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The Guinness Partnership Limited  
Consolidated Financial Statements  
Year Ended 31 March 2015

Charitable Community Benefit Society No. 31693R.  
Homes and Community Agency No. 4729.

Great service, great homes and a great place to work

All information in this report correct at time of going to print.

## Report of the Board of The Guinness Partnership and Operating and Financial Review

### Operating and Financial Review

#### Our Vision

Everything we do is about helping us to achieve our vision. We are here to improve people's lives – and create possibilities for them. We do this by providing as many high quality new homes as possible and by providing great housing and care services.

2015 marks our 125th anniversary of providing homes to those who need them most. We are incredibly proud of our heritage and our achievements and that hundreds of thousands of households have benefited from Edward Cecil Guinness's original donation. Our sense of purpose has been a guiding force since we were founded 125 years ago and while the words may have changed, the fundamentals of what we believe in are the same.

We have set some ambitious targets for the future, and by 2018 we aim to be one of the best service providers in the housing and care sectors; one of the best employers in the country; and generating strong operating surpluses so that we can continue to be a major developer of new homes.

#### Our Activities and Structure

The Guinness Partnership provides homes and housing services to around 60,000 households and delivers over 10,000 hours of care every week. Our core activities comprise housing for social and affordable rent, affordable home ownership, housing for older people and a range of care services, including domiciliary and extra care, supported and retirement living.

Our social purpose means that any surpluses we make are reinvested in new and existing homes, improving services and for the benefit of our customers and communities.

We provide housing services through The Guinness Partnership Limited (TGPL). The Group also comprises a number of other trading entities and subsidiaries as set out below:



Guinness Care and Support (GCS) Limited is a separate subsidiary company that provides care and support services across the country. During 2014/15 GCS acquired Kylemore Care Services Limited, reflecting our ambition to continue to grow our care at home business.

During the year, we made some changes to the structure of the organisation and how we deliver our housing services. We moved from three regional divisions (Guinness Hermitage, Guinness Northern Counties and Guinness South) to a functional structure with the creation of new national teams for Customer Service, Asset Management and in-house Property Services – supported by Investment and Commercial and Corporate Services teams.

We introduced a new governance structure to overlay the new operating model and created a number of new specialist committees to support work of the main Partnership Board. We also phased out our regional sub-brands and now only use West, North and South to describe any regionally-focused services, activities or teams.

Our activities are regulated by the Homes and Communities Agency (HCA) and the Care Quality Commission (CQC). We have the highest possible Governance (G1) and Viability (V1) ratings from the HCA and the CQC has rated 95% of the regulated services provided by Guinness Care and Support as ‘Good’ or ‘Outstanding’.

We are subject to the Charities Act 2011, including the obligation to demonstrate, explicitly, that our aims are for the public benefit. The Partnership Board is satisfied that, through the provision of affordable housing, care and support services, and investment in our neighbourhoods and communities, we actively create social and financial opportunities to the benefit of our customers and to those living in the neighbourhoods in which we operate.

More detail on the Group’s structure and activities is set out in note 29 of the Financial Statements.

### The Context in which we Operate

The economic and social landscape in which we operate continues to change and we are changing with it.

New house building remains at levels significantly lower than those required to meet the needs of current and future households. The recovery in the housing market has fuelled price increases and despite incentives to promote home ownership, it remains a distant aspiration for an increasing number of people. Their needs are not met through other sectors and, as a result, waiting lists for social housing continue to grow.

The reduction in capital subsidies from the government has changed our business model. We want to do more and that means a greater reliance on generating our own cash surpluses and delivering greater value for money in everything we do. We have purposefully increased our investment in commercial activities such as developing properties for market rent or sale, which is opening up Guinness’s homes to new customers and generating surpluses to cross-subsidise and increase the supply of affordable homes.

A new government is now in place and, while forecasts for future growth are more positive, pressure on public spending and household incomes is likely to continue. Many of our customers are struggling to cope with a difficult economic climate and continue to feel the impact of the ongoing changes to welfare benefits. We are focused on supporting them to adapt to these changes, as well as protecting our income streams that enable us to deliver more homes and services. The summer budget on 8 July, which included the announcement of a 1% reduction in social rent for the next four years from April 2016, will require some adjustment of our business model to ensure the continuing delivery of our objectives.

Our customer profile is changing as we provide housing and services to a broader mix of people than ever before. The proportion of older people in our population continues to grow. Our care at home business is focused on delivering a quality, ethical service, but operates in a highly-competitive market with tight financial margins. The regulation and funding of care is changing following the implementation of the Care Act from 1 April, bringing in a new regulatory and inspection regime.

Our customers’ expectations are changing. They expect to be able to transact and interact with us at any time of the day and ‘self-serve’ using digital channels. So, in response, we are focusing more than ever on customer experience and transforming our customer contact channels.

### Our Strategic Priorities

We are in one of the most exciting periods in the history of Guinness and the last year has seen significant change in our business, delivered through our Destination 2015 Strategy. We have:

- reshaped our organisation away from a structure based on geography to one based on the functions that deliver our services;
- completed one of the largest Affordable Homes Programmes in the sector delivering 2,700 high quality homes;
- issued a bond in October 2014 at what was then the lowest rate for 30 year finance achieved in the sector; and
- implemented new housing and finance systems, creating a platform for transforming the way we do business with our customers and each other.

We have refreshed and repositioned our Strategy, which we have called Destination 2018. The new Strategy reflects our priorities and opportunities as we head into the next three years.

Destination 2018 is all about our vision for an amazing organisation. It defines Guinness as a customer service business, focusing strongly and clearly on making sure every customer has a great experience, every time they contact us or access a service. Digital services are at the core of our vision. The improvements planned will make our services easy, convenient and reliable to use, giving our customers the tools they need to do more for themselves.

Our people are equally important to us. We want everyone who works at Guinness to be ambitious for the organisation and for themselves. That’s why we are investing more than ever in our people, their futures and making Guinness a great place to work. Our recent Gold Standard Investors in People award is testament to this.

To achieve our vision we have set four strategic priorities and targets, which capture the scale of our ambition:

Strategic Priority	By 2018 we will:
Great Service	Achieve customer satisfaction of 85%+
Great Homes	Build 2,000 new homes
Great Place to Work	Achieve employee satisfaction of 90%+
Financial Capacity and Strength	Deliver an operating margin of 35%+

Our strategy to deliver these objectives means:

- **Always showing our passion for customer service** – Making sure every customer has a great experience of Guinness, and making every customer feel important to us
- **Going further** – Helping the customers that need more through our tenancy sustainment, affordable warmth and access to work services
- **Developing remarkable people** – Providing the environment, tools and learning opportunities that ensure our people fulfil their potential and grow at Guinness and have a real sense of achievement
- **A true commitment to diversity and inclusion** – Encouraging the great ideas that come from our different perspectives and experiences
- **Really making the most of our assets** – Providing the right homes for our customers, now and in the future. Making the right long-term choices about which homes we invest in and which we sell to create funds for reinvestment
- **Purposeful growth and diversification** – Investing in activities that generate strong financial returns so that we can build more homes
- **Really delivering financial performance and value for money** – Setting and delivering challenging efficiency targets so that we generate larger surpluses so that we can build more homes

- **Meeting our legal and regulatory requirements** – Developing an outstanding record of compliance
- **Fully exploiting new technologies** – Modernising our service offering and our employee experience, and improving communication and productivity
- **Using information intelligently** – Knowing our customers so we can provide relevant services. Understanding our performance, and what drives it, so we make informed business decisions

To create a modern, true customer service business – one which has the data and tools to keep its customers safe and happy – we’re embarking on a programme of transformation, improving our customer services, assets and data management, and further improving back-office systems.

Our Strategy is reviewed annually to ensure it remains relevant and provides context for our rolling three-year Business Plan, which sets out specific objectives and activities. Progress against the plan is monitored by the Partnership Board and measured against key performance indicators. Value for Money is embedded in the business planning process and our approach, achievement and plans are described more fully on page 9. The key risks to the delivery of our Strategy are reviewed on page 26.

### Our Achievements in 2014/15

As discussed above, we made some important changes to our business in 2014/15 to ensure we will be in the best position to fulfil our purpose and to deliver consistent, high quality, efficient services to our customers. Our move to a new structure and the implementation of new single core systems have laid some important foundations for our future.

We set four key corporate objectives for 2014/15, and our performance is summarised below:

Strategic Priority	Target	Actual
Customer satisfaction with the service we provide (%)	85%	77%
New homes <sup>1</sup>	2,700	2,700
Employee engagement (%)	85%	81%
Operating surplus (£m) <sup>2</sup>	£31.5m	£36.8m

We have summarised below our progress and performance in delivering objectives under each of our strategic priorities. They capture what we are here to do and underpin all of our plans and activities.

#### Great Service

To be a great service provider means responding to the different needs and expectations of our increasingly diverse customers. But the most important aspect of great service is what we do day-to-day – seeing things from our customers’ point of view, keeping our promises, and responding quickly when things go wrong.

In 2014/15, we:

- introduced new customer service standards and a new customer handbook to ensure our customers know what to expect and that they will receive great service every time they contact Guinness;
- carried out a programme of customer satisfaction research, asking our customers for feedback on the services we provide:
  - overall satisfaction with our services (general needs customers) increased by 2% to 77%. This is lower than we hoped for and we fully recognise there is more to do to attain the consistently high standards we aspire to;
  - satisfaction with the last responsive repair carried out was 85%.

<sup>1</sup> 2011-2015 programme

<sup>2</sup> On a management account basis

- 95% of our care customers are satisfied with the service they receive, with just over 70% very satisfied.
- brought together our three customer services centres in Oldham, Chelmsford and Plymouth under a single management structure and started a review of customer contact across Guinness;
- invested approximately £2 million in a range of services to support our customers in sustaining their tenancies and dealing with changes in welfare benefits – spanning financial inclusion, access to work, tenancy support and affordable warmth. We committed over £60,000 through our Aspire Awards which help our customers with the cost of training or education;
- published our research, in partnership with the Institute of Public Care and Oxford Brookes University, into the incidence of dementia among Guinness customers and how we might make our homes and communities more dementia-friendly. We have more than 250 “dementia friends” across Guinness, who have learnt more about living with dementia, and we will be implementing findings from our research during 2015/16.

#### Great Homes

We are committed to maintaining and improving our existing homes; building new homes in areas where people want to live; and providing a range of tenure options that meet the needs of our current and future customers. We adapt our homes so people can retain their independence by staying in them longer; improve their environmental performance to minimise costs to our customers; and, most importantly, ensure they comply with any legal or regulatory requirements.

In 2014/15, we:

- delivered 1,249 new homes as part of the 2011/15 Affordable Homes Programme which in total delivered 2,700 new homes. This was one of the largest programmes in the social housing sector;
- completed a £10 million project to refurbish 90 flats at Cooper House in Manchester, creating modern, energy-efficient homes for our customers;
- entered the next phase of our seven year programme to invest approximately £100 million in regenerating Loughborough Park in South London, providing over 500 mixed-tenure homes;
- invested £81 million in maintaining and improving our existing homes and open spaces;
- started to grant fixed-term tenancies for new social and affordable rented tenants in the South. This provides an opportunity to review a tenancy after a fixed-term period to ensure that it is still appropriate for the household’s needs;
- achieved 99.98% compliance in gas servicing certification, with legal action being taken to address outstanding certificates;
- secured £1.5 million of grant funding through the Energy Company Obligation to improve the energy-efficiency of our homes and developed the principles to underpin a Guinness-wide Home Energy Standard. This will help support our aim of ensuring all homes reach a minimum SAP rating of 70 by 2025.

#### A Great Place to Work

We want Guinness to be a great place to work, somewhere where our people are excited about our future and equipped to reach their potential and make the biggest contribution. It is their skills and commitment that drives the organisation forward. From the daily achievements to big organisational successes, every day brings a sense of reward.

In 2014/15, we:

- achieved Investors in People Gold status, reflecting our commitment to our people and to creating a satisfying, productive and inspiring work environment;
- increased employee engagement (as measured by our regular “Pulse” surveys) from 77% to 81% and continued to develop action plans in conjunction with our employees to ensure we improve;

- embedded our Leadership and Management Standard – over 300 managers have attended our Guinness Managers' Programmes and 45 of our senior leaders completed the Guinness Leaders' Programme, developed and run in conjunction with Henley Business School;
- developed a new approach to induction and “onboarding” to ensure new employees feel welcome, are prepared for their new roles and integrate quickly and smoothly into Guinness;
- implemented a new telephony service, wide area network and unified communications to improve communications with each other and with our customers;
- initiated programmes to mark Guinness's 125th anniversary in 2015 and to refresh our corporate identity to reflect our aspirations and values.

### Financial Strength and Capacity

We are committed to making the best use of our resources and assets to deliver good quality, efficient and cost-effective services for our customers. We generate surpluses to reinvest in building new homes and to improve our existing homes and services. To achieve this we maintain an efficient capital structure; operate robust governance; have risk and performance management frameworks; and strive to achieve Value for Money in all of our day-to-day activities.

In 2014/15, we:

- generated an operating surplus of £91.1 million, producing an overall surplus after financing costs of £48.8 million to reinvest in our homes and services;
- accessed £250 million of new borrowing, of which £100 million was retained. This funding enabled Guinness to improve existing homes and develop new homes;
- generated a profit of over £10 million through the sale of 151 shared ownership and 83 market sale homes to support the delivery of more new affordable homes. This included 72 homes at Grand Regent Tower in East London, where we provided incentives for owner-occupiers to put down roots in the community;
- continued to expand our care at home business through the acquisition of Kylemore Care Services;
- introduced a new single finance system to improve financial and management reporting and financial services provided to the business; and
- streamlined our bank accounts to reduce costs, improve working capital management and improve returns on sinking funds.

### Value for Money

At Guinness we are committed to delivering and demonstrating Value for Money in everything we do. This is led by the Board, but is a commitment shared across the whole organisation. Every member of staff has a performance objective relating to Value for Money. So Value for Money is both at the heart of our corporate strategy and embedded in the way we do things every day.

From a Value for Money perspective, 2014/15 has seen some significant steps forward. We have achieved some major milestones in transforming our organisation to meet the challenges of the future. These include:

- implementing the first phase of a comprehensive organisational restructure, based on functional specialisms, such as Asset Management and Customer Services, rather than geography;
- simplifying our governance structure to streamline decision making, while at the same time maximising scrutiny of performance and risk management; and
- investing significantly in IT systems, and in particular implementing single Guinness-wide housing and finance systems, which provides a platform for greater consistency and efficiency.

These changes have been achieved at the same time as delivering year on year improvements in our performance, although there is still more we can do to achieve the maximum Value for Money possible. Performance against the four key targets we set at the beginning of the year is set out below:

- we delivered 1,249 new homes, our highest ever total and demonstrating our commitment to utilising our financial strength to do as much as we can to help tackle the desperate need for affordable housing;
- our Group operating margin has deteriorated slightly during the year from 27.4% to 26.0% as a result of significant investment in business change that will deliver benefits in future years. However, the underlying operating margin from our social housing business has risen from 27.0% in 2013/14 to 30.4% in 2014/15. Delivering a good operating margin is important in creating additional financial capacity for further investment in new homes;
- staff engagement increased from 77% to 81%, despite the context of the uncertainty for staff that inevitably accompanies a major change to our organisational structure; and
- we maintained customer satisfaction at a level comparable to the previous year throughout a period of major organisational change.

Our work during 2014/15 has laid the foundations that will enable us to drive improvements in costs and performance over the coming years. Our focus for 2015/16, and indeed subsequent years throughout our 2015-18 corporate strategy, will be concentrated on improving customer service and generating the financial capacity to provide new housing, as well as continuing the underlying programmes of technological and business change already underway.

### Our Strategic Framework

Our approach to Value for Money is underpinned by Board leadership. The Board is committed to Guinness achieving median or better levels of performance compared to peers across all key activities. Maintaining our financial strength and growing our capacity underpins our objectives.

Our approach is amplified in our Value for Money Strategy which creates a framework for our activities and helps us to think about how what we do contributes to the Value for Money agenda. It sets out how we make the best use of our resources and assets to deliver the services our customers need most and to create new homes.

We are focused on:

- creating capacity by optimising our income and cost base
- making best use of our assets
- making the most of our people
- focusing on what matters most to our customers
- adding value for our customers, communities and wider society

Performance against our strategic objectives is monitored by Corporate Management and Executive Teams and reviewed regularly by the Guinness Partnership Board. In 2014/15 our new directorates created operating plans, each including significant workstreams to maximise Value for Money. These are supported by Value for Money targets at service, team and individual level.

### Creating Capacity

Our operating surplus is all reinvested in the business and creates the capacity to deliver more affordable homes, maintain those that we already own and keep delivering the services we are here to deliver. This means that growing our surplus to invest more in new and existing homes is critically important to us.

Our key measures of financial performance are our surplus excluding property disposals and our net margin, and these have grown year on year. Our social housing turnover has grown by 10%, reflecting our success in reinvesting our surplus in providing more homes. The associated costs have grown by 7%.

Our gearing remains low, despite the impact of a bond issue during the year, giving us the ability to invest in stock over the next three years and still leaves significant capacity to invest in the future compared to the sector generally.

### Optimising income

	2015	Target	2014	Benchmark <sup>3</sup>
Current Rent Arrears	3.3%	4.6%	4.2%	4.8%
Void Loss	0.7%	1.5%	0.9%	1.7%
Re-let Time	3.8 weeks	3.8 weeks	4.2 weeks	4.2 weeks
Bad Debts	0.9%	1.5%	0.9%	0.9%
Affordable Rent Income	£14.6m	£12.8m	£6.6m	n/a
Average General Needs Rent (£/week) <sup>4</sup>	£97	n/a	£94	£92
Average Affordable Rent (£/week) <sup>4</sup>	£131	n/a	£127	£117

Benchmark: average for all housing associations.

Our focus on income includes:

- **Maximising rents within the rent framework, and by converting homes to Affordable Rent** – In 2014/15 we increased our income from Affordable Rents from £6.6 million to £14.6 million, both through conversions from social rent and from the letting of new build properties at Affordable Rent.
- **Minimising the time for which our homes are empty between tenancies** – This improved in 2014/15 and at 3.8 weeks is better than the sector average. The resulting rent lost has also decreased to 0.7%, which compares well with the sector average.

<sup>3</sup> Source: Global accounts 2014

<sup>4</sup> Source: SDR Statistical Data Release 2013/14

- **Maximising the amount of rent and service charges recovered** – In 2013/14 we invested in our rent collection services to mitigate the impact of welfare reform, an initiative that we have continued with into 2014/15. This has been successful as arrears have fallen despite the continued rollout of the welfare changes. With the acceleration of reforms in 2015/16, this investment remains very important.

