the guinness partnership

Annual Review & Financial Statements 2015/16

One Manor Road

Brighton, West Sussex

Annual Review and Financial Statements 2015/16

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Chair and Chief Executives' introductions

Neil Braithwaite
Chair

Catriona Simons
Group Chief Executive

We were both extremely proud to take up our appointments as Chair and Chief Executive of Guinness in 2015/16 and we remain absolutely committed to our vision to deliver great service, create a brilliant place to work and an organisation that is financially strong and resilient.

The year has been one of extraordinary change for the housing and care sectors. The Government's decision to cut social housing rents by 1% a year for four years and the introduction of the new National Living Wage put new pressures on our business that were not expected.

Our financial strength and resilience is now even more critical to achieving the other aspects of our vision, and to creating as many new homes as possible. So we are responding to the challenge our new operating environment presents and focusing more than ever on value for money and efficiency, while continuing to champion our core social purpose.

In 2015/16 we built more than 900 new homes, and we will build 2,000 by the end of our current business planning period in 2018. Our mixed tenure development programme will deliver at least 1,000 homes each year from 2019.

In 2015/16 we also invested more than £53 million maintaining and repairing existing homes, as well as continuing to create or refurbish more than 800 homes as part of large-scale regeneration projects. We've also started work on a 'blueprint' for outstanding homes for older people in the future.

Our 2015/16 surplus of £124 million will all be reinvested and it is important that we continue to strengthen our financial performance.

But Guinness is about more than just the physical fabric. We are both clear that Guinness is a Customer Service Business, and it's our job to focus on the things that matter to our customers, as well as to ensure this is a well-run business.

So, for example, we're working towards offering more online and mobile services – part of our continuing programme transforming the organisation into one which delivers better services to our customers and is more efficient. At the same time we will continue to invest in supporting our customers with initiatives to help them maximise their income and sustain their tenancies. We are committed to ensuring our services are easy to use, we do what we say we will and we get things done.

Our 125th anniversary year fell in 2015/16. We're proud of our heritage and to be part of an organisation that is strong and stable and continues to work to improve people's lives.

Suttons Wharf

Stratford, London

Highlights

We built 908 new homes for social or affordable rent, shared ownership and outright sale.

£53m invested

in maintaining and repairing our existing homes.

We delivered an operating surplus of

£124m

Over 100 amazing estates projects

We worked closely with our customers to deliver improvement projects ranging from small planting projects to larger scale works.

aspire awards
backing your potential

£125,000

was awarded to 136 of our customers through the Aspire Awards programme, helping them achieve their potential and change their lives.

We started three pilot projects

to make our homes and communities more dementia friendly.

We completed the third phase of our

Guinness Leaders Programme

and continued to develop our managers through our Guinness Managers and GROW coaching programmes.

We expanded the number of homes

covered by Guinness Property's repairs service.

We employ over 40 apprentices across the organisation,

and we successfully continued to recruit and develop them across the business.

24/7

365 days a year

We created a single **Customer Service Centre** and brought our out-of-hours service in-house – to provide a more efficient and accessible service to our customers.

What we're here to do and our structure

We're 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 the housing and care services our customers most need.

We provide homes and housing services to around 60,000 households and deliver over 10,000 hours of care every week.

Of our 60,000 homes, more than 70% are let at a social or affordable rent, while around 10,000 are owned or part-owned by the people who live in them.

We also provide 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 surplus we make is reinvested in new and existing homes, improving services and for the benefit of our customers and communities.

In 2015 we celebrated our 125th year of providing homes and care services to those that need them most and we're proud that thousands of families have benefited from our founder's vision and generosity.

Our geography and scale:

1 **North**
26,000 homes
of which 11,000 are in Greater Manchester

2 **East and South East**
18,000 homes
including homes in 18 London boroughs

3 **West**
16,000 homes
working with more than 30 local authorities

We define ourselves as a Customer Service Business. Building homes that meet a range of housing need is still a fundamental part of our purpose, but just as much as that we judge ourselves on customer service – and the experience our housing and care customers have dealing with us.

We've set some ambitious targets for the future and our vision for our organisation is one that:

- **is strong, stable and resilient**
- **maximises financial capacity to deliver more new homes**
- **provides an amazing customer experience**
- **is a brilliant place to work.**

While we face some difficult economic realities and future challenges, we're well placed to deliver our vision.

How we are structured

We provide the majority of our housing services through The Guinness Partnership Limited (TGPL). The Group does, however, include a number of other trading entities and subsidiaries as shown in the chart below:

The Guinness Partnership Limited (Guinness)
registered with HCA and a charitable entity

Guinness Housing Association Limited
Non charitable Registered Provider; provider of management services

City Response Limited
(trading as Guinness Property)
Responsive repairs and planned works to the Group

Guinness Care and Support Limited
Care and support services

Kylemore Care Services Limited
Live Well at Home Limited
Care and support services

Guinness Developments Limited
Build for market sale

Guinness Homes Limited
Market rent, management services, market sale

Hallco 1397 Limited
Build for market sale

Over the last few years we've simplified our group structure and how we organise ourselves – to create financial capacity and deliver consistent services across the country.

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.

East Cottage

Malmesbury, Wiltshire

Our world

Our world has changed significantly over the last 12 months – and continues to do so, as we face the implications for our sector and for Guinness of the UK's decision to leave the European Union.

Home ownership is a clear priority for the Government. Future funding is focused on low cost home ownership, and the promotion of Right to Buy for housing association tenants was a manifesto commitment which the sector is working with the Government to deliver for our customers.

The Government's decision to cut rents in the social housing sector by 1% a year for four years from 2016/17 and implement further

changes to welfare benefits has a far-reaching impact for our customers and for Guinness.

We know across our housing and care sectors, we're expected to deliver more and become more efficient – and we're committed to that.

New house building remains at levels significantly lower than those required to meet the needs of current and future households. The reduction in capital subsidies from the Government means greater reliance on generating our own surpluses.

Public funding cuts and increasing regulatory pressures in the care sector continue. Our care business is focused on delivering a quality, ethical service, but continues to operate in a highly-competitive market with tight financial margins.

Our strategy

Our strategy is called Destination 2018 and it sets out the path to achieving our Vision.

As we head into the second year of Destination 2018 we've reflected on whether it is still relevant in our new world. We believe it is.

