/>	<hr/>
	£15,662,914	£14,918,319
<u>Social Housing Grant</u> (Note 6b)		
To be amortised within one year	93,204	93,204
To be amortised in more than one year	8,266,334	8,359,538
	<hr/>	<hr/>
	8,359,538	8,452,742
<u>Housing Loans</u>		
Housing loans brought forward	6,498,063	6,595,713
Co-op loan drawdown in year	1,000,000	-
Repayments during the year	(117,995)	(97,650)
	<hr/>	<hr/>
Housing Loans carried forward	£7,380,068	£6,498,063
Amount payable in less than one year	115,076	88,583
Amount payable in greater than one year	7,264,992	6,409,480
	<hr/>	<hr/>
	£7,380,068	£6,498,063

Housing loans comprise a bond issued by the Housing Finance Corporation and bank loans.

The 30 year bond, which has a nominal value of £3.5m is repayable in 2044 and has an interest rate of 5.2%. The bond was issued at a premium, with net proceeds amounting to £3,850,830. The premium is being effectively amortised over the life of the loan reducing the nominal interest charge. The balance of the bond at the year end, including the unamortised premium, amounts to £3,810,027.

Bank loans are repayable by monthly, quarterly or six monthly instalments of principal and interest are for terms of between 25 and 40 years at interest rates of between 1.21% to 14.26%, the last of which falls to be repaid on dates between 2018 and 2043.

Loans are secured by charges on housing properties.

11. NON EQUITY SHARE CAPITAL

	2017	2016
	£	£
Shares of £1 each issued and fully paid		
At 1 st April 2016	13	17
Shares issued during the year	5	3
Resignations	(5)	(7)
	<hr/>	<hr/>
At 31 st March 2017	£13	£13

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on winding up. Each member holds one share of £1 which carries one vote.

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

12. RESERVES

	2017	2016
	£	£
REVENUE RESERVES		
At 1 st April 2016	5,693,530	5,154,807
Surplus for the year	512,425	538,723
At 31 st March 2017	<u>£6,205,955</u>	<u>£5,693,530</u>

13. BOARD OF MANAGEMENT

Board of Management

Emoluments (including benefits in kind)	118,177	105,947
Pension contributions	11,964	10,485
	<u>£130,141</u>	<u>£116,432</u>

Non-executive Board members were remunerated with effect from February 2017.

Non-executive Board members were reimbursed expenses of £2,679 (2016: £5,742) for the year.

Chief Executive

The aggregate remuneration paid to the Chief Executive, who was the highest paid director and who represents the key management personnel of the Association was:

Emoluments (including benefits in kind and excluding pension contributions)	<u>£107,554</u>	<u>£105,947</u>
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Pension contributions for the Chief Executive amounted to £11,964 (2016: £10,485)

The Chief Executive participates in the SHPS scheme.

14. EMPLOYEE INFORMATION

	2017	2016
	No.	No.
The average weekly number of persons (including the Chief Executive and excluding temporary agency staff) employed during the year was :	15	17
	2017	2016
	£	£
STAFF COSTS (FOR THE ABOVE PERSONS)		
Wages and Salaries	530,595	516,214
Social Security Costs	53,795	52,307
Redundancy Costs	4,460	-
Pension Costs	19,335	14,726
	<u>£608,185</u>	<u>£583,247</u>

GREENOAK HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st MARCH 2017

15. UNITS

The number of housing properties in management at 31st March 2017

	2017	2016
Housing accommodation	211	211
Supported Housing and housing for older people	164	164
Housing accommodation let at sub-market rent	5	5
Accommodation managed on behalf of others	120	120
Leaseholds RTB	3	3
	<u>503</u>	<u>503</u>

16. FINANCIAL COMMITMENTS

Capital Commitments

At 31st March 2017 there were no capital commitments made by the Board.

17. POST BALANCE SHEET EVENTS

There were no post balance sheet events.

18. RELATED PARTY TRANSACTIONS

There were no related party transactions.

19. CASH FLOW FROM OPERATING ACTIVITIES

Reconciliation of surplus to net cash inflow from operating activities

	2017	2016
	£	£
Surplus for the year	512,425	538,723
Adjustments for non-cash items:		
Depreciation and assets written off	239,430	246,888
Decrease/(Increase) in trade and other debtors	642	19,589
Increase/(Decrease) in trade and other creditors	(13,453)	47,362
Increase/(Decrease) in pension provisions	(11,999)	31,651
Adjustments for investing or financing activities:		
Government grants utilised during the year	(93,204)	(93,204)
Interest Receivable	(42,613)	(35,440)
Interest Payable	303,578	291,658
Net Cash Inflow from Operating Activities	<u>894,806</u>	<u>1,047,227</u>

20. ANALYSIS OF CASH AND CASH EQUIVALENTS

	1 April		Non-cash	31 March
	2016	Cash flow	Items	2017
	£	£	£	£
Cash at bank and in hand	3,278,542	1,345,268	-	4,623,810

GREENOAK HOUSING ASSOCIATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31st MARCH 2017****21. PENSION OBLIGATIONS NOTE – SHPS SCHEME**

- a) The Association participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted out of the State Pension Scheme.
- b) 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. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.
- c) The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.
- d) The last formal valuation of the Scheme was performed as at 30th September 2014 by a professionally qualified actuary using the Projected Unit Method. The results of the valuation indicate that the market value of the Scheme's assets at the valuation date was £3,123 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70.0%.
- e) The estimate employer debt as at 30th September 2016 on withdrawal from the Social Housing Pension Scheme was £875,762.

22. PENSION OBLIGATIONS NOTE – GROWTH PLAN

- a) The Association participated in the Pensions Trust's Growth Plan (the Plan). The Plan is funded and is not contracted out of the state Scheme. The plan is a multi-employer pension plan.
- b) It is not possible in the normal course of events to identify on a reasonable and consistent basis the share of underlying assets and liabilities belonging to individual participating employers. The Plan is a multiemployer scheme where the assets are co-mingled for investment purposes and benefits are paid out of the Plan's total assets. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS102 represents the employer contribution payable.
- c) The Trustee commissions an actuarial valuation of the plan every three years. The purpose of the actuarial valuation is to determine the funding position of the Plan by comparing the assets with the past service liabilities as at the valuation date. Asset values are calculated by reference to market levels. Accrued past service liabilities are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.
- d) The Scheme Actuary has prepared a funding position update as at 30th September 2016. The market value of the Plan's assets at that date was £901 million and the Plan's Technical Provisions (i.e. past service liabilities) was £1,052 million. The update, therefore revealed shortfall of assets compared with the value of liabilities of £151 million, equivalent to a funding level of 86%. The next triennial valuation will be as at 30 September 2017 and results will be communicated in due course.
- e) The Association has been notified by the Pensions Trust of the estimated employer debt on withdrawal from the Plan based on the financial position of the plan as at 30th September 2016. As of this date the estimated employer debt for the association was £8,660.