### Optimising our cost base

	2015	2014	Benchmark <sup>5</sup>
Management cost per home	1,250	£1,215	£990
Repair cost per home	£892	£893	£1,015
Total operating cost per home	£3,193	£3,147	£4,213
Weighted Average Cost of Capital (WACC)	5.5%	5.3%	4.7%

Benchmark: average for all housing associations.

Our focus on costs includes:

- **Reviewing our activities and the way we organise ourselves** to ensure they are as efficient as possible and that we deploy our resources where they are needed most. We recognise that our management cost per home is higher than our peers and we are working hard to reduce this. This year has been one of substantial change for the organisation, which has laid the foundations for a significant improvement in Value for Money, the benefits of which can already be seen in 2014/15. During 2015/16, we will complete the process of reorganising teams into our new structure. This will allow us to see the impact of our efforts on key areas of performance, avoid duplication of resources and generate greater efficiencies;
- **Extending the reach and range of works delivered by our in-house maintenance services.** As part of our reorganisation, we also combined the management of our in-house maintenance services, City Response Limited and Parchment Property Services, into Guinness Property Services (GPS). Providing more repairs through GPS extends the higher levels of customer satisfaction seen from in-house provision of repairs (compared to external contractors) and produces cost benefits. In 2014/15, the service has expanded to include more planned works and two regeneration projects, both successfully completed. VAT savings of £3.7 million were achieved in 2014/15 through in-house delivery, building on the £3.1 million saving in the previous year;
- **Procuring efficiently.** We use the most efficient procurement routes (including cost-sharing vehicles where appropriate) and regularly review the performance of our suppliers and contractors. In 2014/15 we awarded 53 contracts with a value of £19.5 million which will deliver savings of £2.4 million over the life of the contracts, as well as social value. The savings included over £0.7 million on kitchen and bathroom contracts and £0.7 million on lift servicing, repairs and maintenance contracts. Most of this procurement is carried out by a central procurement team with the expertise and skills to negotiate and enter into contracts that give us good quality services balanced with lower costs. This team has a target to achieve 5% savings on contracts tendered during 2015/16;
- **Improving our systems to work more effectively and efficiently.** 2014/15 was a critical year in our programme to deliver new systems to support service delivery and improved customer contact. This programme will produce medium term cost savings as inefficient, disjointed systems are replaced with integrated and more effective ones, which better support customer service and efficient ways of working internally;
- **Ensuring that our capital structure and financing arrangements are as efficient as possible.** In 2014/15 we issued a 30 year secured bond of £150 million, with an additional £100 million retained, at a coupon of 4%. At the time, this was one of the best coupons achieved in the sector; and

<sup>5</sup> Source: Global accounts 2014

- **Reducing risk and uncertainty.** In 2014/15, we closed two of our legacy local authority pension schemes that carried a high risk of cessation in order to protect ourselves against this occurring as an uncontrolled event. Rising pension costs, though, continue to be a risk to our cost base. We will continue to look for ways to best manage the risks and costs associated with staff pension schemes.

#### *Diversifying to create greater capacity*

In addition to focusing on income and costs, we have implemented a strategy to diversify carefully into areas such as market sales and market rent. This has and will continue to generate commercial profits to be invested in providing better services for existing tenants and to provide additional funding for more new affordable homes. This year we have generated over £8 million net profit from our subsidiary Guinness Homes Limited through the sale of properties built for the open market.

#### **Making the best use of our assets**

We are committed to making the most of our property assets, both in terms of service delivery and the contribution they make to generating financial capacity to fund investment in new homes. In 2014/15 we created a specialist Asset Strategy & Analysis Team, and are refining our existing processes in this area.

#### *Assessing our assets at a detailed level*

We are building on the tools and data we already have to identify individual assets that can be used more effectively. This takes into account a variety of financial and non-financial information, and is focused on releasing value in our high value assets as well as tackling underperforming ones. In 2014/15 we sold 62 assets which generated £5.1 million of capital receipts which will be reinvested in new homes. In early 2015 we introduced a new streamlined approach to empty property disposals that will enable us to make quicker decisions (minimising lost income) and balance the disposal of under-performing assets with the financial capacity generated from higher value assets that may not be suitable for social housing.

#### *Ensuring assets meet future customer needs*

We continue to progress with a review of our 295 Housing for Older People (HfOP) schemes, in response to the changing needs of our customer base. In 2014/15, we completed the first phase of the review which involved the assessment of 19 schemes. The outcome of this review was a refurbishment of five schemes, totalling 174 homes, improving the living environment, appeal and the demand for these homes, for an investment of £0.5m. We have also assessed a further 95 schemes and prioritised these for 2015/16. During the first half of the year, detailed options appraisals are being carried out for the 30 highest priority schemes. The implications of options for current residents will be an important consideration with the overall aim of improving the services we offer to our customers, as well as generating an increased return on our assets.

#### *Commercial property and office accommodation*

In addition to our residential property portfolio, we have a range of commercial and office accommodation. Through the creation of a functional structure, we brought together the management of all commercial assets into one team. This has enabled us to undertake a full review of our commercial property, generating an additional £700,000 of receipts through disposal of surplus premises and renegotiation of leases. In 2014/15, we continued our project to rationalise our office accommodation, recognising that this is an area of high cost for us. One of our key achievements was to identify four offices in the North region, which were closed and converted into residential property, creating nine new homes for residents. We are also in the process of closing our former head office building in High Wycombe, and considering options for the site.

#### *Planned programme*

In 2014/15, we continued to invest in the condition of our homes, spending over £33 million on improvement works to homes and communal areas. We have continued to refine the way that we deliver our planned programme to maximise Value for Money, generating savings of almost £2 million on existing contracts.

#### *Environmental return*

We recognise that the environmental performance of our assets is an important driver of the value they provide. Investing in environmental improvements generates returns for our customers and reduces our carbon emissions. In 2014/15 our environmental works included:

- replacing 1,700 boilers, which saved, on average, £340 per year per property in fuel costs for our customers and a total of 2,550 carbon tonnes, as well as bringing health and wellbeing benefits.
- providing cavity wall insulation for 1,852 homes, which saved, on average, £160 per year per property in fuel costs for our customers and a total of 37,358 carbon tonnes.
- installing loft insulation for 166 homes, which saved, on average, £140 per year per property in fuel costs for our customers and 1,910 carbon tonnes<sup>6</sup>.

#### **Making the best of our people**

Making the most of our people means recognising that in fulfilling individual potential we are fulfilling the potential of the organisation.

We employ 2,591 people (full time equivalent (FTE)) and have a total salary cost of £83.0 million per annum. This is a significant financial investment and to derive real value from it, it means developing our people and ensuring Guinness is a great place to work. Our people investment includes:

- promoting the Guinness Leadership and Management Standard – so that our leaders and managers know what is expected of them, and our staff know what to expect of them;
- the Guinness Leaders' Programme, designed and delivered with Henley Business School;
- the Guinness Managers' Programme, an intensive programme to develop managers' skills and style;
- the Great Service at Guinness Programmes – developing a consistent approach to customer service and reinforcing our commitment.

In 2014/15 we spent £1.4 million on Learning and Development, equating to £540 for each FTE. We continue to see the return on this investment and, during the year, we were awarded Investors in People Gold standard.

In 2014/15, our attendance levels remained high at 99%, while voluntary turnover fell by 3.2% – both helping us to maintain our productivity and minimise recruitment costs. During 2015/16 we will do more to attract the very best people to Guinness, increase employee retention and reduce recruitment costs.

	2015	2014	Benchmark <sup>7</sup>
Attendance levels	99.0%	99.2%	95.9%
Turnover (voluntary)	9.9%	13.1%	7.7%

*Benchmark: median for 15 largest housing associations using HouseMark.*

<sup>6</sup> Savings estimated taken from Energy Savings Trust.

<sup>7</sup> Source: Housemark benchmarking report 2013/14.

## Report of the Board of The Guinness Partnership and Operating and Financial Review... continued

We recognise that senior management and Board costs are an important element of a Value for Money approach to being an employer, both in terms of their financial materiality but also in creating a VfM orientated culture throughout the organisation. As part of the reorganisation, we reviewed the number of senior management roles in Guinness and in 2014/15 we reduced the number of these posts, excluding the Group Executive Team (which has remained constant), by 17%, which has resulted in a recurrent saving of costs of around £450,000. Our highest paid member of staff is our CEO and we benchmark his pay against sector averages. We also benchmark the cost of our Board Members.

	2015	2014	Benchmark <sup>8</sup>
CEO pay per home	£4	£4	£4
CEO pay as a % of turnover	0.07%	0.09%	0.08%
Ratio of highest to average salary*	10:1	9:1	n/a
Board and executive pay per home	£22	£21	n/a

\* the remuneration of the Chief Executive has only risen by 2.5% year on year, but the average staff salary is lower as a result of the reduction in senior posts.

Benchmark: average for the largest 10 housing associations.

### Creating a Value for Money Culture

There is a strong corporate focus on making sure that Value for Money has a practical impact on the things staff do on a day-to-day basis, as well as being something that is driven by the Board and the Executive Team. This will always be an ongoing task, but the following steps have been taken in 2014/15:

- ensuring all staff have a Value for Money objective as part of their annual performance objectives;
- explicitly and visibly linking performance pay to the twin VfM priorities of improving customer service and financial performance;
- conducting staff roadshows across the business to emphasise clear messages around the need for further improvements in costs and customer satisfaction; and
- bringing a sharper focus to performance monitoring, including better understanding and analysis of performance by business stream and product.

Results from our regular staff engagement (PULSE) surveys show the impact of these measures:

- 94% of employees believe that they have a role to play in Guinness delivering great customer experience and achieving high customer satisfaction;
- 96% of employees demonstrate the Guinness Behaviours in their day-to-day work;
- 90% of employees take responsibility for their learning and development.

### Focusing on what matters most to our customers

Guinness is a customer service business. We recognise that our customers' expectations are changing and they increasingly expect to be able to transact and interact at any time of the day and use a range of digital and mobile devices. Our ability to recognise and meet these expectations is an important part of providing a great customer experience. As is our service style: treating our customers with respect and showing we value them, seeing things from their point of view, keeping our promises, keeping them informed and responding quickly when things go wrong. But the most important aspect of great service is what we actually do day-to-day – being reliable, consistent and doing things to a high standard and on time.

<sup>8</sup> Source: HouseMark benchmarking report 2013/14

## Great service, great homes and a great place to work

Customer satisfaction is a significant part of how we measure our success and deliver Value for Money to our customers. We use an external supplier to carry out independent customer surveys, with the aim of:

- improving the quality, speed and analytical insight we derive from this work;
- developing our understanding of how best to improve the design of our customer services and customer contact;
- understanding more about our customers and what drives their satisfaction; and
- providing a robust baseline for benchmarking and measuring satisfaction into the future.

Overall satisfaction with our services at March 2015 was 77% for our General Needs customers – well below our target of 85%, and we are still behind our peers. However, we have still made improvements in our services in 2014/15 and the structure and systems are now in place for further progress.

Tenants	2015	2014	Benchmark <sup>9</sup>
Overall satisfaction with services provided	77%	75%	81%
Satisfaction with repairs	78%	77%	76%

Shared Owners and Other Leaseholders	2015	2014	Benchmark <sup>9</sup>
Overall satisfaction with services provided	54%	56%	71%
Satisfaction with repairs	82%	n/a	no data

Benchmark: median for 15 largest housing associations using HouseMark<sup>9</sup>.

### Adding value for communities and wider society

The last year has been a difficult one for many of our customers, with welfare reform, cuts to public services, fuel and utility prices and broader economic issues all impacting. These are likely to be medium-term rather than short-term issues, and we recognise that Guinness can play an important role in helping them to balance their household budget. Our work in 2014/15 has included:

- **Financial Inclusion:** Programmes or support to improve household budgeting skills and access to affordable financial products, including more intensive interventions to help manage arrears or other debt, and to ensure that claims for social security benefits are made.
- **Tenancy Sustainment:** We led a project with eight other housing associations to share good practice and lessons in this area.
- **Affordable Warmth:** We have taken a range of steps to help customers reduce energy usage and costs, as outlined above.
- **Access to Work:** Activities aimed at improving employability skills, including job clubs, access to literacy and numeracy skills classes, help to find training, opportunities for volunteering and work placements, and skills to search and apply for jobs. Any of our customers can apply for an Aspire Award to help with the cost of training or education. In 2014/15 we committed over £60,000 to 54 customers.
- **Apprenticeships:** During 2014/15 we continued to include social value requirements in suitable tender specifications, which have provided employment and training opportunities for people in our communities, and our in-house maintenance services have run an apprentice initiative that has seen 20 new apprenticeships in the last year.

### Comparing our performance

Benchmarking is important in understanding our performance and costs. We compare how we are doing in a number of ways:

- against other Registered Providers (RPs) through the HouseMark benchmarking groups and on a service-specific basis though specialist benchmarking;

<sup>9</sup> Source: HouseMark benchmarking report 2013/14



## Report of the Board of The Guinness Partnership and Operating and Financial Review... continued

- internally over time: one of the key measures of our performance is how it changes over time reflecting the changes we make to our business; and
- internally against targets and budget: these are set to be challenging but realistic so that improvement in both performance and costs can be achieved.

We use comparative data to inform our target and budget setting and to assess our performance in the context of our peer organisations. We review both financial and operational performance against budget and targets throughout the year at all levels within the business, including regularly at Board and committee meetings.

We consider HouseMark to be an important source of benchmarking data. We have historically used it to provide a view of past KPIs and costs, mainly in housing management. We are expanding our use of the benchmarking data to start looking at budgets and projections to compare future performance.

From our latest review of benchmarking data, we know that our housing management costs per property are high when compared to peers. In response, we have reviewed both our organisational structure and the way we deliver services in order to improve our efficiency, and the quality of services we provide. The most recent year that we have benchmarking data for is 2013/14, and the results for housing management costs can be summarised as follows:

2013/14 HouseMark Cost per Property Housing Management	Actual	Quartile	HouseMark Median <sup>10</sup>
Rent arrears & collection	£191	4th	£150
Resident involvement	£68	3rd	£62
ASB	£108	4th	£85
Lettings	£147	4th	£89
Tenancy management	£183	3rd	£163
<b>Total Housing Management</b>	<b>£697</b>	<b>4th</b>	<b>£577</b>
Direct housing management costs	£352	4th	£318
Overhead allocation	£345	4th	£247
<b>Total Housing Management</b>	<b>£697</b>	<b>4th</b>	<b>£577</b>

It is clear that in most of these areas, including our overhead base, we were more expensive than most of our peers. However, with the improvements made during the year we expect the 2014/15 results to show a better picture. Even with a challenging budget set in 2015/16, we are still focused on improving in all areas to a level where our costs are better than median compared to our peers and performance is among the best. Leadership for this objective comes from the Board, who are clear in their expectations that we achieve at least the median levels of performance in all key areas.

In some of the areas where we are more expensive, for example arrears management, our performance has been better than many of our peers. We will nevertheless review whether the appropriate balance needs to be struck.

<sup>10</sup> Source: HouseMark benchmarking report 2013/14

Repair costs are, however, more encouraging and these can be summarised as follows:

2013/14 HouseMark Cost per Property Repairs	Actual	Quartile	HouseMark Median <sup>11</sup>
Direct and management costs of:			
Responsive repairs	£505	1st	£626
Void repairs	£251	3rd	£227
Major works	£952	2nd	£1,079
Cyclical management	£211	1st	£292

With the exception of void repair costs, which tend to fluctuate from year to year, these costs are better than median. Our future approach is therefore to maintain the pressure on costs in these areas, while improving performance.

### Delivering on Plans for 2014/15

This section summarises our progress against workstreams set out in our 2013/14 VfM statement, although in several cases these remain ongoing longer term programmes of work. An assessment of our progress is presented below (further detail can be found in our full Value for Money Statement):

- Reorganising ourselves** along functional lines so that we reduce duplication of effort and resource across the organisation. We will also streamline our governance arrangements to support our new organisational structure.  
**Target – transitional structures in place by November.**  
**Target Met:** First phase of new functional structure implemented; savings in staff costs achieved in a number of areas; creation of specialist teams to drive our strategic approach to VfM.
- Delivery of a three-year programme to implement new technologies**, enabling us to operate more efficiently, report faster and more accurately, and provide a more modern, consistent service offering to our customers.  
**Target – go-live of single core systems.**  
**Target Met:** New housing and finance systems and telephony infrastructure were successfully implemented.
- Doing more to improve the cohesiveness and engagement of our people** by continuing and embedding learning from our Leaders and Managers programmes which commenced in 2013/14; introducing stronger mechanisms for employee representation and a two-way dialogue with our staff; providing a focus on staff health and well-being.  
**Target – 85% employee engagement.**  
**Target Not Met:** Two cohorts of our senior managers completed our Leaders at Guinness programme and over 134 staff have attended our Managers programme during the year; comprehensive range of staff wellbeing and occupational health support now in place. Despite this, our staff engagement score at year end was 81%, below our 85% target.
- Delivering our 2011/15 Affordable Homes Programme**, and expand our pipeline of homes for future development, including opportunities for creating more homes on our existing estates. **Target – 2,700 new homes 2011-2015, 1,500 new homes 2015-2018.**  
**Target Met:** Delivered the 2,700 new homes in our 2011/15 programme; In 2014/15 achieved the highest number of new home completions in Guinness's history.

<sup>11</sup> Source: HouseMark benchmarking report 2013/14

- **Improving customer satisfaction and finding more ways to engage with and understand the views of our customers** – with a particular focus on our home ownership services to ensure we understand and meet the needs of this group of customers – enabling us to deliver more efficient, cost-effective services. **Target – 85% customer satisfaction.**  
**Target Not Met:** Customer satisfaction increased by 2% to 77%, even through a period of organisational change. This was significantly short of our target of 85% and behind our best performing peers.
- **Making our homes more available to more people** – by starting to introduce fixed-term tenancies and providing affordable homes to those who may have a shorter-term need for affordable housing and the understanding that there may come a time when they can afford other options and the property they have lived in could be used to house others whose immediate need is more pressing. **Target – introduction of fixed term tenancies in the South.**  
**Target Met:** We let 92 homes on fixed-term tenancies from Dec 14. The next stage is to develop our processes to deal with later stages of the tenancy cycle.
- **Continuing to improve our operating and financial performance. Target – operating margin 30% and target net operating margin 10%.**  
**Target Met:** Operating profit for 2014/15 of £40.7 million, an improvement of £15.9 million 2013/14; the operating margin, on a management accounts basis, was 31.7% and the net margin was 12.2%; procurement savings of £2.4m generated on prior year costs.

#### Plans for 2015/16

In many ways, 2014/15 has been a transition year from a Value for Money perspective. It has been about making the structural changes and investments in technology and staff development that leave us better placed to deliver specific Value for Money objectives. Following this logic, our plans for 2015/16 can be seen as more specific ones focused on addressing the areas where we know we can achieve more and begin to bring ourselves in line with the best of our peers.