By 2018 we want to be one of the best service providers in the housing and care sectors, one of the best employers in the country, and to generate strong operating surpluses so that we can continue to be a major developer of affordable homes.

To achieve this means:

Making every customer experience amazing, every time

- **Always showing our passion for customer service** – making sure every customer has an amazing experience of Guinness, 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.
- **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.

Being a brilliant place to work

- **Fully exploiting technologies** – modernising our service offering and our employee experience, and improving communication and productivity.
- **Developing remarkable people** – providing the environment, tools and learning opportunities that ensure our people fulfil their potential, 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.
- **Talking to each other and our customers** – sharing our vision and pursuing it with absolute determination. Having conversations about the things that really matter and helping each other so we solve problems quickly.

Being smart and efficient – so we can invest in new homes

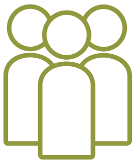
- **Really making the most of our assets** – providing the right homes for our customers, now and in the future. Making the right long-term choices about which homes we invest in and which we sell to create funds for reinvestment.
- **Purposeful growth and diversification** – investing in activities that generate strong financial returns so that we can build more homes.
- **Sharpening our focus** – directing our resources and energies at the things that make a difference and making sure we have the right skills to do them really well. Taking advantage of opportunities presented by changes in our operating environment, but also deciding what we don't do anymore.
- **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.

“We’re so happy here – our old house was damp and draughty and this is the first time we’ve had a proper enclosed garden that’s safe for our daughter, Ava, to play in.”

Rebecca & Chris Luke
Bradninch, Devon

Our strategy
...continued

We've set four strategic targets, which capture our ambition and help us measure our progress. By 2018 we will:



Achieve customer satisfaction of 85%+

Achieve employee satisfaction of 90%+

Build 2,000 new homes

Deliver an operating margin of 35%+

2015/16 – how we performed against our strategic objectives

In a year of considerable change in our sector, we've built on the important foundations we established in 2014/15 and taken some important steps towards the objectives we want to achieve by 2018.

In the following pages we have summarised our progress and performance in achieving our key objectives in 2015/16, including an assessment against key performance indicators that allow us to monitor, evaluate and demonstrate delivery.

While we met many of our operational targets, we did not achieve our key customer satisfaction or operating margin objectives. We know that there's more we need to do to become a more customer-focused, efficient business.

In the context of the economic realities facing us, we are reducing our costs and finding ways to operate more efficiently. We've embarked on a programme, which is delivering cost savings and efficiencies and at the same time, improving the way we do things, so we can fulfil our vision to be an amazing organisation.

Our target is to deliver **2,000 new homes** by 2018 and **1,000 homes yearly** thereafter

Our customers

Making every customer experience amazing, every time

During 2015/16 we strengthened our emphasis on being a Customer Service Business. We're focused on being 'brilliant at the basics' and starting to translate our new customer experience strategy into a Guinness service style. We're working with our customers to design services they love.

We've launched a new website and by spring 2017 will be offering more online and mobile services for our customers. We know how important our repairs service is to our customers – so we, with our contractors, are making sure we're easy to deal with, friendly and fix things on the first visit.

In 2015/16 we:

- Continued our programme of customer satisfaction research, asking our customers for their feedback on the services we provide:
  - ✔ Over the course of the year, overall customer satisfaction with the service we provide (tenants) dropped by 1% to 76%, while homeowner satisfaction increased by 1% to 56%. We know we have more to do to provide the consistent, reliable services our customers expect.
  - ✔ Satisfaction with the last completed repair increased from 85.0% to 87.1% – with satisfaction with our in-house contractor, Guinness Property, reaching 93.1%. During 2015/16, we've expanded the number of homes covered by Guinness Property's repairs services.
- Carried out in-depth qualitative research with our customers to understand more about their expectations and what they value about the service we deliver.
- Consolidated three contact centres into a single Customer Service Centre and brought our out-of-hours service in-house – to provide a more efficient, accessible and consistent service to our customers.
- Worked closely with our customers to deliver over 100 'Amazing Estates' projects, ranging from small planting projects to larger improvement works.
- Commenced three pilot projects to make our homes and communities more dementia friendly, following our research with the Institute of Public Care and Oxford Brookes University, which was recognised at the International Dementia Awards 2015.

Measure	Target	Actual
Overall customer satisfaction with the service we provide (tenants) – **%**	80.0	76.0
Overall customer satisfaction with the service we provide (home-owners) – **%**	57.0	56.0
Overall customer satisfaction with the service we provide (care) – **%**	85.0	94.0
Emergency repairs completed in the time agreed – **%**	96.0	96.3
Satisfaction with last completed repair – **%**	85.0	87.1
Re-let turnaround time – **days**	24.0	29.8

Our homes

Being smart and efficient so we can invest in new and existing homes

We know we need to be strong financially to keep investing in our existing homes and to keep building new homes.

We aim to deliver 2,000 new homes by 31 March 2018 and position ourselves to build 1,000 homes per year post 2018. This means building more homes of more tenures and creating additional future capacity through a greater proportion of market sales. We know we'll need to be more flexible about what we build, where and when.

In 2015/16 we:

- Built 908 new homes - 61% were for social or affordable rent, 14% for shared ownership and 25% for outright sale.
- Invested c.£130 million to create or refurbish 808 homes as part of our large-scale regeneration schemes at Cooper House, Matthias Court and Adelphi Court in Manchester and Loughborough Park in London.
- Started the construction of 60 new extra care homes in Totnes, Devon – and initiated work on a 'blueprint' for outstanding homes for older people in the future.
- Invested more than £53 million in maintaining and repairing our existing homes.
- Generated revenue of more than £100 million from shared ownership and outright sales.

Measure	Target	Actual
Operating margin – %	33.0	32.4
Current tenant arrears – %	4.7	4.6
Number of new homes completed	885	908
Satisfaction with planned repairs – %	90.0	86.1
% homes meeting the Decent Homes Standard	100.0	100.0
Gas certification compliance – %	100.0	99.9

Loughborough Park

Brixton, London

Our people
Making Guinness a brilliant place to work

Our people are Guinness. We continue to invest in their futures and making Guinness a rewarding and exhilarating place to work.

That means technologies and better processes that make it easy for our people to do their jobs; and ensuring our people have the right skills and knowledge so they are empowered to make good decisions every day.

"If I had to sum up what it's like to work at Guinness in three words, they'd be: vibrant, professional and rewarding."

Gemma French
Housing Officer

In 2015/16 we:

- Completed the third phase of our Guinness Leaders Programme, run in conjunction with Henley Business School, and continued to develop our managers through our Guinness Managers and GROW coaching programmes.
- Improved our eLearning offering, delivering more than 10,000 eLearning modules.
- Supported more than 70 professional qualifications.
- Established a new Guinness Staff Forum that has been involved in shaping our future.
- Launched a new careers website to support effective recruitment, and provide a positive insight into what its like to work at Guinness.
- Held our first national Star Awards to recognise the outstanding work Guinness people do every day.

In 2015/16 we started our major re-structuring programme and as a consequence, our employee engagement score fell to 66%. We are confident this will increase as we embed the improvements we are making.

There's more to do to clearly define our organisational culture, so we know what to expect and what's expected at Guinness.

Measure	Target	Actual
Employee engagement – %	85.0	66.0
IT systems availability – %	99.0	98.9
Employee turnover – %	<15.0	13.1

Our purpose
Going a bit further

Our social purpose is at the heart of our Vision and Strategy. Celebrating our 125th anniversary in 2015 was an ideal time to remind ourselves of that.

We're focused on providing high quality affordable homes but we believe our social mission and responsibility extend beyond that. We are committed to working with our partners to carry out our business sustainably, ethically and responsibly.

We invest in activities that support our communities and open up opportunities for our customers to improve their lives.

We can't always do this ourselves and work closely with partners across a number of sectors. This includes making environmental improvements that not only reduce fuel bills for our customers, but reduce our carbon emissions.

"Our social mission and responsibility extend beyond our core business."

During 2015/16 we:

- Awarded more than £125,000 to 136 customers, through our Aspire Awards programme, to help them achieve their potential – helping them back into work and giving them the confidence and motivation to change their lives.
- Started a Food Sense campaign to support customers who might be struggling to make ends meet.
- Secured around £1.5 million in grant funding to make environmental improvements to our homes and to provide more affordable warmth for our customers.
- Entered into a strategic partnership with Thames Reach, one of the country's most important homelessness agencies, as part of our 125th anniversary.
- Continued to recruit and develop apprentices, with over 40 being employed across the organisation.
- Progressed our 'Women into Maintenance' and Academy initiatives to improve future labour supply and skills development.

As part of our Food Sense campaign we supported three food banks in Oldham, Southwark and Havant.

Ocean City Place

Plymouth, Devon

Report of the Board of The Guinness Partnership and Strategic Report

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.

Value for Money is a strong theme throughout our Strategy and Business Plan for 2016/17 and a key component of how we deliver our corporate objectives. Our approach is amplified in our Value for Money Strategy which creates a framework for our activities. 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.
- Focusing on what matters most to our customers.
- Making the most of our people.
- Making best use of our assets.

We have assessed our performance and this summary sets out how we achieve Value for Money in meeting our purpose and business objectives.

Our full Value for Money self-assessment is available at: www.guinnesspartnership.com.

Summary

In our 2014/15 Value for Money self assessment we described the significant steps we are taking to transform our organisation. These included the first phase of an organisational restructure based on functional specialisms; simplification of our governance structure; and a significant investment in technology to deliver greater consistency and efficiency in how we work.

During 2015/16, we have built on these foundations and have:

- Started to implement the next phase of our plans to further improve customer service.
- Extended the reach of Guinness Property, our in-house maintenance service.
- Built homes for sale, which in turn supports our development of homes for rent.

The 2015 Summer Budget had a number of important and far-reaching announcements for our sector and for Guinness. We've been well-placed to respond to this as we were already focused on how we best organise ourselves to reduce costs and generate greater efficiencies.

Key achievements during 2015/16 were:

- A new Customer Services structure, which generates a saving of £3m per annum. During a time of change, overall customer satisfaction with services (for tenants) has remained stable at 76%, while satisfaction with repairs has increased to 86%.
- Consolidation of our structures to ensure we are organised as efficiently as possible.
- Further cost savings (£4.8m in notional VAT) by expanding the service provided by Guinness Property.
- 908 new homes – and increased activity in our commercial subsidiaries, which produced a profit of £13.6m, enabling us to continue to invest in existing and new homes and our care business.
- A new Asset Management Strategy and comprehensive update of our Asset Performance Evaluation tool, to enable us to make better decisions about the best use of our homes.

During the year we've embarked on a programme, which is delivering cost savings and efficiencies and at the same time, improving the way we do things, to help us become a better and more efficient organisation. This work will continue during 2016/17.

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. We have revised our Financial Plan which demonstrates strong underlying profitability, and the capacity to meet our development aspirations. Our Financial Plan shows:

- Underlying profitability (measured by operating margin excluding sales) in excess of 30% over the life of the plan (with the exception of one year)
- Our operating business delivers strong cash flow, sufficient to support future development.

Optimising our income

Our focus on income includes:

- Maximising rents within the rent framework, and by converting homes to Affordable Rent – we increased our income from Affordable Rents from £14.6m to £21.1m, through 559 conversions from Social Rent and through the letting of new homes at Affordable Rent.

- **Minimising the time for which our homes are empty between tenancies** – This deteriorated by 0.4 weeks, and at 4.2 weeks is slightly behind the sector average.
- **Maximising the amount of rent and service charges recovered** – Current rent arrears increased to 4.6%, but remained in line with sector average performance.

Optimising our cost base

	2016	2015	Benchmark
Management cost per home	£1,238	£1,250	£1,034
Repair cost per home	£911	£892	£1,017
Total operating cost per home	£3,412	£3,193	£3,561
Weighted Average Cost of Capital	5.4%	5.5%	5.44%

Average for all housing associations – Global Accounts 2015

Our focus on costs includes:

- **Reviewing our activities and the way we organise ourselves** – our 2016/17 budget is set to deliver an operating margin of 35.3% and incorporates cost savings targets.
- **Extending the reach and range of works delivered by our in-house maintenance services** – we have further expanded the coverage of Guinness Property, extending the higher levels of customer satisfaction that workforce delivers and saving a notional £4.8m in VAT.
- **Further improving our technology and processes** – our continued investment in technology makes it easier for our customers to deal with Guinness and for our employees to do their jobs.
- **Procuring efficiently** – we are focused on delivering an average 10-day reduction in the procurement process through e-procurement, and targeting a return on investment in our Procurement Team of 5:1, which equates to savings of c.£1.25m.
- **Delivering change effectively** – we created a single national team to support delivery of our transformation objectives, a saving of £1.5m on the regional structure previously in place.