Our key Value for Money plans for 2015/16 include:

- **Significant improvements in customer satisfaction** – The central objective in our 2015-18 corporate strategy is to achieve customer satisfaction of 85% by 2018. In 2015/16, we are targeting an increase of at least 3% in overall satisfaction with the service we provide. We will strike an appropriate balance between our ambitions and the lessons of 2014/15.
- **A reduction in costs and a further increase in operating margin** – We made a significant improvement in our margin in 2014/15, but still have more to do to reach the levels of the best of our peers. Objectives for 2015/16 include: delivering an operating margin of 33% based on our management accounts (up from 31.5% in 2014/15); delivering a 3% cost saving (excluding direct costs); start making recurrent cost savings in areas where we are more expensive than some peers.
- **Exploit the potential benefits of our in-house maintenance provider, Guinness Property Services (GPS)** – We are fortunate to have a well-established in-house maintenance provider at a time when others in the sector are developing such capacity in order to break the cycle of dependence on external contractors. GPS offers potential financial savings and the potential to contribute to improvements in customer satisfaction, reflecting the greater control over service delivery and the higher satisfaction scores typically achieved. We will grow GPS activity (internally), closely reviewing whether the potential Value for Money objectives are achieved in practice.
- **Leveraging continued benefits from procurement activity and contract management** – Building on the savings achieved in 2014/15, our specialist procurement function will work with the business to drive savings of at least 5% of tendered services through procurement activity.
- **Delivering new homes** – We will use our financial strength to invest in the new housing that is desperately needed. Our target for 2015/16 is to develop 885 new homes.

- **Making the most of our people** – We will seek further improvements in our staff engagement. We will: deliver the third cohort of our Leaders at Guinness programme; progress our Managers at Guinness programme to a point where 80% of relevant staff have attended; continue to invest in office facilities to ensure a positive working environment for staff; and implement a cultural change programme that promotes a focus on performance and Value for Money.

Underpinning all of these specific work-streams is a need to re-establish our mechanisms for driving and monitoring Value for Money in the context of our new functional structure. This will include more strategic use of benchmarking, and we will also consider whether approaches such as Lean or external review would be of benefit at this time.

**This section is an abbreviated version of our Value for Money Statement. The full version can be found at [www.guinnesspartnership.com/vfm](http://www.guinnesspartnership.com/vfm).**

## Financial Review

### Surplus

The Guinness Partnership delivered another year of strong financial performance. The Group generated an overall surplus of £48.8 million (2014: £91.5 million, which included £65.3 million surplus from our stock rationalisation programme). Our operating surplus for the year covers the costs of running all our services to customers, our investment in existing homes through a programme of planned repairs and improvements, and the costs of servicing our loans as well as the contribution made from the disposal of properties, both those for sale and those disposed of under our asset management programme. Our strong financial performance has continued to justify the V1 rating from the HCA and enables us to invest in and increase debt capacity to fund new homes.

The surplus before tax of £48.8 million is made up of an operating surplus of £91.1 million (2014: £79.9 million) plus property sales of £8.2 million (2014: £65.3 million) less net interest charges of £50.5 million (2014: £53.1 million).

### Balance Sheet

The main movement in the year reflects an increase in the number of new homes completed, supported by additional borrowing. The level of borrowing reflects £150 million from the issue of our bond. Some of the proceeds from this issue were used to repay revolving credit facilities.

The table on the following page provides a summary of the Group's results and key financial indicators for the last five years.

The Guinness Partnership	2015	2014	2013	2012	2011 as restated
	£m	£m	£m	£m	£m
<b>Income and Expenditure Account Summary</b>					
Turnover	350.1	292.1	288.6	281.3	263.8
<b>Underlying operating surplus</b>	<b>91.1</b>	<b>79.9</b>	<b>77.9</b>	<b>70.2</b>	<b>59.1</b>
Exceptional item	-	-	-	-	(1.8)
<b>Total operating surplus</b>	<b>91.1</b>	<b>79.9</b>	<b>77.9</b>	<b>70.2</b>	<b>60.9</b>
<b>Total net interest charges</b>	<b>50.5</b>	<b>53.1</b>	<b>54.7</b>	<b>52.3</b>	<b>51.1</b>
<b>Surplus after interest</b>	<b>40.6</b>	<b>26.8</b>	<b>23.2</b>	<b>17.9</b>	<b>9.8</b>
Surplus on disposal of fixed assets	8.2	65.3	25.3	6.1	4.9
<b>Surplus for the year before taxation</b>	<b>48.8</b>	<b>92.1</b>	<b>48.5</b>	<b>24.0</b>	<b>14.7</b>
Taxation (charge)/credit	-	(0.6)	(0.1)	(0.4)	(0.7)
<b>Surplus for the year after taxation</b>	<b>48.8</b>	<b>91.5</b>	<b>48.4</b>	<b>23.6</b>	<b>14.0</b>
<b>Balance Sheet Summary</b>					
<b>Assets less current liabilities</b>					
Housing and other fixed assets	2,936.1	2,817.3	2,770.0	2,759.8	2,705.5
Grant	(1,436.4)	(1,423.1)	(1,444.6)	(1,448.7)	(1,430.2)
Fixed asset investment (including bond issue premium and Debt Service Reserve)	26.4	21.0	26.6	20.0	18.7
Intangible assets	1.8	2.1	-	-	-
Net current assets/(liabilities)	42.0	40.0	36.8	47.2	7.9
	<b>1,569.9</b>	<b>1,457.3</b>	<b>1,388.8</b>	<b>1,378.3</b>	<b>1,301.9</b>
<b>Financed by</b>					
Loans and other long term creditors	1,065.1	999.4	1,022.6	1,061.0	1,005.3
Reserves	504.8	457.9	366.2	317.3	296.6
	<b>1,569.9</b>	<b>1,457.3</b>	<b>1,388.8</b>	<b>1,378.3</b>	<b>1,301.9</b>
<b>Key Financial Ratios</b>					
Underlying earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) as % of interest payable (excluding loan redemption penalties)	239%	331%	250%	201%	183%
Underlying operating surplus	26%	27%	27%	25%	23%
Interest cover (underlying operating surplus + depreciation) / net interest	227%	215%	206%	195%	175%
Gearing % (total borrowing / total net worth - reserves plus capital grant)	54.8%	53.4%	56.4%	60.1%	58.1%

### Treasury Management

Strong treasury management is critical to increasing our financial resilience. The Group Treasury Management Policy is updated and submitted annually to the Group Board for approval. The Group Audit and Risk Committee and the Group Board review treasury performance at each meeting. This includes a review of compliance with financial covenants, interest rate management and liquidity projections. At 31 March 2015, the Group complied with all financial covenants in place.

### Financing

At 31 March 2015 the Group had total loan facilities of £1,430.1 million of which £1,052.7 million had been drawn (2014: £1,218.6 million, of which £992.2 million was drawn).

### Interest rate management

In accordance with the Group's Interest Rate Management Strategy and in order to mitigate the risk of rises in variable interest rates, at 31 March 2015, 81.9% of the Group's debt was at rates fixed with a range of maturities between 1 and 35 years (2014: 71.6%). Of this fixed rate debt, 13.3% (2014: 16.0%) was hedged under ISDA Agreements.

As at 31 March 2015, the Group's weighted average interest rate cost of capital was 5.5% (2014: 5.3%). At the current ratio of fixed to variable rates, a 0.5% change in interest rates would result in a change of £0.9 million (2014: £1.4 million) to interest payable over a full year.

As at 31 March 2015, 68.4% (2014: 61.2%) of the Group's properties were charged as loan security.

### Liquidity

The Group's Treasury Management Policy dictates that the Group's available secured facilities and cash balances must equate to the forecast cash outflow for the next twelve months. The Group has met or exceeded this policy requirement throughout 2014/15. The Group has sufficient facilities available to meet known requirements beyond March 2018.

At the year end, the Group held cash balances totalling £61.7 million (2014: £91.6 million) of which £25.9 million (2014: £72.0 million) was held on term deposits of up to 3 months at average rates of 0.4% (2014: 0.5%).

### Capital and reserves

The reserves of the Group at 31 March 2015 totalled £504.8 million (2014: £457.9 million). The Group business plan results in surpluses each year which are re-invested in existing homes, communities, services and new developments with some provision for contingencies. The Group Board is satisfied that the reserves at 31 March 2015 are at a level that is appropriate for the business.

### Operating Performance

The following table shows a range of key measures of our operational performance:

Measure	2015 Result	2015 Target	2014 Result	Target Met
Current rent arrears as % of rent debt	3.5%	4.7%	4.2%	Yes
% of rent lost due to voids	0.7%	1.5%	0.9%	Yes
Average weeks to re-let	3.8	3.8	4.2	Yes
% customer satisfaction	76.0%	85.0%	75.0%	No
% properties meeting Decent Homes Standard	100.0%	100.0%	100.0%	Yes

- **Rent arrears:** The impact of Welfare Reform was reflected in the target, but careful management of arrears has improved performance over that achieved in 2014.
- **Rent loss due to voids:** Performance has improved compared to last year and was significantly ahead of the target, which included an allowance for the impact of Welfare Reform.
- **Re-let times:** These have improved from last year and are in line with target.
- **Customer satisfaction:** Performance is significantly below the level we aspire to and will continue to be a key area of focus over the next two years.
- **Decent Homes:** We were fully compliant with the Decent Homes Standard at the end of the year.

### Regulation and Governance

#### Regulation

The Group operates within a number of different regulatory environments. Details of the Group's principal regulators are set out below.

The Guinness Partnership Limited (TGPL) is the corporate trustee of The Guinness Trust which is registered with and regulated by the Charity Commission. The Guinness Trust does not form part of the consolidated Group financial statements. The entities within the Group which are Community Benefit Societies, whether charitable or non-charitable, are registered with and regulated by the Financial Conduct Authority.

Guinness Care and Support Limited is a charitable Community Benefit Society. It is also registered with and regulated by the Care Quality Commission.

The Regulator's assessment of TGPL's compliance with the Governance element of the Governance and Viability Standard is G1. This reflects an upgrade during the year from last year's G2 rating, which was still compliant with the Regulatory Standard. The G2 rating resulted from our identification of a small number of properties which had been omitted from our gas servicing regime and the upgrade reflects the prompt action to ensure that robust controls existed and the omissions would not be repeated.

The Regulator's assessment of TGPL's compliance with the financial viability element of the Governance and Viability Standard remains unchanged at V1.

#### Governance

The Board of The Guinness Partnership Limited is the Group's ultimate governing body and is referred to as The Guinness Partnership Board.

The Guinness Partnership Board comprises between seven and twelve members. Appointments and re-appointments to the Board are normally for a term of three years. The Board reviews its performance formally to identify where additional skills or expertise may be needed. Details of the Board are shown on page 71 and details of non-executive Board member remuneration are shown below.

The Guinness Partnership Board meets seven to eight times per year and is responsible for:

- Defining the values and strategy of the Group;
- Promoting the interests of the Group and ensuring that the Group continues to be financially viable;
- Approving the structure, policies and plans to achieve Group objectives; and
- Approving the consolidated financial statements of the Group, which include those of The Guinness Partnership Limited.

All legal entities within the Group have Boards which take responsibility for the strategic management and operational and financial performance of the entity. These Boards all include independent non-executives.

#### Delegation and Committees

The Guinness Partnership Board is supported by five functional committees.

The Group Audit and Risk Committee meets four times a year and is responsible for monitoring and reporting to the Board on the Group's systems of internal control and risk assurance, and for overseeing internal and external audit.

The Remuneration and Nominations Committee meets when needed, but at least twice a year, and is responsible to the Board for considering and making recommendations on Board and Committee membership, the appointment of the Chairs of subsidiary company Boards, senior executive remuneration and appointments, and governance standards across the Group.

The Service and Performance Committee meets a minimum of four times a year and is responsible for monitoring the quality and performance of the services provided to customers.

The Home Ownership Committee meets a minimum of four times a year and is responsible for overseeing the provision of services to leaseholders and those occupying market rented properties and for providing strategic direction, monitoring and control of these activities.

The Health, Safety and Environmental Committee meets a minimum of four times a year and is responsible for ensuring that TGPL and The Guinness Partnership Group act within applicable legislation and regulation and have systems in-place to ensure a robust and embedded approach to health and safety and the environment.

#### Board Member Remuneration

The emoluments of the non-executive members of the Board of The Guinness Partnership Limited during 2014/15 were as follows:

Director	Role	Salary £	Other benefits £	Total £
Lady Amanda Ellingworth	Chair	21,550	-	21,550
Peter Cotton	Deputy Chair	15,975	-	15,975
Anthony Bell	Non Executive Director	9,075	-	9,075
Neil Braithwaite	Non Executive Director	12,925	-	12,925
Lloyd Clarke	Non Executive Director	5,100	-	5,100
Jim Dickson	Non Executive Director	15,475	-	15,475
Mike Petter	Non Executive Director	15,900	-	15,900
Samantha Pitt	Non Executive Director	1,042	-	1,042
Dame Clare Tickell	Non Executive Director	1,700	-	1,700

#### The Executive Team

The Group is managed by an Executive Team led by the Group Chief Executive and comprising the Deputy Chief Executive, the Executive Directors of the four functions, Customer Services, Investment & Commercial, Asset Management and Property Services, and the Managing Director of Guinness Care & Support Limited. The Executive Team meets at least monthly and is represented at all meetings of the Group Board.

For salary disclosure purposes, members of the Executive Team are referred to as directors. However, with the exception of the Chief Executive and Deputy Chief Executive who are members of the Board of The Guinness Partnership Limited, they are not regarded as directors for legal purposes.

#### Code of Governance

The Group Board and the Boards of the Registered Providers within the Group have adopted the recommendations of and substantially comply with the National Housing Federation's 'Excellence in Governance – Code for Members'. There are two exceptions to this:

- the Group Board has chosen to carry out a review of the Board's performance and separately that of individual Board members in alternate years rather than both annually. The Board considers that this is beneficial in that it enables clearer focus on individual and collective performance;
- in considering the terms of appointment of Board members, the Group Board has decided that terms of office for Group Board members which pre-date the formation of the Group in 2007 should be disregarded for the purposes of calculating terms of office. The Group differs so significantly from any of its predecessor organisations that this is believed to be within the spirit of the Code.

There are comprehensive governance policies in place which apply to the Group Board and Committee members as well as employees and engaged customers. Board and Committee members are remunerated and signed agreements for services are in place with all members of the Group Board, The Guinness Partnership Limited's boards and committees.

#### Bribery Act

Following the implementation of the Bribery Act 2010, the Group has adopted a 'zero-tolerance' anti-bribery policy, which applies to all entities within the Group and all relationships entered into between members of the Group and third parties.

#### Risk Management

The Group has an established and embedded risk management framework that is actively used through the business. The Partnership Risk and Risk Management Strategy is reviewed and updated annually in alignment with the Partnership Business Plan. The Strategy defines the Board's risk appetite and acceptance of risk.

The Partnership Board, Group Audit and Risk Committee and the Executive team regularly review the key risks faced by the business.

A Partnership Risk Panel meets quarterly and this officer forum plays an active part in monitoring exposure to risk, and embedding a culture of risk awareness and risk management amongst staff. All Directorates and Subsidiaries within the Group have detailed Risk Plans in place which include strategies for managing and mitigating key business risks. Additionally, all major projects have a risk plan.

The Group considers the following to be the key risks facing the business:

Risk	Mitigation
<b>Future finance</b> – Debt is not available in the volumes or on the terms needed to develop new homes in a low grant environment, and that operating at increasing levels of gearing creates capacity constraints over time.	<ul style="list-style-type: none"> <li>• Future funding requirements identified through detailed financial planning and modelling, including stress testing, and regular cash flow monitoring.</li> <li>• Financing in place well ahead of requirements.</li> <li>• Growth in cash surpluses through increased efficiency, diversification and planned property disposals – so that surpluses can be used to fund the development of new homes and reduce reliance on debt.</li> </ul>
<b>Interest rates</b> – Changes in interest rates create pressure on our income and expenditure account and future cash flows or create significant mark to market exposure on our derivative positions.	<ul style="list-style-type: none"> <li>• Interest rate exposure managed through hedging and limited use of ISDAs as part of these arrangements.</li> </ul>
<b>Health and Safety</b> – Service loss or injury as a result of component failure.	<ul style="list-style-type: none"> <li>• Rigorous health and safety practices and comprehensive inspection and servicing regimes in place.</li> <li>• In-house health and safety compliance and advisory function supported by use of third party professionals as required.</li> </ul>
<b>Income</b> – Changes to the welfare benefits regime including the introduction of Universal Credit and direct payment make it harder for our customers to pay their rent and our income stream is put at risk.	<ul style="list-style-type: none"> <li>• Continued investment in our rent collection and tenancy sustainment services to engage with more customers and earlier – to support them in managing their finances and facilitate moves to smaller or more affordable homes.</li> <li>• Stress testing our Financial Plan to ensure it remains viable if income collection falls, and that we do not commit to build more new homes than could be delivered if our income streams were under serious pressure.</li> </ul>
<b>Diversification</b> – Into new activities, particularly market rent and sale, makes us more susceptible to market volatility resulting in financial losses.	<ul style="list-style-type: none"> <li>• Adherence to strict limits for the amount of non-core activity we will engage in.</li> <li>• Products and markets extensively researched – supported by resources and capacity within the organisation to monitor trends, appraise and manage diverse business streams.</li> <li>• Set appropriately testing hurdles for market schemes so that their return is commensurate with their risk.</li> <li>• Stress testing individual investments to ensure that any under-performance can be accommodated.</li> </ul>
<b>Care and Support</b> – Viability and / or growth plans of our care and support activities are threatened by changes in funding regimes or local authority commissioning strategies.	<ul style="list-style-type: none"> <li>• Carefully planned growth in areas where we believe we can offer good service and economies of scale.</li> <li>• New business achieves (or is capable of achieving) agreed financial thresholds.</li> <li>• Financial performance is reviewed against five-year plans.</li> <li>• Robust quality assurance systems are maintained.</li> </ul>

The Group uses a 30-year financial model to analyse projections to ensure our long-term financial sustainability. Guinness Care and Support Limited and Guinness Developments Limited consider their financial projections over a five-year period as the nature of their businesses does not lend itself to longer-range forecasting. Financial projections are stress tested to ensure we are able to withstand changes in the operating environment.

### Internal Controls Assurance

The Board has overall responsibility for establishing and maintaining the system of internal control and for reviewing its effectiveness. This applies in respect of all companies and subsidiaries within the Group.

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, but not absolute, 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 information and the safeguarding of the Group's assets and interests.

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

Board meetings are held regularly and there is a defined schedule of matters reserved for decision by the Board.

The process adopted by the Board in reviewing the effectiveness of the systems of internal control, together with some of the key elements of the control framework, is set out below.