Diversifying to create greater capacity
We've continued to implement our strategy to deliver new homes for sale, through our subsidiaries, Guinness Developments Limited and Guinness Homes Limited. In 2015/16 we completed 391 shared ownership and market sales, against a target of 358, and generated proceeds of £103.8m. This is reinvested in existing homes and services and providing more new affordable homes.

Focusing on what matters most to our customers

Guinness is a Customer Service Business. During 2015/16 we took some important steps towards more consistent, reliable services for our customers by:

- Consolidating geographically dispersed customer contact centres into a single operation.
- Re-structuring our customer-facing and contact centre teams to provide a more consistent approach to customer service and achieve a £3m cost saving.
- Continuing to re-design processes with more focus on customer experience and business efficiency. Over this period of change, overall satisfaction with the services we provide (for tenants) dipped slightly at 76% and was behind our 80% target. To improve customer satisfaction, we are implementing a new Customer Experience Strategy, focused on knowing our customers and what matters to them; designing services from our customers' point of view; and being 'brilliant at the basics'.

Delivering a customer-focused, cost effective repairs service
We know how important our repairs service is to our customers – and we're working hard to deliver a more efficient, cost effective service. We have revised our pricing structure for responsive and void repairs carried out by Guinness Property, to a fixed price per property. We used independent benchmarking to test and demonstrate that this delivers value for money.

Adding value – going further for those who need it
We continue to support our customers who need more help. We invested £12.9m in our care business, strengthening and enabling it to be agile. We also continue to provide services focused on financial inclusion, affordable warmth and access to work. During the year we helped our customers access c.£1.7m additional income and c. £3.7m additional Housing Benefit.

Report of the Board of The Guinness Partnership and Strategic Report...continued

Making the most 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 make a significant financial investment in our people ensuring Guinness is a great place to work.

During 2015/16 we continued to invest in our leaders and managers and delivered more than 10,000 eLearning modules and 8,500 training days, equating to 3.28 days per FTE. We provided more than 40 apprenticeships so we can attract and grow our own talent. Over 80% go on to secure permanent employment with Guinness.

Our employee attendance levels remained high at 98.1%, helping us to maintain our productivity. Voluntary employee turnover increased to 13.1%, reflecting a year of transition for Guinness.

	2016	2015	Benchmark
Attendance levels	98.2%	99.0%	90.1%
Turnover (voluntary)	13.1%	9.9%	12.6%

Benchmark: median for 14 largest housing associations > 20,000 using HouseMark

During the year, employee engagement dropped to 66%. We recognise that 2015/16 was a year of significant change for many of our people, as we re-structured parts of our business and commenced a wider programme of changes aimed at creating a more efficient and better organisation.

Senior management and Board costs are an important element of our approach in this area. Our highest paid member of staff is our CEO and we benchmark her pay against sector averages. We also use this as basis to calculate a ratio of highest to average salary, which has fallen during the year. We also benchmark the cost of our Board Members, which has remained consistent.

	2016	2015	Benchmark
CEO pay per home	£4	£4	£4
CEO pay as a % of turnover	0.06%	0.07%	0.08%
Ratio of highest to average salary	9:1	10:1	n/a
Board member pay per home	£2	£2	n/a

Benchmark: average for the largest 10 housing associations

Creating a Value for Money Culture

We are focussed on creating the right culture at Guinness. We're making the discussion about value for money come alive by getting everyone involved in our plans. This has included:

- A series of roadshows where the Executive Team met colleagues, outlined our strategy in response to changes in our operating environment;
- Staff at all levels getting involved in setting stepped performance targets, so that all our performance measures include six monthly improvements; and
- 'Challenge' sessions with a consultant to test our Value for Money performance and plans.

Making the best use of our assets

We are committed to making the most of our property assets, both as homes or premises and economically. We start 2016/17 with a new Asset Management Strategy, focused on providing safe, high quality environments that our customers want to live in. This will sharpen our focus, so that every decision that we make about our assets will be based on value for money and customer satisfaction.

Return on investment

	2016	2015	Benchmark
Rented homes ROI	5.3%	5.1%	n/a
Shared ownership ROI	2.1%	2.8%	n/a
Total ROI (Operating surplus / social housing assets)	5.0%	4.8%	5.5%
Return on Capital Employed (operating surplus / total assets – current liabilities)	7.2%	5.8%	4.8%

Benchmark: average for all housing associations, Global Accounts 2015

Assessing our assets at a detailed level
In 2015/16 we generated £6.1m (2014/15: £5.1m) of receipts through our Asset Optimisation programme which will be used to fund reinvestment in new homes. We have also updated our Asset Performance Evaluation tool, which enables us to make better decisions about the use of our homes.

Ensuring assets meet future customer needs
During the year, 31 Housing for Older People schemes have been appraised, in line with the review of our offer for older people and ensuring homes meet changing needs.

Ensuring legitimate occupancy of our homes
With affordable housing in scarce supply, we have continued to invest in dedicated tenancy fraud detection and over the last year recovered 62 homes.

Commercial property and office accommodation
We have continued our review of office accommodation, aimed at reducing the number of offices we occupy, and have generated receipts of £2.8m through disposals. We continued to maximise the income from our commercial portfolio, and this year achieved an additional income of £124k per annum by reviewing lease agreements.

Planned repairs programmes
We have continued to invest in maintaining and improving the condition of our homes and communal areas. During the next three years we will invest more than £190m in our homes and this year, generated almost £2m savings on existing contracts and works. We have continued to carry out aids and adaptations to our homes to enable our customers to remain independent.

Regenerating our estates
We're looking at how we make best use of the land and spaces we own – seeking opportunities to provide more new homes and where necessary, improve existing homes. During the year we purchased the freeholds of our Mansell Street and Victoria Park estates in London, increasing their value as assets and creating, in the case of Mansell Street, a major redevelopment opportunity that will benefit our current and future customers.

Environmental return
The environmental performance of our assets is an important driver of the value they provide. Investing in environmental improvements lowers costs for our customers and reduces our carbon emissions. We scaled back our programme in this area in 2015/16, while we focused on other priorities, but are still proud of our achievements in this area, which included replacing 290 boilers (2014/15: 1,700) which saved, on average, £350 per year per property, equating to an annual total saving for customers of £101k; and providing cavity wall insulation for 416 homes (2014/15: 1,852 homes) which saved, on average, £160 per year per property.

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.
- Internally against targets and budget: these are set to be challenging but realistic so that improvement in both performance and costs can be achieved.
- Internally over time: to help us understand the impact of changes we make to our business.
- Using the HCA Global Accounts and customised benchmarking against a select peer group to compare our financial performance and capital structure.

We use comparative data to inform our target and budget setting and to assess our performance in the context of our peer organisations.

Report of the Board of The Guinness Partnership and Strategic Report...continued

The Global Accounts view

Below is a comparison of cost data issued by the HCA based on the Sector Global Accounts 2014/15 publication:

Entity	Headline social housing cost CPU (£k)	Management CPU (£k)	Service charge CPU (£k)	Maintenance CPU (£k)	Major repairs CPU (£k)	Other social housing costs CPU (£k)
TGPL	3.27	1.31	0.32	0.81	0.6	0.23
Upper quartile	4.30	1.27	0.61	1.18	1.13	0.41
Median	3.55	0.95	0.36	0.98	0.80	0.20
Lower quartile	3.19	0.70	0.23	0.81	0.53	0.08
TGPL result						

Upper quartile Median Lower quartile

Overall, our costs per unit (CPU) fall in the median to lower quartile range. We will make further savings to lower our overall costs, and use these savings to improve our services and build more new homes. We have already made some significant progress reducing housing management costs, but we have more work to do.

Our repairs costs per unit are lower quartile, and major repairs median to lower quartile, although these costs do vary depending on the timing of our programme. Through our expansion of Guinness Property, procurement savings and more robust contractor management, we will deliver further savings during 2016/17.

Other social housing costs are upper quartile to median, and have been necessarily so as we continue a period of transition, major change programmes and a significant investment in new technologies to enable us to deliver improved customer service.

The HouseMark view

We have used HouseMark to provide a historic view of KPIs and costs, mainly in housing management. We are expanding our use of benchmarking data to determine target levels of performance and provide additional insight into our business.

We benchmark against large national organisations, enabling us to compare our costs and performance against similar associations. Detailed analysis is shown in our full Value for Money self-assessment.

From our latest review we know that our housing management costs per property are high when compared to peers, again reflecting some transition costs implementing our new structure. We have reviewed both our structures and the way we deliver services in order to improve our efficiency and also the quality of services we provide.

Our analysis of repair costs indicates all costs are better than median. We continue to look for areas for improvement and next year we have a significant focus on repairs procurement, the expansion of the role of Guinness Property and a drive to reduce void turnaround times.

Our plans and performance

Our full Value for Money Statement presents a summary of how we did against our 2015/16 objectives and our plans and targets for 2016/17. A high-level summary of our 2016/17 Value for Money targets is set out below:

VfM areas	Key targets
Focusing on what matters most to our customers	• Overall satisfaction with services (tenants): 80% • Overall satisfaction with services (shared owners / leaseholders): 60% • Satisfaction with last completed repair: 89% • 10% reduction in complaints • 100% CQC Compliance (care services) • Void turnaround reduced to 25.5 days
Creating capacity – optimising our income and costs	• Current tenant arrears – 4% • Operating margin – 33.5% • Property sales receipts (gross) – £8m
Significantly increasing our ROI from procurement and improving contract management	• Introduce e-procurement • Develop a new supply chain strategy • Reduce and consolidate our number of suppliers • Deliver savings from tenders including Legal Services – £2m; Gas Maintenance – £4m; and Waste Services – £1m pa
Really making the most of our assets	• Satisfaction with planned repairs: 90% • 1,510 new kitchens installed • 1,185 new bathrooms installed • 100% homes meeting Decent Homes Standard
Creating capacity – purposeful growth and diversification	• Delivery of 561 new homes, including 340 homes at social / affordable rent, 113 homes for shared ownership and 108 homes for private sale
Making the most of our people	• 80% employee engagement • Investors in People re-accreditation • 100% completion of mandatory training

Report of the Board of The Guinness Partnership and Strategic Report...continued

Financial review

Surplus

The Group generated an overall surplus of £62.2 million, increasing from £51.9 million last year after taking into account a charge of £14.6 million as a result of accounting for the SHPS pension revaluation under FRS 102. Our operating surplus has increased, partly as a result of increased shared ownership sales and the successful market sale schemes at Suttons Wharf and Guinness Court in Camden. However, our mainstream social housing business also continues to produce good returns with turnover increasing from £297 million last year to £306 million in 2015/16 with a corresponding increase in the underlying surplus.

Our strong financial performance has continued to support the V1 rating for financial viability from the HCA and it contributes significantly towards our capacity to build new homes.

The surplus from market sales contributed £27.9 million (2015: £7.4 million) and shared ownership first tranche sales £6.1 million with the remainder of the operating surplus of £124.8 million coming from our social housing and care businesses. The surplus on property sales contributed a further £11.7 million (2015: £8.2 million) as we followed a clear asset management strategy and net interest charges totalled £58.1 million (2015: £51.6 million).

Statement of Financial Position

The introduction of FRS 102 has an impact on the current year's Statement of Financial Position (and the 2015 restated figures). Fixed assets, now excluding grant, total £2.9 billion and total net assets are £570.4 million, up from £509.3 million (restated) in 2014/15.

The main movements are:

- Stock has increased from £38.3 million to £70.2 million, mainly as a result of the remaining two blocks at Suttons Wharf being delivered towards the end of the year, with the majority of homes ready to be sold in 2016/17.
- Cash at bank has fallen by £20.6 million to £41.1 million, primarily as a result of the 2014/15 year end cash figure being inflated to meet cash requirements immediately post year end. The Group continues to hold more than sufficient cash balances for our operational needs.
- Provisions increased from £44.8 million to £59.1 million primarily as a result of the impact of the triannual valuation of the SHPS scheme.
- Fixed asset and creditors both also show increases, which represent day to day activities in a growing business.