### Control environment

The Board retains responsibility for a schedule of matters covering strategic, operational, financial, and compliance issues, including treasury strategy and new investment projects. The Board has adopted the NHF Excellence in Governance – Code for Members. This is supported by a framework of policies and procedures which employees and Board members must comply with and together cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, money laundering, fraud prevention and detection and bribery.

### Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group's activities. The Executive Team, TGPL Audit and Risk Committees and the Group Audit and Risk Committee also consider risks throughout the year. Both TGPL Audit and Risk Committees and the officer Risk Panel report to the Group Audit and Risk Committee. The Group Chief Executive and the Group Audit and Risk Committee are responsible for reporting to the Group Board any significant changes affecting key risks.

### Monitoring and taking corrective action

An assurance framework including control, self-assessment and regular management reporting on risk and control issues provides a hierarchy of assurance to successive levels of management, the Group Audit and Risk Committee and to the Board. This includes rigorous procedures for ensuring that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

## Report of the Board of The Guinness Partnership and Operating and Financial Review... continued

### Financial reporting systems and management information

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. 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 and risk management process are subject to regular review by Internal Audit, who are responsible for providing independent assurance to the Board through the Group Audit and Risk Committee.

The Group Audit and Risk Committee reviews reports received from internal and external auditors. It makes regular reports to the Board on the extent to which internal controls continue to take account of the major risks facing the Group. The Group Audit and Risk Committee submits an annual report, summarising its work and conclusions, to the Board.

In reviewing the effectiveness of internal controls, the Board has reference to a range of evidence that include independent sources, management assurances and outcomes from a range of risk management activities.

The Group has adopted a comprehensive fraud policy and procedures to prevent, detect and report on fraud and recover assets as appropriate. This is supported by a positive anti-fraud and corruption culture amongst staff, contractors and Board members. The Group does not tolerate fraud. A proactive approach is taken to reduce the risk of fraud through maintaining robust control systems. No frauds resulting in a material loss have occurred during the year.

### Diversity and Inclusion

Our commitment to diversity and inclusion is fundamental to our effectiveness as a business. Our people bring a wide variety of skills and knowledge to the organisation. We recognise that having a diverse workforce that reflects the communities we operate in helps us to achieve our objectives.

The principal aims of our Diversity and Inclusion Strategy are to ensure that:

- services are designed to respond to the needs of our current and new customers, and delivered so as to promote a culture of mutual respect and understanding between customers, employees and partners;
- managers and Board members demonstrate effective leadership on diversity and inclusion; and
- Guinness provides a working environment where employees have opportunities to succeed and feel valued.

Our objectives are integrated into our operational plans and progress is monitored annually by the Partnership Board. In 2015/16 we will review our Diversity and Inclusion Strategy.

### Health and Safety

The Group recognises and accepts its legal and moral responsibilities, as defined by Health and Safety law and associated regulations, to ensure the health, safety and welfare of all of its employees, customers and other persons who may be affected by the way it carries out its activities. Strong emphasis is placed on providing a safe and healthy working environment which includes training in safe working practices in accordance with the Group's health and safety policies.

During 2014/15 we have retained our focus on a comprehensive health and safety management system that ensures we comply with all legal and regulatory obligations; improves our policy and procedural framework; and continuously reinforces responsibilities among our employees and contractors.

### Donations

We have made no political donations in the year (2014: £nil).

## Report of the Board of The Guinness Partnership and Operating and Financial Review... continued

### Statement of Board Members' Responsibilities

The Group Board, which is the Board of The Guinness Partnership Limited, is responsible for preparing the financial statements. The financial statements are prepared in accordance with UK Accounting Standards (UK Generally Accepted Accounting Practice) and applicable law.

In preparing these 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in operation.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and to enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Statement of Recommended Practice: Accounting by Registered Social Landlords 2010, and comply with the Accounting Direction for Private Registered Providers of Social Housing in England (2012). The Board is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website.

After making all reasonable enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason the Board continues to adopt the going concern basis in preparing the financial statements.

The Board confirms that to the best of its knowledge:

- the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, liabilities, financial position and surplus or deficit of the Group; and
- the Report of the Board includes a fair review of the development and performance of the Group and the position of the Group, together with a description of the principal risks and uncertainties that the Group faces.

### Disclosure of information to the auditor

At the date of making of this report, each of the Board members of The Guinness Partnership Limited, acting in their capacity as the Group Board, confirm:

- so far as each Board member is aware, there is no relevant audit information needed by the Group's auditors in connection with preparing their report of which the Group's auditors are unaware; and
- each Board member has taken all steps that he or she ought to have taken as a Board member in order to make himself or herself aware of any relevant information needed by the Group's auditors in connection with their report and to establish that the Group's auditors are aware of that information.

### External auditors

Nexia Smith & Williamson are the appointed auditor for the Group. They have expressed their willingness to continue in office. Accordingly a resolution is to be proposed for the re-appointment of Nexia Smith & Williamson as auditor of the Group.

### On behalf of the Board



Lady Amanda Ellingworth, Chair of The Guinness Partnership Limited

23 July 2015

Charitable Community Benefit Society No. 31693R. Homes and Communities Agency No. 4729.

## Independent Auditor's Report for the year ended 31 March 2015

### Independent auditor's report to the members of The Guinness Partnership Limited

We have audited the financial statements of The Guinness Partnership Limited (the Partnership) for the year ended 31 March 2015 which comprise the Consolidated and Partnership Income and Expenditure Account, the Consolidated and Partnership Balance Sheet, the Consolidated and Partnership Cash Flow Statement, the Consolidated and Partnership Statement of Total Recognised Surpluses and Deficits, and the related notes 1 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Partnership's members, as a body, in accordance with the requirements of statute. Our audit work has been undertaken so that we might state to the Partnership'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 partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the board and the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 29, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Partnership's affairs as at 31 March 2015 and of the Group's and the Partnership's income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2012.

### 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 Partnership has not kept proper accounting records; or
- the financial statements of the Partnership are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

*Nexia Smith & Williamson*

Nexia Smith & Williamson,  
Statutory Auditor,  
Chartered Accountants  
18 August 2015

25 Moorgate,  
London  
EC2R 6AY

## Financial statements for the year ended 31 March 2015

### Group Income and Expenditure Account

Year ended 31 March 2015

	Note	2015 £m	2014 £m
<b>Turnover</b>	2	350.1	292.1
Cost of sales	2	(47.6)	(4.6)
Operating costs	2	(211.4)	(207.6)
<b>Operating surplus</b>		91.1	79.9
Surplus on disposal of tangible fixed assets	4	8.2	65.3
Interest receivable and similar income		0.7	1.6
Interest payable and similar charges	7	(51.2)	(54.7)
<b>Surplus on ordinary activities before taxation</b>	8	48.8	92.1
Taxation charge on surplus on ordinary activities	9	-	(0.6)
<b>Surplus for year</b>		48.8	91.5

All amounts relate to continuing activities. The notes on pages 36 to 69 form part of these financial statements.

### Group Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Note	2015 £m	2014 £m
Surplus for the year, as reported in the income and expenditure account above		48.8	91.5
Actuarial (losses) / gains on pension schemes	22	(1.9)	0.2
<b>Total recognised surpluses relating to the year</b>		46.9	91.7



## Financial statements for the year ended 31 March 2015... continued

### The Guinness Partnership Limited Income and Expenditure Account

Year ended 31 March 2015

	Note	2015 £m	2014 £m
<b>Turnover</b>	2	292.4	273.3
Cost of sales	2	(12.3)	(4.1)
Operating costs	2	(198.5)	(195.5)
<b>Operating surplus</b>		81.6	73.7
Surplus on disposal of tangible fixed assets	4	7.4	64.9
Gift Aid		10.8	0.5
Interest receivable and similar income		1.1	1.6
Interest payable and similar charges	7	(50.5)	(54.0)
<b>Surplus on ordinary activities before taxation</b>	8	50.4	86.7
Taxation charge on surplus on ordinary activities	9	-	-
<b>Surplus for year</b>		50.4	86.7

All amounts relate to continuing activities. The notes on pages 33 to 69 form part of these financial statements.

### The Guinness Partnership Limited Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Note	2015 £m	2014 £m
Surplus for the year, as reported in the income and expenditure account above		50.4	86.7
Actuarial (losses) / gains on pension schemes	22	(1.9)	0.2
<b>Total recognised surpluses relating to the year</b>		48.5	86.9

### Group Balance Sheet

At 31 March 2015

	Note	2015 £m	2015 £m	2014 £m	2014 m
<b>Tangible fixed assets</b>	10				
Housing properties – depreciated cost		2,894.0		2,781.7	
Less Social Housing Grant		(1,316.7)		(1,305.8)	
Less other grants		(119.7)		(117.3)	
			1,457.6		1,358.6
Other fixed assets	12		42.1		35.6
Fixed asset investments	13		26.4		21.0
Intangible assets	14		1.8		2.1
<b>Total fixed assets</b>			1,527.9		1,417.3
<b>Current assets</b>					
Work in progress	15	38.3		22.8	
Debtors due within one year	16	28.4		21.8	
Bank balances and deposits		61.7		91.6	
			128.4		136.2
<b>Creditors: amounts falling due within one year</b>	17	(86.4)		(96.2)	
<b>Net current assets</b>			42.0		40.0
<b>Total assets less current liabilities</b>			1,569.9		1,457.3
<b>Creditors: amounts falling due after more than one year</b>	18		1,056.0		989.5
<b>Provisions for liabilities and charges</b>	19		1.6		0.7
<b>Pension liability</b>	22		7.5		9.2
<b>Reserves</b>	20				
Revenue reserves		504.3		457.4	
Designated reserves		0.3		0.3	
Restricted reserves		0.2		0.2	
<b>Total reserves</b>			504.8		457.9
<b>Total</b>			1,569.9		1,457.3

The notes on pages 36 to 69 form part of these financial statements.

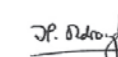
These financial statements were approved by the Board on 23 July 2015 and signed on its behalf by:



Board Member



Board Member



Secretary

## Financial statements for the year ended 31 March 2015... continued

### The Guinness Partnership Limited Balance Sheet

At 31 March 2015

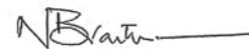
	Note	2015 £m	2015 £m	2014 £m	2014 £m
<b>Tangible fixed assets</b>	11				
Housing properties – depreciated cost		2,815.5		2,702.9	
Less Social Housing Grant		(1,272.2)		(1,261.3)	
Less other grants		(119.7)		(117.3)	
			1,423.6		1,324.3
Other fixed assets	12		40.4		33.9
Fixed asset investments	13		43.4		29.0
<b>Total fixed assets</b>			1,507.4		1,387.2
<b>Current assets</b>					
Work in progress	15	12.9		7.2	
Debtors due within one year	16	47.7		23.3	
Bank balances and deposits		33.0		80.1	
		93.6		110.6	
<b>Creditors: amounts falling due within one year</b>	17	(71.4)		(80.4)	
<b>Net current assets</b>			22.2		30.2
<b>Total assets less current liabilities</b>			1,529.6		1,417.4
<b>Creditors: amounts falling due after more than one year</b>	18		1,040.9		975.7
<b>Provisions for liabilities and charges</b>	19		0.9		0.7
<b>Pension liability</b>	22		6.8		8.5
<b>Reserves</b>	20				
Revenue reserves		480.5		432.0	
Designated reserves		0.3		0.3	
Restricted reserves		0.2		0.2	
<b>Total reserves</b>			481.0		432.5
<b>Total</b>			1,529.6		1,417.4

The notes on pages 36 to 69 form part of these financial statements.

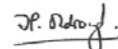
These financial statements were approved by the Board on 23 July 2015 and signed on its behalf by:



Board Member



Board Member



Secretary

### Group and The Guinness Partnership Limited Cash Flow Statements

For the year ended 31 March 2015

	Note	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>Net cash inflow from operating activities</b>	23(a)	97.3	88.1	116.7	121.8
Returns on investment and servicing of finance	23(b)	(48.0)	(46.9)	(58.5)	(57.8)
Taxation	23(c)	(0.6)	-	(0.3)	(0.1)
Capital expenditure	23(d)	(130.9)	(130.6)	(32.0)	(31.2)
<b>Cash (outflow)/inflow before management of liquid resources and financing</b>		(82.2)	(89.4)	25.9	32.7
Acquisition and disposals	23(e)	(0.3)	(9.0)	(2.0)	(3.0)
Management of liquid resources	23(f)	(5.6)	(5.6)	5.4	5.3
Financing	23(g)	58.4	56.9	(16.6)	(16.5)
<b>(Decrease)/increase in cash</b>		(29.7)	(47.1)	12.7	18.5
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>					
(Decrease)/increase in cash in the year		(29.7)	(47.1)	12.7	18.5
Cash (inflow)/outflow from debt net of loan issue costs		(58.4)	(56.9)	16.6	16.5
Cash outflow from acquisitions		0.3	9.0	2.0	3.0
Cash increase/(decrease) from liquid resources		5.6	5.6	(5.4)	(5.3)
Changes in net debt resulting from cash flows	23(h)	(82.2)	(89.4)	25.9	32.7
Other changes	23(h)	(1.4)	(0.3)	(0.6)	(0.2)
		(83.6)	(89.7)	25.3	32.5
Net debt at 1 April 2014		(883.7)	(873.8)	(909.0)	(906.3)
<b>Net debt at 31 March 2015</b>		(967.3)	(963.5)	(883.7)	(873.8)

## 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Financial Reporting Standards, the Statement of Recommended Practice: Accounting by Registered Housing Providers 2010 (SORP 2010), the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Co-operative and Community Benefit Societies Act 2014. The principal accounting policies are set out below. These accounting policies have been consistently applied during the current and preceding period unless otherwise stated.

### Basis of preparation

The financial statements have been prepared on a going concern basis under the historical cost convention. The Group has disclosed the balances and nature of transactions with entities that form part of the Group as required by the Direction.

### Basis of consolidation

The Group financial statements incorporate the financial statements of The Guinness Partnership Limited (TGPL) and other entities controlled by The Guinness Partnership Limited. The entities are controlled and managed by non-executive boards and committees and executive management teams. Details of the individual entities can be found at note 29. All intra-group transactions, balances and income are eliminated on consolidation.

### Business combinations

When a new entity joins the Group, if the business combination meets the definition of a merger under FRS 6 – Acquisitions and Mergers, the entity has been consolidated using the merger accounting method. Accordingly the results, balance sheets and cash flows of the combining entities are brought into the financial statements of the combined entity from the beginning of the financial year in which the combination occurred. The corresponding figures are restated by including the results of all entities for the previous period and their balance sheets for the previous balance sheet date. With merger accounting the carrying values of the assets and liabilities of the parties to the combination are not required to be adjusted to fair value on consolidation.

If the business combination does not meet the criteria for merger accounting under FRS 6, then the entity is consolidated using acquisition accounting rules. This requires the new entity's assets and liabilities to be initially recognised at fair value. Goodwill is calculated as the difference between the fair value of consideration and the fair value of net assets acquired. Positive goodwill is amortised evenly over the Directors' estimate of its useful economic life. The Directors consider whether an impairment has taken place at each balance sheet date by reference to the income streams being generated. Impairment losses are recognised in the Income and Expenditure Account.

Where the nature of the combination is of one entity gifting its net assets to the other, the fair value of the gifted assets and liabilities are recognised as a gain or loss in the Income and Expenditure Account in the year of the transaction.

### Turnover

Turnover represents rental and service charge income receivable from properties owned, fees and contract income and revenue grants from public bodies which are credited to the Income and Expenditure Account in the same period as the expenditure to which they relate. It also includes proceeds from properties developed for outright sale and first tranche sale proceeds from properties developed for shared ownership which are recognised on legal completion.

### Income from Supporting People and support services

Block gross contracts are used by local authorities for floating support services. The income is invoiced annually in advance based on contract price and is receivable from Administrative Authorities in instalments in advance. Income receivable and costs incurred from block gross contracts are recognised on receivable and accruals bases and are included within 'Other social housing activities' and are described as 'Supporting people contract income'.

Block subsidy contracts are contracts, which are used for chargeable services where the provider collects the charges. The provider will receive Supporting People grant for eligible service users and will collect charges from other service users through a separate support agreement. Income receivable and costs incurred from block subsidy contracts are recognised on receivable and accruals bases and are included within 'Other social housing activities' and are described as 'Other supporting people income'.

Where users are not eligible for Supporting People grant, the Group will collect charges from the service users through a separate support agreement. The related income and costs are included within 'Other social housing activities', if services are provided under a contract separate from a tenancy agreement they are described as 'Other supporting people income' and if services are provided within a tenancy agreement they are described as 'Charges for support services' (see note 2).

### Property managed by others

The Group has a number of agreements with third parties to manage schemes on its behalf. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the agents are not included in these financial statements.

### Property managed for others

The Group manages some schemes on behalf of third parties. Where a transfer of the risks and benefits attached to schemes has taken place, the transactions managed by the Group are included in these financial statements.

### Repairs

In addition to capitalising component replacements, expenditure on housing properties which is capable of generating increased future rents, extends their useful life, or significantly reduces future maintenance costs, is capitalised.

### Sale of tangible fixed assets

Sales of tangible fixed assets, including second and subsequent tranches of shared ownership properties are dealt with in the income and expenditure account and separately disclosed after the operating surplus for the year.

First tranche shared ownership property sales are included in turnover. The related portion of the cost of the asset is recognised as cost of sales. Any surpluses recognised in the income and expenditure account are restricted by the extent to which they subsidise the social rented portion of a scheme.

### Taxation

The charge for corporation tax is based on the surplus/deficit arising from non-charitable activities for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of timing differences between the treatment of certain items for taxation and accounting purposes which have arisen, but not reversed by the balance sheet date, except as otherwise required by FRS 19.

### Value added tax (VAT)

The majority of the Group's income, being rents, is exempt for VAT purposes and this gives rise to a partial exemption calculation for VAT recovery. Expenditure is therefore primarily recorded inclusive of VAT with the small proportion that can be recovered credited to the Income and Expenditure Account. Where VAT can be recovered in full, expenditure is recorded excluding VAT. The balance of VAT payable or recoverable at the year end is included as a current liability or asset.

### Fixed assets and depreciation

Depreciation is charged so as to write down the cost (net of Social Housing Grant) of freehold housing properties, other than freehold land, to their estimated residual value on a straight line basis over their expected useful economic lives.

Housing properties are split between land, structure and major components which require periodic replacement. Freehold land is not depreciated.

Principal accounting policies... continued

The Group depreciates freehold housing properties by component on a straight line basis as follows:

Component	Useful economic life
Pitched roofs	60 years
Flat roofs	25 years
External doors	25 years
Windows	30 years
Electrical installation	30 years
General heating (excluding boilers)	30 years
Boilers	15 years
Lifts	25 years
Kitchens	20 years
Bathrooms	30 years
Residual structure (building)	100 years

The Group depreciates housing properties held on long leases over the shorter of the lease term or the useful economic life of the relevant component category.