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 Group	2016 £m	2015 (restated) £m	2014 £m	2013 £m	2012 £m
Summary: Statement of Comprehensive Income					
Turnover	426.1	364.3	292.1	288.6	281.3
Operating surplus	124.2	100.2	79.9	77.9	70.2
Net interest charges	(58.1)	(51.6)	(53.1)	(54.7)	(52.3)
Surplus after interest	66.1	48.6	26.8	23.2	17.9
Surplus on disposal of fixed assets	11.7	8.2	65.3	25.3	6.1
Fair value and re-measurement movements	(15.6)	(4.9)	-	-	-
Surplus for the year before taxation	62.2	51.9	92.1	48.5	24.0
Taxation (charge)/credit	-	-	(0.6)	(0.1)	(0.4)
Surplus for the year after taxation	62.2	51.9	91.5	48.4	23.6
Summary: Statement of Financial Position					
Assets less current liabilities					
Housing and other fixed assets	2,829.2	2,765.2	2,817.3	2,770.0	2,759.8
Grant	-	-	(1,423.1)	(1,444.6)	(1,448.7)
Fixed asset investment (including bond issue and Debt Service Reserve)	46.2	38.3	21.0	26.6	20.0
Intangible assets	-	1.8	2.1	-	-
Net current assets/(liabilities)	8.9	22.8	40.0	36.8	47.2
	2,884.3	2,828.1	1,457.3	1,388.8	1,378.3
Financed by					
Loans, other long-term creditors and provisions	2,313.9	2,318.8	999.4	1,022.6	1,061.0
Reserves	570.4	509.3	457.9	366.2	317.3
	2,884.3	2,828.1	1,457.3	1,388.8	1,378.3

Key financial ratios	2016	2015	2014	2013	2012
Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) as % of interest payable (excluding loan redemption penalties)	339%	240%	331%	250%	201%
Operating surplus	29%	28%	27%	27%	25%
Interest cover (underlying operating surplus + depreciation) / net interest	329%	227%	215%	206%	195%
Gearing % (total borrowing / total net worth - reserves plus capital grant)	50.0%	54.9%	53.4%	56.4%	60.1%

Report of the Board of The Guinness Partnership and Strategic Report...continued

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. This includes a review of compliance with financial covenants, interest rate management and liquidity projections. At 31 March 2016 the Group complied with all financial covenants in place.

Financing

At 31 March 2016 the Group had total loan facilities of £1,452.3 million of which £1,051.7 million had been drawn (2015: £1,430.1 million of which £1,052.7 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 2016, 80.2% of the Group's debt was at rates fixed with a range of maturities between 1 and 34 years (2015: 81.9%). Of this fixed rate debt, 13.2% (2015: 13.3%) was hedged under ISDA Agreements.

As at 31 March 2016, the Group's weighted average interest rate cost of capital was 5.4% (2015: 5.5%). At the current ratio of fixed to variable rates, a 0.5% change in interest rates would result in a change of £1.0 million (2015: £0.9 million) to interest payable over a full year.

As at 31 March 2016, 71.0% (2015: 68.4%) 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 2015/16. The Group has sufficient facilities available to meet known requirements beyond March 2019.

At the year end the Group held cash balances totalling £41.1 million (2015: £61.7 million) of which £15.7 million (2015: £25.9 million) was held on term deposits of up to 3 months at average rates of 0.5% (2015: 0.4%).

Capital and reserves

The reserves of the Group at 31 March 2016 totalled £570.4 million (2015: £509.3 million). The Group Business Plan generates surpluses each year which are reinvested in existing homes, communities, services and new developments, with some provision for contingencies. The Group Board is satisfied that the reserves at 31 March 2016 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	2016 result	2016 target	2015 result
Current rent arrears as % of rent debt	4.6%	4.7%	3.5%
% of rent lost due to voids	0.9%	1.2%	0.7%
Average weeks to re-let	4.3	3.4	3.8
% customer satisfaction	76.0%	80.0%	76.0%
% properties meeting Decent Homes Standard	100.0%	100.0%	100.0%

- Rent arrears: We achieved our 2015/16 target and have set a more challenging target for 2016/17.
- Rent loss due to voids: Performance was better than target, but represented a deterioration against 2014/15.
- Re-let times: Performance did not meet our target. Performance was impacted by reletting a number of long-term voids.
- Customer satisfaction: Performance was below the level we aspire to and continues to be a key area of focus.
- Decent Homes: We were fully compliant with the Decent Homes Standard at the end of the year.

Regulation and governance

Regulation

Details of the Group's principal regulators are set out below.

The entities which are Registered Providers are registered with the housing association regulator, the Homes and Communities Agency (HCA). Those which are Community Benefit Societies, whether charitable or non-charitable, are also registered with and regulated by the Financial Conduct Authority.

The HCA requires The Guinness Partnership Limited (TGPL) to comply with its Governance and Viability and Consumer Standards. It requires the Board of TGPL to formally assess compliance with the Governance and Viability Standard on an annual basis. The Board confirms that this has been carried out for the year ended 31 March 2016 and that TGPL complies with the Standard.

The HCA assesses TGPL's compliance with two elements of the Governance and Viability Standard. Their assessments are G1 for the Governance element and V1 for Financial Viability. These are unchanged from 2014/15.

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

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.

Boards and committees

The Board of TGPL is the Group's ultimate governing body and meets up to ten times per year. It is responsible for:

- Setting the Group Strategy and Business Plan – and monitoring performance on a regular basis;
- Approving budgets and long-term Financial Plan;
- Championing the Group's Vision, Values and a positive culture for the Group - with strong customer focus;
- Ensuring overall financial viability and integrity of the Group – and that appropriate financial control and risk management mechanisms are in place; 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, operational and financial performance of the entity.

The Board reviews its performance formally and regularly to ensure it is acting on its responsibilities and to identify where additional skills or expertise may be needed. In 2015/16 an independent Review of Board and Committee effectiveness was carried out, together with a Board and Committee members' skills assessment.

Newly appointed members take part in a programme of induction meetings to ensure that they have the necessary knowledge and understanding of our sector and activities.

The Guinness Partnership Board – composition and meetings

The Board comprises up to eight non-executive directors and up to two executive directors. Members are appointed by the Board following recommendation from the Remuneration and Nominations Committee to serve for a term of three years.

As at 31 March 2016, The Guinness Partnership Board had six members. During 2015/16:

- Amanda Ellingworth stood down as Chair on 10 March 2016 and Neil Braithwaite was appointed
- John Lougher was appointed as a Board member on 23 March 2016, effective 1 May 2016
- Simon Dow stood down as Group Chief Executive and Board member on 24 July 2015.

Board Members bring a wide range of strengths, skills and experience to our Boards and Committees. Details of Board and Committee members' experience and main commitments are presented on page 92 and also available at www.guinnesspartnership.com, together with similar information for the Executive Team.

The Board and the Remuneration and Nominations Committee keep the composition of the Board, Board committees and the boards of subsidiaries under regular review to ensure that the appropriate balance of skills, relevant experience, independence and knowledge is maintained to enable them to fulfil their duties and responsibilities effectively.

The Board selection process ensures that non-executive members of the Board have the experience and skills to be able to debate and constructively challenge development of strategy and evaluation of performance against objectives.

The recruitment process for the new non-executive directors, which took place in early 2016, was facilitated by an independent third party. There was also independent facilitation of the appointment process for the new Chair of The Guinness Partnership Board.

Report of the Board of The Guinness Partnership and Strategic Report...continued

Non-Executive Board Members' remuneration and meeting attendance

The emoluments of the non-executive members of the Board of The Guinness Partnership Limited during 2015/16 are set out below with their membership of committees and meeting attendance record:

Name / remuneration	TGPL Board	Group Audit & Risk	Service & Performance	Remuneration & Nominations	Health, Safety & environmental	Partnership Board meeting attendance
Amanda Ellingworth £25,000	Chair (to 10 March 2016)	-	Member	Member	-	100%
Neil Braithwaite £16,750	Chair (from 10 March 2016)	Chair (to 10 March 2016)	-	Member	-	100%
Peter Cotton £18,000	Vice-Chair	-	-	Chair	-	91%
Jim Dickson £16,000	Member	-	Chair	Member	-	100%
Mike Petter £16,000	Member	-	-	Member	Chair	91%
Samantha Pitt £13,833	Member	Chair (from 10 March 2016)	-	Member	-	100%

Committees

The Guinness Partnership Board is supported by four 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 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 and senior executive remuneration and appointments across the Group. It also commissions reviews of board effectiveness and individual board member appraisals.

The Service and Performance Committee meets four times a year and is responsible for monitoring the quality and performance of the services provided to customers. Following a review, the Home Ownership Committee, which was responsible for overseeing the provision of services to leaseholders and shared owners, was combined with the Service & Performance Committee in January 2016. This reflected our aim to deliver a consistent service to all Guinness customers.

The Health, Safety and Environmental Committee meets a minimum of four times a year and is responsible for ensuring a robust and embedded approach to health and safety and the environment, including compliance with the relevant legislation.

Terms of Reference for The Guinness Partnership Board, subsidiary Boards and functional Committees were reviewed and updated during the year.

The Executive Team

The Group is managed by the Executive Team led by the Group Chief Executive. Meetings are attended by the Executive Directors for Customer Services, Asset Management, Property Services, Finance, Development, Business Change & IT, Strategy & Communications and the Managing Director of Guinness Care & Support Limited. The Executive Team meets fortnightly and attends all meetings of the TGPL Board.

For salary disclosure purposes, members of the Executive Team are referred to as directors. However, with the exception of the Chief Executive who is a member of the Board of TGPL, they are not regarded as directors for legal purposes.

Executive Directors lead key groups which play important roles in our governance:

- Project Review Group (PRG) – oversees and monitors our development and regeneration programme and reviews, evaluates and approves all property-related investment and divestment across TGPL, including property acquisition, development activity, regeneration activity, stock transfer and sales activity.

- Business Change Group – oversees and monitors the progress of key strategic and transformational change programmes and projects across Guinness and reviews, evaluates and approves significant capital expenditure (non-property related).
- Group Risk Panel – monitors exposure to risk, and embeds a culture of risk awareness and management across Guinness.

Executive pay and reward

We take independent professional advice when setting executive pay. We also consider executive pay in the context of sector benchmarks, taking into account the need to attract and retain suitably qualified people to lead an organisation of our size and complexity.

The overall framework and policy is determined by the Remuneration and Nominations Committee. This Committee is also responsible for recommending proposed remuneration and any contractual changes relating to the terms and conditions of employment of the Group Chief Executive.

Information on employees in salary bands above £60,000 is set out on page 65.

Code of Governance

The Guinness Partnership has updated its Code of Governance to reflect the revisions in the National Housing Federation's 2015 Code. In particular we have updated our Code to extend the nine year rule to cover all board member service including service within the organisation, its predecessors and its subsidiaries; and the requirement that paid staff should not be members of the committees responsible for nominations, remuneration, audit or risk. Amanda Ellingworth stood down as Chair of the Board in March 2016 after nine years' service on the Board of The Guinness Partnership, following its establishment in 2007, and after 26 years' service within the Group. The appointments of other Board and Committee Members whose current terms reached or exceeded nine years and ended in the year were not renewed.

At 1 April 2016 Jim Dickson, Partnership Board Member; Penny Hayes and Jeremy Robinson, Guinness Care and Support Limited Board Members remain as board members each with total service in excess of nine years. Their current terms of appointment are due to expire on 30 September 2016.

In accordance with the requirement that paid staff should not be members of Audit or Risk Committees Catriona Simons, Group Chief Executive resigned her membership of the Group Audit and Risk Committee on the adoption of the updated Code.

There are comprehensive governance policies in place which apply to 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.

Transparency and openness

The Guinness Partnership is committed to being open and transparent in how we conduct our business and interact with our customers and other stakeholders. We have published a Transparency Statement which sets out our approach to:

- Achieving value for money and efficiency.
- Allocating resources and spending money.
- Decision-making and governance.
- Evaluating business performance.
- Involving our customers.
- Handling requests for information.

This statement is available at www.guinnesspartnership.com.

Fraud, anti-bribery and whistle blowing

We are also committed to maintaining the highest ethical standards in our business activities and we adopt a zero tolerance approach towards any form of corruption. We embed this through our policy and employee training frameworks.