Other fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis from the date the asset is put into use over the expected useful economic lives of the assets at the following annual rates:

Freehold office premises	1% to 2%
Leasehold office premises	over the period of the lease
Plant, machinery, fixtures and fittings	5% to 33%

Improvements to office premises are capitalised where the expenditure provides an enhancement of economic benefits in excess of the previously assessed standard of performance.

The useful economic lives of all fixed assets are reviewed annually.

#### Impairment of housing properties and land held for future development

Impairment reviews are carried out for completed properties and properties under construction where there are indicators of impairment. Impairments arising from a major reduction in service potential are charged to the income and expenditure account to the extent that the carrying value exceeds the recoverable amount. The recoverable amount is the higher of its net realisable value and value in use. Value in use is the present value of future cash flows obtainable as a result of the continued use of the property.

Impairment reviews are carried out at least annually on unsold shared ownership and outright sale properties held as current assets. These reviews ensure that they are valued at the lower of cost and net realisable value.

Impairment reviews for land held for future development take into account existing plans for developing the land (holdings for social housing and shared ownership). Where there is agreement with the Homes and Communities Agency for a development and the scheme meets our internal criteria for approval, no impairment is made. However, if there is a high level of uncertainty over the use of the land or where internal criteria are not met then impairment would be recognised. Impairment would be recognised to the extent that market valuations are lower than the carrying value of the asset.

#### Housing properties

**Carrying value:** housing properties are stated at cost less accumulated depreciation, impairment and capital grants. Cost comprises of purchase price and building costs together with directly attributable incidental and administrative costs in bringing them into working condition for their intended use. Directly attributable costs are staff costs arising directly from construction or acquisition of the property and incremental costs that would have been avoided only if the property had not been constructed or acquired.

Land acquired is recorded at its purchase price, which is usually the open market value. Land acquired at less than open market value or donated, is stated at current value at the date it was acquired or received taking account of any restrictions on land use. Where material land values do not reflect the amount paid, the carrying value is confirmed by an independent valuer. If land is acquired from a non public body, any excess of the value over purchase price is recognised in turnover, and where donated or acquired from central or local government the difference between the value when received, and price paid is treated as a government grant.

Interest on borrowings used to finance housing developments and regeneration projects is capitalised only when development activity is in progress and up to the date of practical completion or the end of the regeneration period.

Directly attributable development overheads are capitalised only when development activity is in progress and up to the date of practical completion or the end of the regeneration period.

Improvements are capitalised only when they result in an increase in the net rental income, such as direct increase in rental income, a reduction in future maintenance costs or in a significant extension of the useful economic life of the property.

Costs of replacing major components are capitalised and depreciated over their estimated useful economic lives. The net book value of components replaced is written off and disclosed as depreciation in the year of replacement.

**Properties under construction:** housing properties in the course of construction, excluding the expected first tranche element of properties developed for shared ownership, are included within fixed assets and stated at cost less Social Housing Grant received against expenditure less any provision for impairment and are not depreciated. When expenditure is incurred in advance of the transfer of title, the amounts are capitalised and, if applicable, provisions made to reflect the level of uncertainty over the continuation of the scheme.

The cost of properties under construction is transferred to completed rental or shared ownership properties on practical completion or transfer of title.

The costs of shared ownership properties under development are split between fixed assets and current assets in proportion to the expected share percentage to be retained and the first tranche percentage expected to be sold.

The expected retained share percentage after first tranche disposal is classified within fixed assets as completed shared ownership properties upon practical completion.

The expected first tranche element of properties developed for shared ownership either completed or under construction is shown within work in progress in current assets at the lower of cost and net realisable value.

**Social Housing Grant and other grants:** where developments have been financed wholly or partly by Social Housing Grant (SHG) and other grants, the cost of these developments is reduced by the amount of the grant receivable. For properties developed for shared ownership, social housing grant receivable is set against the fixed asset element.

For schemes funded under the Affordable Homes Programme (AHP), Homes and Communities Agency (HCA) pay grant using the Grant Payment Rate. There is a different Grant Payment Rate for Social Rent, Affordable Rent and Home Buy units and may change throughout the duration of the programme as the actual delivery profile changes. The amount recorded as grant and deducted from the cost of the property it funds is calculated in accordance with specific scheme allocations. A debtor or creditor is recognised for the difference between this and the amount the HCA has paid based on the average grant rate. Where a scheme has reached the trigger point at which further tranche of SHG is receivable, but the amount was not received at the balance sheet date, the amount is included in debtors as SHG receivable. The amount of SHG in advance or included in debtors is calculated by reference to the aggregate of all schemes in the SHG funded programme.

If a property is sold or if another relevant event takes place, the Group can recycle the capital grant to fund certain eligible projects or, in certain circumstances, repay the recoverable capital grant back to HCA or Greater London Authority (GLA) as appropriate. Where SHG is recycled it is credited to Recycled Capital Grant Fund (RCGF) which is included in creditors falling

Principal accounting policies... continued

due within one year or creditors due after more than one year as appropriate. When SHG becomes repayable it is considered to be a subordinated unsecured repayable debt and included in creditors falling due within one year until repaid.

Receipts from certain property sales are required to be retained in a ring-fenced Disposal Proceeds Fund (DPF) that can be used for providing replacement housing. The gross disposal proceeds less eligible deductions are credited to DPF. The DPF can be included in creditors falling due within one year or creditors due after more than one year as appropriate. If disposal proceeds are not used within three years, the HCA may direct recovery of the proceeds. When disposal proceeds becomes repayable it is considered to be a subordinated unsecured repayable debt and included in creditors falling due within one year until repaid.

**Stock and work in progress**

Stock and work in progress are stated at lower of cost (including attributable overheads) and net realisable value.

**Liquid resources**

Liquid resources include cash flows arising from one month deposit transactions.

**Service charge sinking funds**

Amounts are set aside for future maintenance of certain properties subject to leasehold arrangements. The amounts are held in a separate bank account. Amounts accumulated within the fund are included within creditors due within one year.

**Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the Group, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of the rental obligations is charged to the Income and Expenditure Account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the Income and Expenditure Account as incurred.

**Loan issue costs, premiums and discounts**

Costs incurred arising on the issue of loan finance are initially recorded as a deduction from the gross proceeds of the loan and included in creditors greater than one year. The costs are then subsequently amortised in the income and expenditure account over the term of the loan.

Premiums or discounts arising on financial instruments are similarly included in creditors greater than one year and subsequently amortised over the life of the instrument.

**Financial instruments**

A financial instrument is recognised when the Group becomes a party to the contractual provisions of the instrument. A previously recognised financial asset is derecognised when either contractual rights to the cash flows from that asset expire, or the Group transfers the asset such that the transfer qualifies for derecognition. The Group undertakes interest rate swaps utilising ISDA agreements. These are valued at cost.

The Group also utilises cancellable options where the issuer has the right at agreed periodic intervals to terminate the fixed rate within the loan and substitute a variable rate. This right, once exercised, is irreversible. Where these represent embedded derivatives the economic characteristics and risks are closely related to the economic characteristics and risks of the host contract. As such, they are not separated from the host contract and are treated as one. They are accounted for at amortised cost using the effective interest method.

Financial liabilities measured at amortised cost include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate.

**Provisions against tenant arrears**

The Group provides for bad and doubtful debts (note 16) relating to rents and service charges receivable at the following rates:

Former tenant arrears – 100%

Current tenant arrears – 20% to 100%

**Charitable reserve**

The charitable reserve was created from charitable donations. The reserve is available to meet expenditure which falls within the Group's objectives. Donations received for specific housing projects are applied to the cost of the schemes to which they relate at the date of practical completion.

Other donations received are transferred to the Income and Expenditure Account to match expenditure in the year in which it is incurred.

**Designated reserve**

This reserve is designated for specific purposes and is only expendable in respect of the purposes for which the reserve was intended.

**Pension costs**

The Group has applied the disclosure requirements of FRS 17 – Retirement Benefits.

The Group is a member of a multi-employer defined benefit pension scheme where it is unable to identify its share of the underlying assets and liabilities on a consistent and reasonable basis, and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result the amounts charged to the Income and Expenditure Account represent the contributions payable to the scheme in respect of the accounting period.

The Group is also a member of other defined benefit pension schemes where the Group is able to identify its share of the underlying assets and liabilities.

Under FRS 17, pension scheme assets are measured using fair values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term to the scheme liabilities.

When the last active member of a defined benefit pension scheme ceases to be in employment, additional liabilities may be incurred from the requirement to settle the liability on a different basis to its measurement in the financial statements under FRS 17. Any such additional liabilities are recognised only at the point at which the Group is demonstrably committed to actions that will make such a cessation event inevitable. Until then, the respective pension liabilities are recognised in accordance with FRS 17.

The pension scheme surplus/deficit is recognised in full and presented on the face of the Balance Sheet. The movement in the scheme surplus/deficit is split between operating and financing items in the Income and Expenditure Account and the Statement of Total Recognised Surpluses and Deficits.

The full service cost of the pension provision is the increase in the pension value of the liabilities expected to arise in the future as a result of the benefits earned during the year by employees and is charged to operating surplus.

The net impact of the unwinding of the discount rate on scheme liabilities and the expected return of the scheme assets is charged/credited to other finance costs. Actuarial gains or losses, arising from any difference between the expected return on assets and that actually achieved and any differences that arise from experience or assumption changes are charged through the Statement of Total Recognised Surpluses and Deficits.

Contributions to defined benefit pension schemes are calculated by applying to pensionable salaries of employees a percentage determined in accordance with actuarial advice.

Where pension liabilities are acquired as a result of housing associations joining the Group these are measured at fair value at the date of acquisition.

2 Particulars of turnover, cost of sales, operating costs and operating surplus/(deficit) | **Group**

	2015			Operating surplus/(deficit) £m
	Turnover £m	Cost of sales £m	Operating costs £m	
<b>Social housing lettings</b> (see note 3)	282.9	-	(192.3)	90.6
<b>Other social housing activities:</b>				
First tranche property sales	10.2	(8.4)	-	1.8
Home ownership property sales	3.4	(3.8)	-	(0.4)
Charges for support services	1.8	-	(1.6)	0.2
Development costs not capitalised	-	-	(1.7)	(1.7)
Care and support services	9.1	(3.2)	(6.8)	(0.9)
Other	1.0	-	(7.3)	(6.3)
<b>Total other social housing activities</b>	25.5	(15.4)	(17.4)	(7.3)
Non-social housing activities	41.7	(32.2)	(1.7)	7.8
<b>Total</b>	350.1	(47.6)	(211.4)	91.1

	2014			Operating surplus/(deficit) £m
	Turnover £m	Cost of sales £m	Operating costs £m	
<b>Social housing lettings</b> (see note 3)	273.4	-	(187.7)	85.7
<b>Other social housing activities:</b>				
First tranche property sales	5.1	(4.1)	-	1.0
Charges for support services	2.3	-	(2.2)	0.1
Development costs not capitalised	-	-	(1.8)	(1.8)
Care and support services	6.5	-	(7.1)	(0.6)
Other	2.3	-	(6.7)	(4.4)
<b>Total other social housing activities</b>	16.2	(4.1)	(17.8)	(5.7)
Non-social housing activities	2.5	(0.5)	(2.1)	(0.1)
<b>Total</b>	292.1	(4.6)	(207.6)	79.9

Particulars of turnover, cost of sales, operating costs and operating surplus/(deficit) | **TGPL**

	2015			Operating surplus/(deficit) £m
	Turnover £m	Cost of sales £m	Operating costs £m	
<b>Social housing lettings</b> (see note 3)	270.8	-	(184.5)	86.3
<b>Other social housing activities:</b>				
First tranche property sales	10.2	(8.4)	-	1.8
Home ownership property sales	3.4	(3.9)	-	(0.5)
Charges for support services	1.2	-	(1.1)	0.1
Development costs not capitalised	-	-	(1.7)	(1.7)
Other	6.4	-	(10.5)	(4.1)
<b>Total other social housing activities</b>	21.2	(12.3)	(13.3)	(4.4)
Non-social housing activities	0.4	-	(0.7)	(0.3)
<b>Total</b>	292.4	(12.3)	(198.5)	81.6

	2014			Operating surplus/(deficit) £m
	Turnover £m	Cost of sales £m	Operating costs £m	
<b>Social housing lettings</b> (see note 3)	260.7	-	(177.4)	83.3
<b>Other social housing activities:</b>				
First tranche property sales	5.1	(4.1)	-	1.0
Charges for support services	1.6	-	(1.6)	-
Development costs not capitalised	-	-	(1.8)	(1.8)
Other	5.4	-	(14.5)	(9.1)
<b>Total other social housing activities</b>	12.1	(4.1)	(17.9)	(9.9)
Non-social housing activities	0.5	-	(0.2)	0.3
<b>Total</b>	273.3	(4.1)	(195.5)	73.7

3 Particulars of income and expenditure from social housing lettings | **Group**

	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2015 £m	Total 2014 £m
<b>Income from social housing lettings</b>						
Rent receivable net of identifiable service charges and voids	216.2	25.5	8.0	13.3	263.0	252.3
Service charges receivable	12.9	5.9	-	1.1	19.9	21.1
Net rents receivable	229.1	31.4	8.0	14.4	282.9	273.4
Revenue grants from local authorities and other agencies	-	-	-	-	-	-
<b>Total income from social housing lettings</b>	<b>229.1</b>	<b>31.4</b>	<b>8.0</b>	<b>14.4</b>	<b>282.9</b>	<b>273.4</b>
<b>Expenditure on social housing letting activities</b>						
Services	14.0	5.6	6.3	0.8	26.7	24.8
Management	53.6	14.5	2.7	4.5	75.3	72.4
Planned repairs	8.0	0.9	0.1	0.2	9.2	9.1
Routine repairs and maintenance	31.6	4.2	0.1	1.2	37.1	36.5
Major repairs expenditure	7.0	0.3	-	0.1	7.4	7.7
Rent losses from bad debts	2.8	0.1	-	0.1	3.0	2.6
Depreciation of housing properties	28.1	2.9	0.2	2.2	33.4	32.3
Impairment of housing properties	0.2	-	-	-	0.2	2.3
<b>Total expenditure on social housing letting activities</b>	<b>145.3</b>	<b>28.5</b>	<b>9.4</b>	<b>9.1</b>	<b>192.3</b>	<b>187.7</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>83.8</b>	<b>2.9</b>	<b>(1.4)</b>	<b>5.3</b>	<b>90.6</b>	<b>85.7</b>
Rent losses from voids (included in rent receivable above)	1.4	0.3	0.5	0.1	2.3	3.2

Particulars of income and expenditure from social housing lettings | **TGPL**

	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2015 £m	Total 2014 £m
<b>Income from social housing lettings</b>						
Rent receivable net of identifiable service charges and voids	214.9	21.3	3.0	13.3	252.5	241.2
Service charges receivable	12.7	4.5	-	1.1	18.3	19.5
Net rents receivable	227.6	25.8	3.0	14.4	270.8	260.7
Revenue grants from local authorities and other agencies	-	-	-	-	-	-
<b>Total income from social housing lettings</b>	<b>227.6</b>	<b>25.8</b>	<b>3.0</b>	<b>14.4</b>	<b>270.8</b>	<b>260.7</b>
<b>Expenditure on social housing letting activities</b>						
Services	13.9	3.8	-	0.8	18.5	16.6
Management	55.0	13.6	2.7	4.5	75.8	73.1
Planned repairs	8.0	0.7	-	0.2	8.9	8.4
Routine repairs and maintenance	33.6	3.6	-	1.2	38.4	35.6
Major repairs expenditure	7.0	0.2	-	0.1	7.3	7.6
Rent losses from bad debts	2.8	0.1	-	0.1	3.0	2.6
Depreciation of housing properties	27.9	2.3	-	2.2	32.4	31.2
Impairment of housing properties	0.2	-	-	-	0.2	2.3
<b>Total expenditure on social housing letting activities</b>	<b>148.4</b>	<b>24.3</b>	<b>2.7</b>	<b>9.1</b>	<b>184.5</b>	<b>177.4</b>
<b>Operating surplus/(deficit) on social housing lettings</b>	<b>79.2</b>	<b>1.5</b>	<b>0.3</b>	<b>5.3</b>	<b>86.3</b>	<b>83.3</b>
Rent losses from voids (included in rent receivable above)	1.4	0.3	0.1	0.1	1.9	2.5

The number of units of accommodation owned and/or managed at the end of the year were

	Group		TGPL	
	Total 2015 Number	Total 2014 Number	Total 2015 Number	Total 2014 Number
<b>Housing accommodation</b>				
General needs housing at social rent	38,796	39,826	39,796	39,826
General needs housing at affordable rent	2,915	1,662	2,915	1,662
Supported housing and housing for older people	7,749	7,702	7,731	7,687
<b>Other housing properties</b>				
Low Cost Home Ownership	5,236	5,115	5,236	5,115
Care homes	298	349	71	68
Social Leasehold	4,319	4,390	4,228	4,390
Other	903	565	288	565
	<b>60,216</b>	<b>59,609</b>	<b>59,265</b>	<b>59,313</b>
<b>Being:</b>				
Owned and managed	57,746	57,079	50,067	55,452
Owned but managed by others	1,262	959	1,222	918
Managed only	1,208	1,571	1,976	2,943
	<b>60,216</b>	<b>59,609</b>	<b>59,265</b>	<b>59,313</b>

4 Disposal of tangible fixed assets

Group	Right to acquire/ buy £m	Second & subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Group Total 2015 £m	Group Total 2014 £m
Proceeds	1.8	15.4	3.4	0.1	20.7	105.7
Other costs	-	(1.9)	-	0.4	(1.5)	(2.0)
Disposals at cost	(1.2)	(8.7)	(3.6)	(7.2)	(10.7)	(78.4)
SHG transferred	-	0.6	0.8	-	1.4	31.2
Depreciation on disposals	0.2	0.5	0.8	6.8	8.3	8.8
Surplus on disposal of tangible fixed assets	0.8	5.9	1.4	0.1	8.2	65.3

TGPL	Right to acquire/ buy £m	Second & subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	TGPL Total 2015 £m	TGPL Total 2014 £m
Proceeds	1.8	15.5	2.0	-	19.3	104.2
Other costs	-	(1.9)	-	0.4	(1.5)	(2.0)
Disposals at cost	(1.2)	(8.7)	(2.4)	(7.2)	(19.5)	(76.6)
SHG transferred	-	0.6	0.8	-	1.4	31.2
Depreciation on disposals	0.2	0.5	0.3	6.7	7.7	8.1
Surplus/(loss) on disposal of tangible fixed assets	0.8	6.0	0.7	(0.1)	7.4	64.9

5 Directors' emoluments

The directors are defined as the members of the Board and the Executive Team. Board members received payments of £98,742 in their capacity as members of The Guinness Partnership Limited Board (2014: £105,400). No members have been paid in their capacity as members of other boards of the Group (2014: nil). There were 7 members of the Executive Team in 2015 (2014: 7).

Group and TGPL	2015 £000	2014 £000
<b>Aggregate emoluments payable to the Executive Team, excluding non-executive directors:</b>		
Emoluments	1,242	1,170
Benefits in kind	7	7
Pension contributions	48	59
	1,297	1,236
<b>Aggregate emoluments payable to Board and Executive Team, including non-executive directors:</b>		
Emoluments	1,340	1,240
Benefits in kind	7	7
Pension contributions	48	59
	1,395	1,306
Expenses reimbursed to directors not Chargeable to United Kingdom Income Tax	18	13
Highest paid director – Chief Executive	269	262
Benefits in kind	2	2
Pension equivalents	18	17
	289	281

6 Employee information

	Group 2015 Number	TGPL 2015 Number	Group 2014 Number	TGPL 2014 Number
The average number of persons employed expressed in full time equivalents, whose remuneration payable including redundancy fell within the following bands:				
Less than £60,000	2,491	1,422	2,344	1,456
£60,001 to £70,000	42	40	33	32
£70,001 to £80,000	12	10	16	14
£80,001 to £90,000	13	11	11	10
£90,001 to £100,000	12	12	7	7
£100,001 to £110,000	3	3	2	2
£110,001 to £120,000	2	2	1	1
£120,001 to £130,000	5	5	2	1
£130,001 to £140,000	5	4	2	2
£140,001 to £150,000	1	1	1	1
£150,001 to £160,000	-	-	1	1
£160,001 to £170,000	1	1	-	-
£170,001 to £180,000	-	-	1	1
£180,001 to £190,000	1	1	1	1
£190,001 to £200,000	1	1	-	-
£200,001 to £210,000	1	1	1	1
£250,001 to £260,000	-	-	1	1
£260,001 to £270,000	1	1	1	1
Total employees	2,591	1,515	2,424	1,531

Full time equivalents have been calculated on the basis that 35 working hours per week is equal to one full time equivalent. The remuneration used to allocate employees into the band above includes redundancy payments to a number of staff as a result of the changes to our structure during the year. The number of employees whose actual remuneration falls into a bracket above £100,000 was 10 (2014:12).



Employee information... continued

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>Staff costs – excluding non-executive directors</b>				
Wages and salaries	67.5	47.1	69.6	48.8
Redundancy costs	2.1	2.1	0.9	0.9
Social security costs	5.7	4.1	5.4	3.9
Pension costs (employer's contributions)	8.0	7.2	6.5	5.9
FRS 17 service costs (see note 22)	0.5	0.5	0.5	0.5
	83.8	61.0	82.9	60.0
<b>Staff costs – non-executive directors</b>				
Wages and salaries	0.1	0.1	0.1	0.1
Redundancy costs	-	-	-	-
Social security costs	-	-	-	-
Pension costs (employer's contributions)	-	-	-	-
FRS 17 service costs (see note 22)	-	-	-	-
	0.1	0.1	0.1	0.1
<b>Total staff costs</b>				
Wages and salaries	67.6	47.2	69.7	48.9
Redundancy costs	2.1	2.1	0.9	0.9
Social security costs	5.7	4.1	5.4	3.9
Pension costs (employer's contributions)	8.0	7.2	6.5	5.9
FRS 17 service costs (see note 22)	0.5	0.5	0.5	0.5
	83.9	61.1	83.0	60.1

7 Interest payable and similar charges

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
On loans repayable on maturity within five years	0.8	0.8	1.6	0.8
On loans wholly or partly repayable in more than five years	55.7	54.5	52.7	52.6
To other group entities	-	0.2	-	0.2
Amortisation of loan issue costs	0.1	0.1	0.5	0.4
Cancellation of a RPI linked swap	-	-	2.8	2.8
Other finance costs charged in respect of FRS 17 (note 22)	0.1	0.1	0.2	0.2
	56.7	55.7	57.8	57.0
Interest capitalised in respect of housing properties	(5.5)	(5.2)	(3.1)	(3.0)
Total interest payable and similar charges	51.2	50.5	54.7	54.0

The rate of interest in respect of capitalised interest for the Group and for TGPL is based on the weighted interest cost calculated on a monthly basis. The average rate used for the year is 5.5% (2014: 5.3%).

8 Surplus on ordinary activities before taxation

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Surplus for the year is stated after charging/(crediting):				
Depreciation of housing properties	32.6	31.7	32.2	31.2
Depreciation of other fixed assets	3.0	2.7	2.5	2.2
Impairment of housing properties and other fixed assets	0.6	0.6	2.3	2.3
Auditors' remuneration in their capacity as auditors, excluding VAT, including expenses	0.4	0.3	0.3	0.3
Auditors' remuneration in respect of other services, excluding VAT, including expenses	-	-	0.1	0.1
Surplus on disposal of tangible fixed assets	(8.2)	(7.4)	(65.3)	(64.9)
Rent payable under operating leases	2.3	1.5	1.2	0.7

9 Taxation on surplus on ordinary activities

The Guinness Partnership Limited and Guinness Care and Support Limited have charitable status and are not subject to corporation tax on surpluses derived from their charitable activities.

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>Current tax:</b>				
UK corporation tax on surplus for the year	-	-	0.6	-
Adjustments in respect of previous years	-	-	-	-
Current tax charge on surplus on ordinary activities	-	-	0.6	-
<b>Deferred tax:</b>				
Recognition of timing differences	-	-	-	-
Adjustments in respect of previous years	-	-	-	-
Deferred tax charge	-	-	-	-
Total tax charge on surplus on ordinary activities	-	-	0.6	-
<b>Factors affecting tax charge for the year:</b>				
Surplus on ordinary activities before tax	48.8	50.4	92.1	86.7
Adjustment for surpluses not subject to tax	(49.1)	(50.4)	(89.6)	(86.7)
(Loss) / surplus on ordinary activities before tax in taxable entities	(0.3)	-	2.5	-
(Loss) / surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	(0.1)	-	0.6	-
Expenses not deductible for tax purposes	0.1	-	-	-
Current tax charge for the year	-	-	0.6	-

10 Tangible fixed assets | Group

	Housing Properties			Total £m
	Completed rented £m	Shared ownership £m	Under construction £m	
<b>Cost</b>				
At 1 April 2014	2,752.1	262.3	117.8	3,132.2
Additions – completed properties acquired	2.6	-	-	2.6
Additions – components capitalised	28.8	-	-	28.8
Additions – properties under construction	-	-	127.2	127.2
Schemes completed	102.0	12.1	(114.1)	-
Disposals at cost	(13.5)	(6.7)	(0.1)	(20.3)
At 31 March 2015	2,872.0	267.7	130.8	3,270.5
<b>Social Housing Grant</b>				
At 1 April 2014	(1,177.2)	(78.2)	(50.4)	(1,305.8)
Social Housing Grant receivable	-	-	(16.0)	(16.0)
Social Housing Grant transferred at completion	(14.6)	(0.2)	14.8	-
Social Housing Grant transferred on disposals	2.1	3.0	-	5.1
At 31 March 2015	(1,189.7)	(75.4)	(51.6)	(1,316.7)
<b>Other capital grants</b>				
At 1 April 2014	(61.7)	(52.7)	(2.9)	(117.3)
Other grants movement	-	-	2.4	(2.4)
At 31 March 2015	(61.7)	(52.7)	(5.3)	(119.7)
<b>Depreciation and leasehold amortisation</b>				
At 1 April 2014	(320.7)	(12.1)	-	(332.8)
Depreciation charge for year	(31.4)	(1.2)	-	(32.6)
Disposals	5.4	0.3	-	5.7
At 31 March 2015	(346.7)	(13.0)	-	(359.7)
<b>Impairment</b>				
At 1 April 2014	(8.7)	(3.2)	(5.8)	(17.7)
Released in year	-	-	0.9	0.9
At 31 March 2015	(8.7)	(3.2)	(4.9)	(16.8)
<b>Net book value</b>				
At 31 March 2015	1,265.1	123.4	69.0	1,457.6
At 31 March 2014	1,183.8	116.1	58.7	1,358.6

Tangible fixed assets | Group... continued

	2015 £m	2014 £m
<b>Total accumulated Social Housing Grant receivable at 31 March:</b>		
Revenue grants	-	-
Capital grants	1,316.7	1,305.8
<b>Total accumulated Social Housing Grant receivable</b>	1,316.7	1,305.8
<b>Expenditure on completed housing properties comprises the following:</b>		
Capitalised costs in respect of existing properties	28.8	30.8
Costs charged to Income and Expenditure Account	16.6	16.8
<b>Total costs in year incurred on existing properties</b>	45.4	47.6
<b>Completed housing properties at net book value comprise:</b>		
Freeholds	1,219.1	1,136.7
Long leaseholds	46.1	47.1
<b>Total net book value of completed housing properties</b>	1,265.2	1,183.8
<b>The following amounts have been included within the fixed asset table above:</b>		
Short leasehold office premises at net book value	0.2	0.2
Capitalised development administration costs included in additions in the year	7.7	3.3

The Group's completed housing and shared ownership properties have been insured at a restatement value which together with a 25% notional assumed land value would amount to £6,646 million (2014: £6,569 million) compared with a cost of £3,140 million (2014: £3,014 million).

11 Tangible fixed assets | TGPL

	Housing Properties			Total £m
	Completed rented £m	Shared ownership £m	Under construction £m	
<b>Cost</b>				
At 1 April 2014	2,665.8	261.4	118.2	3,045.4
Additions – components capitalised	27.4	-	-	27.4
Additions – properties under construction	-	-	130.1	130.1
Schemes completed	102.5	12.2	(114.7)	-
Disposals at cost	(12.7)	(6.6)	-	(19.3)
At 31 March 2015	2,783.0	267.0	133.6	3,183.6
<b>Social Housing Grant</b>				
At 1 April 2014	(1,133.2)	(77.8)	(50.3)	(1,261.3)
Social Housing Grant receivable	-	-	(15.9)	(15.9)
Social Housing Grant transferred at completion	(14.6)	(0.2)	14.8	-
Social Housing Grant transferred on disposals	2.0	3.0	-	5.0
At 31 March 2015	(1,145.8)	(75.0)	(51.4)	(1,272.2)
<b>Other capital grants</b>				
At 1 April 2014	(61.7)	(52.7)	(2.9)	(117.3)
Other grants movement	-	-	(2.4)	(2.4)
At 31 March 2015	(61.7)	(52.7)	(5.3)	(119.7)
<b>Depreciation and leasehold amortisation</b>				
At 1 April 2014	(313.4)	(11.7)	-	(325.1)
Depreciation charge for year	(30.1)	(1.6)	-	(31.7)
Disposals	4.9	0.3	-	5.2
At 31 March 2015	(338.6)	(13.0)	-	(351.6)
<b>Impairment</b>				
At 1 April 2014	(8.4)	(3.2)	(5.8)	(17.4)
Released in year	-	-	0.9	0.9
At 31 March 2015	(8.4)	(3.2)	(4.9)	(16.5)
<b>Net book value</b>				
At 31 March 2015	1,228.5	123.1	72.0	1,423.6
At 31 March 2014	1,149.1	116.0	59.2	1,324.3

Tangible fixed assets | TGPL... continued

	2015 £m	2014 £m
<b>Total accumulated Social Housing Grant receivable at 31 March:</b>		
Revenue grants	-	-
Capital grants	1,272.2	1,261.3
<b>Total accumulated Social Housing Grant receivable</b>	1,272.2	1,261.3
<b>Expenditure on completed housing properties comprises the following:</b>		
Capitalised costs in respect of existing properties	27.4	28.0
Costs charged to Income and Expenditure Account	16.2	16.0
<b>Total costs in year incurred on existing properties</b>	43.6	44.0
<b>Completed housing properties at net book value comprise:</b>		
Freeholds	1,182.4	1,102.0
Long leaseholds	46.1	47.1
<b>Total net book value of completed housing properties</b>	1,228.5	1,149.1
<b>The following amounts have been included within the fixed asset table above:</b>		
Short leasehold office premises at net book value	0.2	0.2
Capitalised development administration costs included in additions in the year	7.7	3.3

TGPL's completed housing properties have been insured at a restatement value which together with a 25% notional assumed land value would amount to £6,518 million (2014: £6,440 million) compared with a cost of £3,050 million (2014: £2,927 million).

12 Other tangible fixed assets

Group	Freehold and leasehold offices £m	Plant vehicles and equipment £m	Total £m
<b>Cost</b>			
At 1 April 2014	34.1	31.8	65.9
Additions	2.3	8.2	10.5
Disposals at cost	(0.8)	(6.4)	(7.2)
At 31 March 2015	35.6	33.6	69.2
<b>Depreciation, impairment and leasehold amortisation</b>			
At 1 April 2014	(10.1)	(20.2)	(30.3)
Depreciation charge for year	(1.1)	(1.9)	(3.0)
Impairment	(0.6)	-	(0.6)
Disposals	0.2	6.6	6.8
At 31 March 2015	(11.6)	(15.5)	(27.1)
<b>Net book value</b>			
At 31 March 2015	24.0	18.1	42.1
At 31 March 2014	24.0	11.6	35.6

TGPL	Freehold and leasehold offices £m	Plant vehicles and equipment £m	Total £m
<b>Cost</b>			
At 1 April 2014	31.9	29.6	61.5
Additions	2.3	7.9	10.2
Disposals at cost	(0.8)	(6.3)	(7.1)
At 31 March 2015	33.4	31.2	64.6
<b>Depreciation, impairment and leasehold amortisation</b>			
At 1 April 2014	(9.4)	(18.2)	(27.6)
Depreciation charge for year	(1.0)	(1.7)	(2.7)
Impairment	(0.6)	-	(0.6)
Disposals	0.2	6.5	6.7
At 31 March 2015	(10.8)	(13.4)	(24.2)
<b>Net book value</b>			
At 31 March 2015	22.6	17.8	40.4
At 31 March 2014	22.5	11.4	33.9

13 Fixed asset investments

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Debt service reserve investments	23.3	23.3	17.7	17.7
Homebuy and equity loans	12.7	12.6	13.9	13.8
Less: Social housing Grant	(9.9)	(9.9)	(10.9)	(10.9)
Investments in subsidiaries	-	17.1	-	8.0
Other investments	0.3	0.3	0.3	0.4
	26.4	43.4	21.0	29.0

14 Intangible assets

Group	Goodwill £m
<b>Cost</b>	
At 1 April 2014	2.1
Additions	0.3
At 31 March 2015	2.4
<b>Amortisation</b>	
At 1 April 2014	-
Charge for year	(0.4)
Impairment	(0.2)
At 31 March 2015	(0.6)
<b>Net book value</b>	
At 31 March 2015	1.8
At 31 March 2014	2.1

15 Work in progress

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Properties completed for outright sale	4.0	0.6	0.1	0.1
Properties completed for shared ownership	6.9	6.9	1.2	1.2
Properties under development for outright sale	21.6	-	15.1	-
Properties under development for shared ownership	5.4	5.4	5.9	5.9
Stocks of maintenance materials	0.4	-	0.5	-
Total work in progress	38.3	12.9	22.8	7.2

16 Debtors

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>Amounts falling due within one year</b>				
Rents and service charges receivable	16.0	15.1	13.2	12.7
Less: provision for bad and doubtful debts	(8.9)	(8.6)	(7.7)	(7.5)
	7.1	6.5	5.5	5.2
Social Housing Grant receivable	5.0	5.0	2.1	2.1
Amounts due from subsidiary undertakings	-	23.5	-	4.6
Other debtors and prepayments	16.3	12.7	14.2	11.4
	28.4	47.7	21.8	23.3

17 Creditors: amounts falling due within one year

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Bank overdraft	-	-	0.2	-
Loans repayable within one year	9.3	8.4	15.8	14.6
Grants received in advance	-	-	0.9	0.9
Social Housing Grant repayable	1.8	1.8	0.3	0.3
Trade creditors	8.9	2.8	8.8	4.7
Corporation tax	-	-	0.6	-
Other taxation and social security	2.0	1.5	2.1	1.7
Amounts due to subsidiary undertakings	-	1.7	-	2.3
Other creditors	26.8	24.3	22.0	20.8
Accruals and deferred income	32.6	26.5	42.6	32.5
Disposal Proceeds Fund	0.1	0.1	0.2	0.2
Recycled Capital Grant Fund	4.9	4.3	2.7	2.4
	86.4	71.4	96.2	80.4

As at 31 March 2015 the Group held £5.2 million (2014: £4.8 million) relating to tenants sinking funds within other creditors. TGPL held £5.2 million at 31 March 2015 (2014: £4.8 million). These funds are held as cash.

18 Creditors: amounts falling due after more than one year

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>Loans</b>				
Repayable by annual instalments:				
Within one to two years	27.1	26.2	10.8	10.1
Within two to five years	50.8	47.4	73.2	70.8
In five years or more	610.5	595.7	687.4	673.1
	688.4	669.3	771.4	754.0
Repayable on maturity:				
Within two to five years	15.0	15.0	15.0	15.0
In five years or more	340.0	340.0	190.0	190.0
	1,043.4	1,024.3	976.4	959.0
Other loans	0.4	4.4	0.9	4.8
Bond issue premium	11.1	11.1	11.8	11.8
Bond issue discount	(0.5)	(0.5)	-	-
Loan issue costs	(8.3)	(8.3)	(7.4)	(7.3)
	1,046.1	1,031.0	981.7	968.3
Disposal Proceeds Fund	0.2	0.2	0.2	0.2
Recycled Capital Grant Fund	9.7	9.7	7.6	7.2
	1,056.0	1,040.9	989.5	975.7

**Loan portfolio:** During the year, the Group increased its borrowing by £60.5 million (TGPL: £59.1 million) (2014: Group £16.0 million, TGPL £15.9 million). At 31 March 2015 Group borrowing totalled £1,052.7 million (TGPL: £1,032.7 million) (2014: Group £992.2 million, TGPL: £973.6 million).

The loans repayable by instalments after five years are due for repayment within 32 years. The loans repayable on maturity after five years are due for repayment within 29 years.

Loans are secured by specific charges on the Group's housing properties.

Borrowings include:

- The Guinness Trust first mortgage debenture stock of £100 million, issued in two tranches of £60 million in November 1997 and £40 million in February 2001. The term of the Bond is 40 years from issue, interest is payable at a fixed coupon of 7.5% and capital repayments commenced in November 2008. The Partnership maintains a Debt Service Reserve (DSR) in a charged account equivalent to one year's interest and capital payments.
- The Harbour (Hermitage Housing Association) first mortgage debenture stock of £45 million raised in August 2003. The term of the Bond is 30 years from issue, interest is payable at a fixed coupon of 5.28% and the capital is repayable in full at the end of the term. The Partnership maintains a DSR in a charged account equivalent to fifteen months' interest payments.
- The Guinness Northern Counties Limited first mortgage debenture stock of £110 million raised in 1995. The term of the Bond is 30 years from issue with terms requiring payments into a sinking fund. These payments commenced in January 2015. Interest is payable at a fixed coupon of 9.125%.

Balances on DSR are shown within fixed asset investments (See Note 13).

On 24 October 2014, the Partnership issued a secured bond of £250 million, of which £100 million was retained. The term of the bond is 30 years from issue, interest is payable at a fixed coupon of 4.0% and the capital is repayable in full at the end of the term.

The maturity profile of the Group's loan facilities, drawn and undrawn, over the period (excluding other loans and fair value adjustments on acquisition of debt) as at 31 March 2015 is as follows:

## Notes to the financial statements year ended 31 March 2015... continued

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

	Financial liabilities £m	Undrawn facilities £m	Total facilities £m
<b>As at 31 March 2015</b>			
Less than one year	9.0	5.0	14.0
Within one to two years	26.8	15.0	41.8
Within two to five years	64.7	116.9	181.6
In five years or more	952.2	240.5	1,192.7
	1,052.7	377.4	1,430.1
<b>As at 31 March 2014</b>			
Less than one year	14.2	0.1	14.3
Within one to two years	10.5	5.1	15.6
Within two to five years	72.2	83.1	155.3
In five years or more	895.3	138.1	1,033.4
	992.2	226.4	1,218.6

At 31 March 2015, 81.9% (2014: 71.6%) of the Group's borrowing was at fixed rates of interest. TGPL's borrowing at fixed rates of interest was 82.1% (2014: 71.4%). The period for which interest rates are fixed is up to 32 years (TGPL: 32 years). The figures for financial liabilities above exclude a sale and lease back agreement of £0.3m (2014: £0.8 million).

Fixed rate maturities for the Group were as follows:

	Fixed rate maturities £m	Average interest
<b>As at 31 March 2015</b>		
Within one to two years	9.0	4.3%
Within two to five years	64.2	5.0%
In five years or more	784.4	6.2%
	857.6	6.1%
<b>As at 31 March 2014</b>		
Within one to two years	12.0	5.3%
Within two to five years	50.0	5.1%
In five years or more	641.8	6.7%
	703.8	6.6%

At 31 March 2015, 18.1% (TGPL: 17.9%) of borrowing was at variable rates of interest. The weighted average interest rate for all loans at 31 March 2015 including margin was 5.5% (TGPL: 5.5%).

**Hedging instruments:** The Group and TGPL utilise a range of hedging instruments embedded and transacted under ISDA Agreements and including term fixes and cancellable options. Cancellable options as at 31 March 2015 totalled £66.5 million (2014: £67.0 million) covering terms of between seven and twenty four years and option periods from three months to five years.

At 31 March 2015 transactions under ISDA Agreements totalled £112.0 million (2014: £112.5 million). The mark-to-market exposure on these was adverse to the value of £45.2 million (2014: £23.6 million). Positions in excess of unsecured threshold levels are secured by property.

**Fair value:** The Guinness Trust £100 million debenture stock has a market value at 31 March 2015 of £138.1 million (2014: £125.8 million). The Harbour (Hermitage) £45 million debenture stock has a market value at 31 March 2015 of £58.1 million (2014: £50.6 million). The Northern Counties £110 million debenture has a market value at 31 March 2015 of £168.5 million (2014: £158.1 million). The Guinness Partnership Ltd £150 million secured bond issued on 24 October 2014 has a market value at 31 March 2015 of £164.7 million (excluding £100.0 million of retained bonds).

The fair value of the liability in respect of fixed interest rate loans is equivalent to the sum of principal and net notional breakage costs that would be payable by the Group if, theoretically, the fixed interest rate agreements were terminated or redeemed at the year end. The fair value of the Group's liability in respect of fixed interest rate loans excluding The Guinness Trust Bond, Harbour Bond and Northern Counties Bond detailed above, as at 31 March 2015, is estimated at £839.9 million (2014: £658.6 million).

## 19 Provisions for liabilities and other charges

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
At 31 March 2014	0.7	0.7	1.9	1.8
Provided during the year	1.3	0.6	-	-
Released during the year	(0.4)	(0.4)	(1.2)	(1.1)
At 31 March 2015	1.6	0.9	0.7	0.7

## 20 Reserves

	Revenue reserves £m	Designated reserves: Major repairs £m	Restricted reserves: Charitable reserve £m	Total £m
<b>Group</b>				
At 1 April 2014	457.4	0.3	0.2	457.9
Result for the year	48.8	-	-	48.8
Pension scheme actuarial gains	(1.9)	-	-	(1.9)
At 31 March 2015	504.3	0.3	0.3	504.8
<b>TGPL</b>				
At 1 April 2014	432.0	0.3	0.2	432.5
Result for the year	50.4	-	-	50.4
Pension scheme actuarial gains	(1.9)	-	-	(1.9)
At 31 March 2015	480.5	0.3	0.2	481.0

## 21 Disposal Proceeds Fund and Recycled Capital Grant Fund

	Group DPF £m	TGPL DPF £m	Group RCGF £m	TGPL RCGF £m
At 1 April 2014	0.4	0.4	10.4	9.6
Inputs to fund:				
Grants recycled during the year	-	-	4.2	4.4
Recycling of grant:				
New build	(0.1)	(0.1)	-	-
At 31 March 2015	0.3	0.3	14.6	14.0
Amount due for repayment to HCA/GLA	-	-	-	-

## 22 Pension obligations

The Group and The Guinness Partnership Limited contribute to a number of defined benefit pension schemes for staff, the assets of which are held in separate trustee administered funds. The total contributions to these schemes by the Group for the year ended 31 March 2015 amounted to £8.0 million (2014: £6.5 million).

A summary of the Group pension liabilities from the Social Housing Pension Scheme (SHPS) and other defined benefit schemes is included below:

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
SHPS – acquired in previous years	1.3	0.6	1.4	0.7
Defined benefit schemes	6.2	6.2	7.8	7.8
	7.5	6.8	9.2	8.5

### Social Housing Pension Scheme (SHPS)

The Group participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. 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 FRS17 'Retirement Benefits' represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three 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.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

TGPL currently operates a 1/80th defined benefit career average revalued earnings (CARE) scheme for new and existing employees and a 1/60th CARE scheme for some existing employees, but closed to new employees. Prior to April 2007, TGPL operated a final salary scheme with a 1/60th accrual rate, which was closed to all existing staff in April 2013. For these schemes future employer contributions will be equal to 18.1% of pensionable salaries.

Contributions to the Scheme are based on applicable pension costs across the participating associations taken as a whole and are charged to the Income and Expenditure Account so as to recognise the costs over the members' working lives.

The contributions payable by TGPL during the accounting period, which were assessed in accordance with the advice of a qualified actuary, were equal to 15.2% (2014: 12.1%) of total pensionable salaries. The pensions charge recorded by TGPL during the accounting period was equal to the contributions payable, taking into account benefit changes subsequent to the valuation and the spreading of the deficit over future service lives of employees.

### Other defined benefit pension schemes

The Group and TGPL also contribute to a number of defined benefit pension schemes where the Group's share of the assets and liabilities can be identified. The pension costs are assessed in accordance with the advice of a qualified actuary. The latest full actuarial valuations for the schemes were carried out at 31 March 2013 and have been updated by the actuaries to 31 March 2015 on an FRS 17 basis.

The defined benefit pension liability comprises the following schemes:

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
London Pensions Fund Authority	5.8	5.8	4.3	4.3
Hampshire County Council	-	-	2.8	2.8
Unfunded scheme	0.4	0.4	0.7	0.7
	6.2	6.2	7.8	7.8

During the year the Guinness Care and Support Limited London Pensions Fund Authority (LPFA) pension and the Hermitage Housing LPFA schemes were closed and the assets and liabilities transferred into the remaining TGPL LPFA scheme.

The main weighted average assumptions used within the remaining schemes are as follows:

	2015 p.a.	2014 p.a.	2013 p.a.	2012 p.a.	2011 p.a.
<b>Group</b>					
Price increases	3.7%	3.7%	3.5%	3.4%	3.5%
Salary increases	4.4%	4.7%	4.4%	4.5%	4.8%
Pension increases	2.5%	2.7%	2.6%	2.5%	2.7%
Discount rate for scheme liabilities	3.5%	4.5%	4.5%	4.6%	5.5%
<b>TGPL</b>					
Price increases	3.7%	3.7%	3.6%	3.5%	3.6%
Salary increases	4.4%	4.7%	4.6%	5.0%	5.1%
Pension increases	2.5%	2.7%	2.7%	2.5%	2.7%
Discount rate for scheme liabilities	3.5%	4.5%	4.3%	4.7%	5.5%

The fair value of the assets in the scheme and the assessed present value of the liabilities in the scheme are as follows:

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Group balance sheet</b>					
Estimated employer assets	9,526	12,851	11,907	10,670	10,100
Present value of scheme liabilities	15,375	20,612	19,784	18,708	15,249
Present value of unfunded liabilities	376	-	-	-	-
Total value of liabilities	15,751	20,612	19,784	18,708	15,249
Net pension liability	6,225	7,761	7,877	8,038	5,149
<b>TGPL balance sheet</b>					
Estimated employer assets	9,526	12,851	4,680	4,312	4,227
Present value of scheme liabilities	15,375	20,612	8,203	7,749	6,898
Present value of unfunded liabilities	376	-	-	-	-
Total value of liabilities	15,751	20,612	8,203	7,749	6,898
Net pension liability	6,225	7,761	3,523	3,437	2,671

Pension obligations... continued

Recognition in Income and Expenditure Account

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Group</b>					
Current service cost	(504)	(507)	(591)	(498)	(1,606)
Past service gain/(cost)	(10)	-	-	-	1,814
Losses on curtailments	(1,583)	(33)	(28)	-	-
Expected return on scheme assets	691	420	635	708	677
Interest on pension scheme liabilities	(752)	(576)	(849)	(834)	(969)
Settlement costs	1,080	-	-	-	-
	(1,078)	(696)	(833)	(624)	(84)
<b>TGPL</b>					
Current service cost	(504)	(507)	(70)	(66)	(913)
Past service gain	(10)	-	-	-	777
Losses on curtailments	(1,583)	(33)	-	-	-
Expected return on scheme assets	691	420	260	298	315
Interest on pension scheme liabilities	(752)	(576)	(342)	(366)	(387)
Settlement costs	1,080	-	-	-	-
	(1,078)	(696)	(152)	(134)	(208)

Analysis of amount recognised in Statement of Total Recognised Surpluses and Deficits

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Group</b>					
Actuarial (losses)/gains	(1,925)	166	490	(2,905)	1,861
Cumulative actuarial losses recognised in Statement of Total Recognised Surpluses and Deficits	(7,597)	(5,672)	(5,838)	(6,328)	(3,423)
<b>TGPL</b>					
Actuarial (losses)/gains	(1,925)	166	(34)	(735)	766
Cumulative actuarial losses recognised in Statement of Total Recognised Surpluses and Deficits	(4,984)	(3,059)	(3,225)	(3,191)	(2,456)

Reconciliation of defined benefit obligation

	2015 £000	2014 £000
<b>Group</b>		
Opening defined benefit obligation	20,612	19,784
Current service cost	504	507
Interest cost	752	576
Contributions by members	142	138
Actuarial losses/(gains)	2,712	(170)
Losses on curtailments	954	33
Estimated unfunded benefits paid	(28)	(28)
Estimated benefits paid	(97)	(228)
Past service cost	10	-
Scheme cessation	(9,810)	-
Closing defined benefit obligation	15,751	20,612
<b>TGPL</b>		
Opening defined benefit obligation	20,612	8,203
LPFA defined benefit obligation recognised in year	-	11,581
Current service cost	504	507
Interest cost	752	576
Contributions by members	142	138
Actuarial losses/(gains)	2,712	(170)
Estimated unfunded benefits paid	(28)	(28)
Estimated benefits paid	(97)	(228)
Past service cost	10	-
Losses on curtailments	954	33
Scheme cessation	(9,810)	-
Closing defined benefit obligation	15,751	20,612



Pension obligations... continued

Reconciliation of fair value of employer assets

	2015 £000	2014 £000
<b>Group</b>		
Opening fair value of employer assets	12,851	11,907
Expected return on plan assets	691	420
Contributions by members	142	138
Contributions by employers	1,977	618
Actuarial gains/(losses)	787	(4)
Estimated benefits paid	(97)	(228)
Settlements	2,381	-
Scheme cessation	(9,206)	-
Closing fair value of employer assets	9,526	12,851
<b>TGPL</b>		
Opening fair value of employer assets	12,851	4,680
LPFA assets recognised in year	-	7,227
Expected return on plan assets	691	420
Contributions by members	142	138
Contributions by employers	1,977	618
Actuarial gains/(losses)	787	(4)
Estimated benefits paid	(97)	(228)
Settlements	2,381	-
Scheme cessation	(9,206)	-
Closing fair value of employer assets	9,526	12,851

History of experience gains and losses

	2015 £000	2014 £000	2013 £000	2012 £000	2011 £000
<b>Group</b>					
Difference between expected and actual return on scheme assets	123	191	888	(445)	(1,073)
Value of scheme assets	9,526	12,851	11,907	10,670	10,100
Percentage of scheme assets	1.3%	1.5%	7.5%	(4.2%)	(10.6%)
Experience gains/(losses) on scheme liabilities	402	1,179	10	(61)	(1,293)
Total present value of scheme liabilities	15,751	20,612	19,784	18,708	15,249
Percentage of total present value of scheme liabilities	2.6%	5.7%	0.1%	(0.3%)	(8.5%)
Actuarial (losses)/gains recognised in statement of total recognised surpluses and deficits	(1,925)	166	490	(2,905)	1,861
Percentage of total present value of scheme liabilities	12.2	0.8%	2.5%	(15.5%)	12.2%
<b>TGPL</b>					
Difference between expected and actual return on scheme assets	123	191	360	(95)	(707)
Value of scheme assets	9,526	12,851	4,680	4,312	4,227
Percentage of scheme assets	1.3%	1.5%	7.7%	(2.2%)	(16.7%)
Experience gains/(losses) on scheme liabilities	402	1,179	10	(61)	816
Total present value of scheme liabilities	15,751	20,612	8,203	7,749	6,898
Percentage of total present value of scheme liabilities	2.6%	5.7%	0.1%	(0.8%)	11.8%
Actuarial (losses)/gains recognised in statement of total recognised surpluses and deficits	(1,925)	166	(34)	(735)	766
Percentage of total present value of scheme liabilities	12.2%	0.8%	(0.4%)	(9.5%)	11.1%

23 Notes to the cash flow statement

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>a) Reconciliation of operating surplus to net cash inflow from operating activities</b>				
Operating surplus	91.1	81.6	79.9	73.7
Depreciation, impairment and amortisation	37.2	35.3	42.7	41.4
Gift aid	-	10.8	-	0.5
Increase work in progress	(15.5)	(5.7)	(16.0)	(3.8)
(Increase)/decrease in debtors	(3.7)	(21.5)	0.3	1.2
(Decrease)/increase in creditors	(11.8)	(12.4)	9.8	8.8
	97.3	88.1	116.7	121.8
<b>b) Returns on investments and servicing of finance</b>				
Interest received	0.7	1.1	1.6	1.6
Interest paid	(48.7)	(48.0)	(60.1)	(59.4)
	(48.0)	(46.9)	(58.5)	(57.8)
<b>c) Taxation</b>				
Taxation paid	(0.6)	-	(0.3)	(0.1)

Notes to the cash flow statement... continued

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
<b>d) Capital expenditure</b>				
Payments to acquire and construct housing property	(158.8)	(157.5)	(150.2)	(147.9)
Net receipts of Social Housing Grant	16.5	16.6	19.7	19.6
Homebuy loans redeemed	1.2	1.2	1.2	1.3
Payments to acquire other tangible fixed assets	(10.5)	(10.2)	(8.4)	(8.4)
Receipts from sale of tangible fixed assets	20.7	19.3	105.7	104.2
	(130.1)	(130.6)	(32.0)	(31.2)
<b>e) Acquisitions and disposals</b>				
Investment in subsidiaries	(0.3)	(9.0)	(2.0)	(3.0)
<b>f) Management of liquid resources</b>				
Cash placed on deposit accounts	(5.6)	(5.6)	5.4	5.3
<b>g) Financing</b>				
Loans drawn	200.5	199.1	4.6	4.7
Loans repaid	(140.0)	(140.0)	(20.6)	(20.6)
Discount on bond issue	(0.5)	(0.5)	-	-
Loan issue costs	(1.6)	(1.7)	(0.6)	(0.6)
	58.4	56.9	(16.6)	(16.5)

	At 1 April 2014 £m	Cash flows £m	Other changes £m	At 31 March 2015 £m
<b>h) Analysis of changes in net debt – Group</b>				
Cash in hand and at bank	91.6	(29.7)	(0.2)	61.7
Net debt due in one year	(14.6)	32.4	(27.1)	(9.3)
Net debt due after one year	(977.3)	(92.9)	26.4	(1,043.8)
Housing loans	(976.4)	(92.9)	25.9	(1,043.4)
Other loans	(0.9)	-	0.5	(0.4)
Bond issue premium and discount net of loan issue costs	(4.4)	2.1	-	(2.3)
Bank deposits and investments	21.0	5.9	(0.5)	26.4
	(883.7)	(82.2)	(1.4)	(967.3)
<b>i) Analysis of changes in net debt – TGPL</b>				
Cash in hand and at bank	80.1	(47.1)	-	33.0
Net debt due in one year	(14.6)	-	6.2	(8.4)
Net debt due after one year	(963.8)	(59.1)	(5.8)	(1,028.7)
Housing loans	(959.0)	(59.1)	(6.2)	(1,024.3)
Other loans	(4.8)	-	0.4	(4.4)
Bond issue premium and discount net of loan issue costs	(4.5)	2.2	(0.5)	(2.8)
Bank deposits and investments	29.0	14.6	(0.2)	43.4
	(873.8)	(89.4)	(0.3)	963.5

24 Capital commitments

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Capital expenditure that has been contracted for but has not been provided for in these financial statements	150.1	113.3	263.4	144.3
Capital expenditure that has been authorised by the Board but has not been contracted for	49.1	42.4	31.6	23.9
The financing of capital expenditure that has been contracted for but has not been provided for in these financial statements will be provided through a combination of:				
	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Social Housing Grant	11.6	11.6	29.9	29.9
Loan finance	75.3	75.3	156.8	89.7
First tranche sales/outright sales	63.2	26.4	51.7	24.7
Other	-	-	25.0	-
	150.1	113.3	263.4	144.3

25 Contingent Liabilities

The Group enters into development and construction contracts with a range of construction companies in its normal course of business. At the end of the year, there are a number of claims by the contractor under a few of these contracts for additional costs. Where these are valid and the additional cost is estimable, they have been accrued in the accounts. However, there are some claims which the Group is disputing and these are not provided for as they are not considered to be liabilities. These claims relate to both TGPL and its subsidiary, Guinness Developments Limited and are not considered to have an impact on the Income & Expenditure Account or considered material to the accounts.

26 Operating leases

The Group leases some of its office accommodation on non-cancellable operating leases. At 31 March 2015, the Group had annual commitments under such leases as set out below:

	Group 2015 £m	TGPL 2015 £m	Group 2014 £m	TGPL 2014 £m
Operating leases which expire:				
Within one year	0.1	-	0.4	0.1
In two to five years	1.0	0.5	1.1	0.6
After five years	1.5	1.3	0.6	0.5
	2.6	1.8	2.1	1.2

## 27 Managing agents

Certain accommodation owned by the Group is managed on its behalf under management agreements or short term leases by other bodies. The principal agencies are listed below:

	Homes/bedspaces Group		Homes/bedspaces TGPL	
	2015 Number	2014 Number	2015 Number	2014 Number
<b>Agency</b>				
Sunshine International Ltd	203	-	203	-
Homes For Change	75	75	75	75
Stoneleigh Management Ltd	60	-	60	-
Mencap	52	45	52	45
Stonham Housing Association	46	63	46	63
Creative Support	45	-	45	-
Turning Point	45	21	45	21
Bangla	42	42	42	42
RMG	42	-	42	-
Mears Care Ltd	40	-	40	-
Great Places	-	39	-	39
Sanctuary Housing Association	-	38	-	38
Others	612	636	572	595
	1,262	959	1,222	918

## 28 Legislative provisions

The Guinness Partnership Limited is a charitable Community Benefit Society (No 31693R).

## 29 Subsidiary undertakings

Subsidiary	Note	Status	Activity
City Response Limited	1	Registered under the Companies Act 2006	Property Maintenance Services
Devon Sheltered Homes Trust	3	Registered Charity	Provision of Care and Support Services
Guinness Care and Support Limited		Registered Provider	Provision of Care and Support Services
Guinness Developments Limited	1	Registered under the Companies Act 2006	Property Development
Guinness Homes Limited	1	Registered under the Companies Act 2006	Property Development
Guinness Housing Association Limited		Registered Provider	Supplier of Social Housing
Independent Home Life Services Limited	4	Registered under the Companies Act 2006	Provision of Care Services
Kylemore Care Services Limited	2	Registered under the Companies Act 2006	Provision of Care Services
Live Well at Home Limited	2	Registered under the Companies Act 2006	Holding company

### Notes to table:

- 1 City Response Limited, Guinness Homes Limited and Guinness Developments Limited are private companies limited by shares and of whom the Guinness Partnership is the parent entity.
- 2 Live Well at Home Limited and Kylemore Care Services Limited are wholly owned subsidiaries of Guinness Care and Support Limited.
- 3 Guinness Care and Support Limited is the Corporate Trustee Devon Sheltered Homes Trust.
- 4 Independent Home Life Services Limited is a wholly owned subsidiary of Live Well at Home Limited.

## 30 Related party transactions

At 31 March 2015, there was 1 member (2014: 2) of the Board and Committees within the Group who had tenancy agreements with the Group. The tenancy agreements have been granted on the same terms as for all other tenants and the housing management procedures, including those relating to the management of arrears if applicable, have been applied consistently to those tenants.

Transactions between TGPL and other members of The Guinness Partnership:

	Services received 2014/15 £000	Services provided 2014/15 £000	Debtor / (Creditor) balances as at 31 March 2015 £000
<b>Regulated</b>			
Guinness Care and Support Limited	1,841	1,638	(1,193)
Guinness Housing Association	-	587	649
<b>Non-Regulated</b>			
Guinness Developments Ltd	66,752	3,125	13,798
City Response Ltd	30,695	1,110	(245)
Devon Sheltered Housing Trust	-	-	(2)
Guinness Homes Limited	-	97	8,089

Included in the figures above, TGPL has a £4.0 million loan from Guinness Care and Support Limited on which it pays 5.0% interest per annum. The £0.2 million interest cost is shown within 'Services Received' in the year. The registered care activities carried out by Guinness Care and Support Limited are regulated by the Care Quality Commission.

Guinness Developments Limited (GDL) has a £25.0 million loan facility with TGPL of which £9.4 million is drawn and included in the debtor balance above. TGPL has a £5.0 million equity investment in GDL which is also included in the same balance. These are offset by an amount owed by TGPL to GDL for design and build contract work for which GDL charges a mark-up of 2.0% on costs.

TGPL has a £12.0 million equity investment in Guinness Homes Limited (GHL). TGPL and GHL have jointly entered into a contract to purchase properties for market rent.

Where possible, services are recharged between entities at the cost at which they were originally incurred. Back office costs and other management costs are charged on a range of apportionment bases such as number of FTEs, number of units in management and total loan facilities.

The Guinness Partnership Limited paid Penny Hayes Associates £263 (2014: £3,060) for work carried out during the year by Penny Hayes, a Guinness Care and Support Limited Board Member, mainly relating to advice on HR matters.

## Board and Group Committees

### The Guinness Partnership Ltd

Lady Amanda Ellingworth – Chair  
Mr Peter Cotton – Deputy Chair  
Mr Neil Braithwaite  
Mr Jim Dickson  
Mr Simon Dow  
Mr Mike Petter  
Ms Samantha Pitt  
Ms Catriona Simons

### Guinness Care & Support Ltd

Mr Peter Cotton – Chair  
Dr Claire Feehily  
Ms Penny Hayes  
Mr Mike Petter  
Mr Jeremy Robinson  
Ms Linda Sanders  
Mr Paul Watson

### Guinness Development Ltd

Mr Neil Braithwaite – Chair  
Mr Stephen Clark  
Mr Leslie Deane  
Mr Simon Dow  
Mr Christopher Relleen  
Mr Richard Reynolds  
Ms Catriona Simons  
Mr Raj Upadhyaya

### The Guinness Homes Ltd

Mr Neil Braithwaite – Chair  
Mr Stephen Clark  
Mr Leslie Deane  
Mr Simon Dow  
Mr Christopher Relleen  
Mr Richard Reynolds  
Ms Catriona Simons  
Mr Raj Upadhyaya

### The Guinness Housing Association Ltd

Mr Jim Dickson – Chair  
Mr Neil Braithwaite  
Mr Peter Cotton  
Mr Simon Dow  
Lady Amanda Ellingworth  
Mr Mike Petter  
Ms Samantha Pitt  
Ms Catriona Simons

### City Response Ltd

Mr Malcolm Rogers – Chair  
Mr Ian Beck  
Mr Lee Bolton  
Mr Simon Dow  
Mr Colin Greenwood  
Mr Paul Roberts

### Group Audit & Risk Committee

Mr Neil Braithwaite – Chair  
Mr Paul Avis  
Mr Anthony Bell  
Mr Michael Biles  
Mr Simon Dow  
Dr Claire Feehily  
Mr Dick Panter  
Ms Samantha Pitt  
Mr Malcolm Rogers  
Ms Catriona Simons

### Remuneration and Nominations Committee

Mr Peter Cotton – Chair  
Mr Neil Braithwaite  
Mr Jim Dickson  
Lady Amanda Ellingworth  
Mr Mike Petter  
Ms Samantha Pitt

### Service and Performance Committee

Mr Jim Dickson – Chair  
Ms Pauline Davis  
Lady Amanda Ellingworth  
Mr Ted Hamilton  
Ms Debbie Hay  
Mr Ricky Scipio  
Ms Catriona Simons

### Health, Safety and Environmental Committee

Mr Mike Petter – Chair  
Mr Simon Dow  
Ms Michaela Jordan

### Home Ownership Committee

Mr Jim Dickson – Chair  
Mr Paul Aviss  
Mr Simon Dow  
Lady Amanda Ellingworth  
Mr Malcolm Rogers

## The Guinness Partnership Limited Board

### Lady Amanda Ellingworth

Chair, The Guinness Partnership Limited. Appointed 02.04.07  
Member of the Remuneration and Nominations Committee; Member of the Service and Performance Committee; Member of the Home Ownership Committee; Board Member of The Guinness Housing Association Limited; Trustee of Barnardo's and Sir Ernest Cassell Education Trust. Previously Chair of Southwest Pathology; Chair of Caldecott Foundation and Deputy Chair Yeovil Hospital Foundation Trust.

### Mr Peter Cotton

Deputy Chair and Senior Independent Director, The Guinness Partnership Limited.

Appointed 09.12.09, effective from 01.04.10

Chair of the Remuneration and Nominations Committee; Board Member of The Guinness Housing Association Limited; Chair of Guinness Care and Support Limited Board; Former Non-Executive Director and member of audit, remuneration and customer service committees, Eurostar. Former MD, Scotrail, Gatwick Express, Del Monte UK. Volunteer and Ambassador for Florence Nightingale Hospice. Bereavement counsellor.

### Mr Neil Braithwaite

Appointed 17.10.13, effective from 01.11.13

Chair of the Group Audit and Risk Committee; Member of the Remuneration and Nominations Committee; Chair of Guinness Developments Limited; Chair of Guinness Homes Limited; Board Member of The Guinness Housing Association Limited; Trustee of both Barnardo's and its pension scheme; Chairman of the Brathay Trust; Governor of a number of primary & secondary Co-operative Academies in Leeds and Stoke-on-Trent. Former Managing Director – Specialist Retail Businesses for the Co-operative Group.

### Mr Jim Dickson

Appointed 21.07.10, effective from 01.09.10

Member of the Remuneration and Nominations Committee; Chair of the Service and Performance Committee; Chair of the Home Ownership Committee; Chair of The Guinness Housing Association Limited Board; Former CEO and Managing Director of Oxboode Housing Association; Trustee of First Base (London); Board Member of Severn Vale Housing Society.

### Mr Simon Dow

Appointed 01.10.12

Chief Executive The Guinness Partnership Limited; Member of the Group Audit and Risk Committee; Member of Health, Safety and Environmental Committee; Member of the Home Ownership Committee; Board Member of Guinness Developments Limited; Board Member of Guinness Homes Limited; Board Member of The Guinness Housing Association Limited; Board Member of City Response Limited; Board Member of Reall (formerly Homeless International); Chair of London Housing Foundation; Board Member of Bramah House Limited; Chair of Dolphin Square Housing Trust.

### Mr Mike Petter

Appointed 13.02.14, effective from 01.03.14

Member of the Remuneration and Nominations Committee; Chair of the Health, Safety and Environmental Committee; Board Member of The Guinness Housing Association Limited; Board Member of Guinness Care and Support Limited; Chartered Engineer; Deputy Chair and Senior Independent Director of the Southern Health NHS Foundation Trust; Director and Chairman of the Considerate Constructors Scheme.

### Ms Samantha Pitt

Appointed 01.03.15

Member of the Group Audit and Risk Committee; Member of the Remuneration and Nominations Committee; Board Member of The Guinness Housing Association Limited; Previously worked for the Strategic Rail Authority (a Government Agency); Group Treasurer Network Rail and a trustee of all its pension schemes, a director of various other Network Rail companies and Chair of its Charity Panel.

### Ms Catriona Simons

Appointed 01.10.12

Deputy Chief Executive The Guinness Partnership Limited; Member of the Group Audit and Risk Committee; Member of the Service and Performance Committee; Board Member of the Guinness Developments Limited; Board Member of Guinness Homes Limited; Board Member of Guinness Housing Association Limited; Board Member of Richmond Housing Partnership Limited.

### Mr Anthony Bell

Appointed 03.06.14. Resigned 31.03.15

Member of the Group Audit and Risk Committee; Member of the Remuneration and Nominations Committee; Board Member of The Guinness Housing Association Limited; Vice-Principal Grimsby Institute of Further and Higher Education; non executive Director with Greater Manchester West Mental Health NHS Foundation Trust; Former Director of Finance at City College Manchester.

### Mr Lloyd Clarke

Appointed 24.09.08, effective from 01.10.08. Resigned 03.06.14

Member of the Group Governance Committee; Chair of Guinness Northern Counties Board; Member of the Partnership Services Committee; Former Member of the Committee of Standards in Public Life. Non-Executive Director, Curve Interior Design Limited, Manchester. Retired Chief Executive and Chief Constable of the Ministry of Defence Police; former Deputy Chief Constable West Yorkshire Police.

### Mr Christopher Relleen

Appointed 02.04.07. Resigned 30.09.14.

Board Member of Guinness Developments Limited; Board Member of Guinness Homes Limited; Retired Chartered Accountant; former Partner of PricewaterhouseCoopers; Director of Camellia plc; Director of Duncan Lawrie Limited.

### Dame Clare Tickell

Appointed 09.12.09, effective from 01.10.10, resigned 31.05.14

Chief Executive, Hanover HA; Member, Office for Public Management's Public Interest General Council; Chair, CVLS Honours Committee; Chair, Help the Hospices Commission into End of Life Care; former Chief Executive of Stonham Housing Association; former Chief Executive of Phoenix House Housing Association.

## Registered office, principal advisors and lenders

### Registered Office

The Guinness Partnership Limited  
30 Brock Street, Regent's Place  
London NW1 3FG

### Statutory Auditor

Nexia Smith & Williamson,  
25 Moorgate, London EC2R 6AY

### Solicitors

Trowers & Hamlins LLP  
3 Bunhill Row, London EC1Y 8YZ

### Bankers

Barclays Bank plc  
HSBC Bank plc  
Royal Bank of Scotland plc  
Lloyds TSB Bank plc  
National Westminster Bank plc

### Lenders

Halifax Bank of Scotland plc  
Barclays Bank plc  
The Co-operative Bank plc  
Dexia Public Finance Bank  
Lloyds Banking Group  
Nationwide Building Society  
Orchardbrook Limited  
The Royal Bank of Scotland plc  
Santander UK plc  
Yorkshire Building Society

## The Guinness Partnership Limited Executive Team

Group Chief Executive

### **Simon Dow**

Appointed: April 2001

Deputy Group Chief Executive

### **Catriona Simons**

Appointed: December 2009

Executive Director of Customer Services

### **Margaret Dodwell**

Appointed: December 2008

Executive Director of Asset Management

### **Ian Joynson**

Appointed: November 2014

Executive Director of Property Services

### **Paul Roberts**

Appointed: June 2012

Executive Director of Investment & Commercial

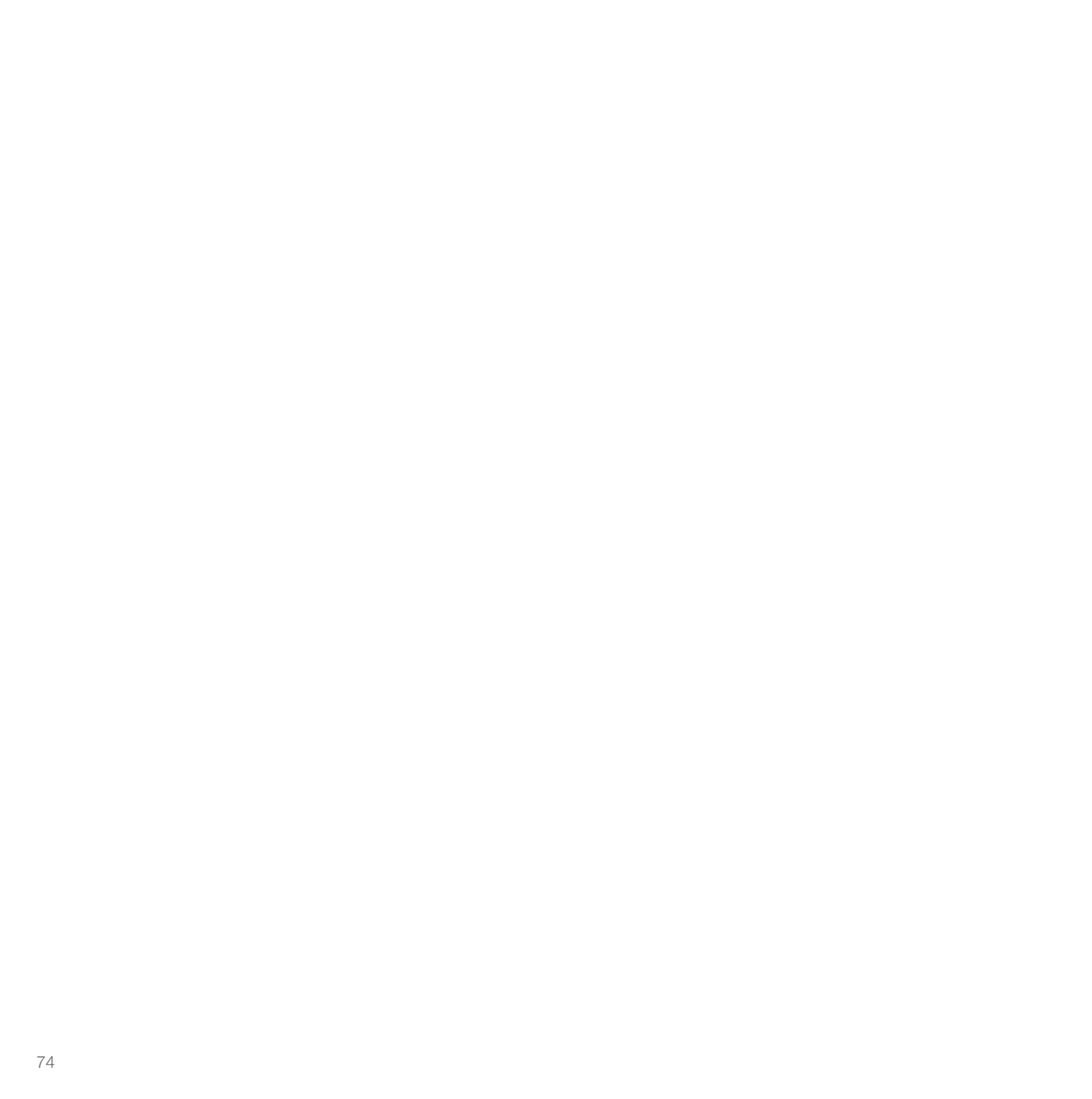
### **Raj Upadhyaya**

Appointed: November 1997

Managing Director, Guinness Care and Support Limited

### **Paul Watson**

Appointed: December 2007



# Great services, great homes and a great place to work



30 Brock Street, London NW1 3FG  
[www.guinnesspartnership.com](http://www.guinnesspartnership.com)

The Guinness Partnership Ltd is a charitable Community Benefit Society No. 31693R Registered in England and is Registered Provider of Social Housing No. 4729.