- Fraud – Any instance of suspected fraud is investigated and where appropriate reported to the relevant authorities including internal audit, external audit, our Regulator and the police. Our anti-fraud policy covers the prevention, detection, investigation, and reporting of fraud, including remedial action if a fraud has occurred, in order to learn lessons and prevent a recurrence. Our policies and procedures also address tenancy fraud and we have dedicated Tenancy Enforcement roles in our structure.
- Anti-bribery – We adopt a zero tolerance approach to any form of bribery, and this applies to all entities within the Group and all relationships entered into between members of the Group and third parties.
- Whistle blowing – We have a whistleblowing policy which enables all employees or others with serious concerns over any aspect of our work or conduct to report these to an independent party should they wish to.

Modern Slavery Act 2015

We are committed to achieving a greater understanding of our supply chains to identify and prevent slavery or human trafficking. We have published a statement in accordance with the Modern Slavery Act 2015. It applies to all entities that form part of The Guinness Partnership Group and sets out our commitment to:

Report of the Board of The Guinness Partnership and Strategic Report...continued

- Opposing slavery and human trafficking, with a commitment to doing what we can to combat such abuses in our business or in our supply chains.
- Acting ethically and with the highest standards of integrity, quality, probity, openness and accountability in all our business operations and relationships.
- Developing, implementing and enforcing processes and controls that seek to ensure slavery and human trafficking is not taking place within our business or in our supply chains.
- Not knowingly dealing with any business involved in slavery or human trafficking.

The actions we have taken during 2015/16 and plan to take during 2016/17 are presented in our statement, which is available at www.guinnesspartnership.com.

Risk management

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

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

A Group 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	Controls and mitigation
Adverse changes in the policy environment	• The Board receives Horizon Scanning updates at each of its meetings to ensure that all business decisions are taken in context and that changes to the external environment are anticipated when taking these decisions. • The Financial Plan is rigorously stress tested to ensure the potential outcomes of policy changes and their impact on our business are understood.
Loss of income as a result of rent reductions and changes to the welfare system, including the introduction of Universal Credit	• We have agreed cost reduction targets to mitigate the impact of rent reductions. We will achieve these through the reshaping of our business which we had already started in 2014/15. • We are working closely with our customers to ensure the impact of benefit changes is understood and we have increased our investment in tenancy sustainment activities, which include debt prevention activities. We actively encourage our customers to pay their rent by direct debit. We are introducing software to help us understand payment patterns and predict arrears so that we can target these more effectively.
Economic uncertainty and volatility in the financial markets, particularly in light of the result of the referendum on leaving the European Union	• We set limits for and carefully monitor our exposure to the market in respect of all our services and products. We appraise all new developments against strict financial criteria and stress test their performance in a range of economic scenarios. We consider risk mitigation actions and exit strategies. • We have a Treasury Management Policy which is reviewed annually to ensure it remains relevant and good practice. We are rigorous in our cashflow forecasting and we maintain high levels of liquidity and have good levels of asset backing for existing and future borrowings.
Failure to deliver changes to our target operating model and associated efficiencies and service improvements	• We have a clear governance framework in place to ensure the rigour and pace of our change programmes. An established Programme Management Office oversees and co-ordinates the programmes and supports it with a clear methodology. External support and specialist skills are engaged as required to ensure we deliver the best solutions for the business. • There are clear delivery targets for each stage of the programme, and these are reflected in budgets, long-term plans and individual performance goals. • A clear communications plan supports our change programmes.

Risk	Controls and mitigation
Major Health and Safety failure	• We operate a recognised Health and Safety Management System which meets the requirements of OHSAS 18001. • There is a comprehensive health and safety policy framework in place. We ensure adherence to this through a programme of inspections carried out by suitably qualified staff and supported by external expertise as necessary. • Our staff complete mandatory health and safety training relevant to their roles and repeated at appropriate frequencies. Our Staff Health and Safety Panel meets regularly to identify issues and drive improvements. • We have regular communication and liaison with regulatory authorities, including London Fire Brigade to ensure we can anticipate and meet their requirements.
Financial pressures on our care business	• The Guinness Care and Support Financial Plan is rigorously stress tested to ensure the potential outcomes of policy changes and their impact on that part of our business are understood. • We have been refocusing our care strategy to focus on fewer business streams, and growing and delivering these more profitably. • There is strong oversight and monitoring of the financial (and operational) performance of our care activities by the GCS Board and the TGPL Board.

Our high level corporate Risk Map contains a further 21 risks. There are mitigating controls in place for all risks, together with actions to manage these risks.

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 fore-casting. Financial projections are stress tested to ensure we are able to withstand changes in the operating environment. This includes multi-variate testing to enable us to understand the potential impact of a range of economic scenarios, and we have established the corrective action we would need to take in the event that any of these began to crystallise.

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 within the Group.

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 normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed.

Key elements of our internal control framework include:

- Board meetings are held regularly and there is a defined schedule of matters reserved for decision by the Board.
- Adoption of 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. These cover areas 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.
- Internal audit assurance provided by a specialist, third party organisation. Internal control and risk management frameworks are subject to regular review by Internal Audit which is responsible for providing independent assurance to the Board through the Group Audit and Risk Committee.
- Further independent assurance provided by the work of the external auditor, as set out in their audit report.
- Clear responsibilities for the identification, evaluation and control of risks. The Group Risk Panel, the Executive Team and the Group Audit and Risk Committee consider risks throughout the year. The Group Chief Executive and the Group Audit and Risk Committee are responsible for reporting any significant changes to the Group Board.
- Comprehensive anti-fraud policy and procedures are in place to prevent, detect and report on fraud and recover assets as appropriate. This is supported by a positive anti-fraud culture amongst staff, contractors and Board members. No frauds resulting in a material loss have occurred during the year.
- Rigorous procedures are in place to ensure that corrective action is taken in relation to any significant control issues.

Report of the Board of The Guinness Partnership and Strategic Report...continued

- Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. The Board regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

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 Audit Committee and Board have received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group.

The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2016, and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which require disclosure in the financial statements.

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.

Our principal aims 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.
- The Board and managers demonstrate effective leadership on diversity and inclusion.
- 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 Board.

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 2015/16 we have maintained our strong 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 (2015: £nil).

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) law, including Financial Reporting Standard 102, 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.
- 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 Housing Providers 2014, and comply with the Accounting Direction for Private Registered Providers of Social Housing in England (2015). 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.
- 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 this report, each of the Board members of The Guinness Partnership Limited, acting in their capacity as the Group Board, confirm that:

- 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.
- 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 auditor

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

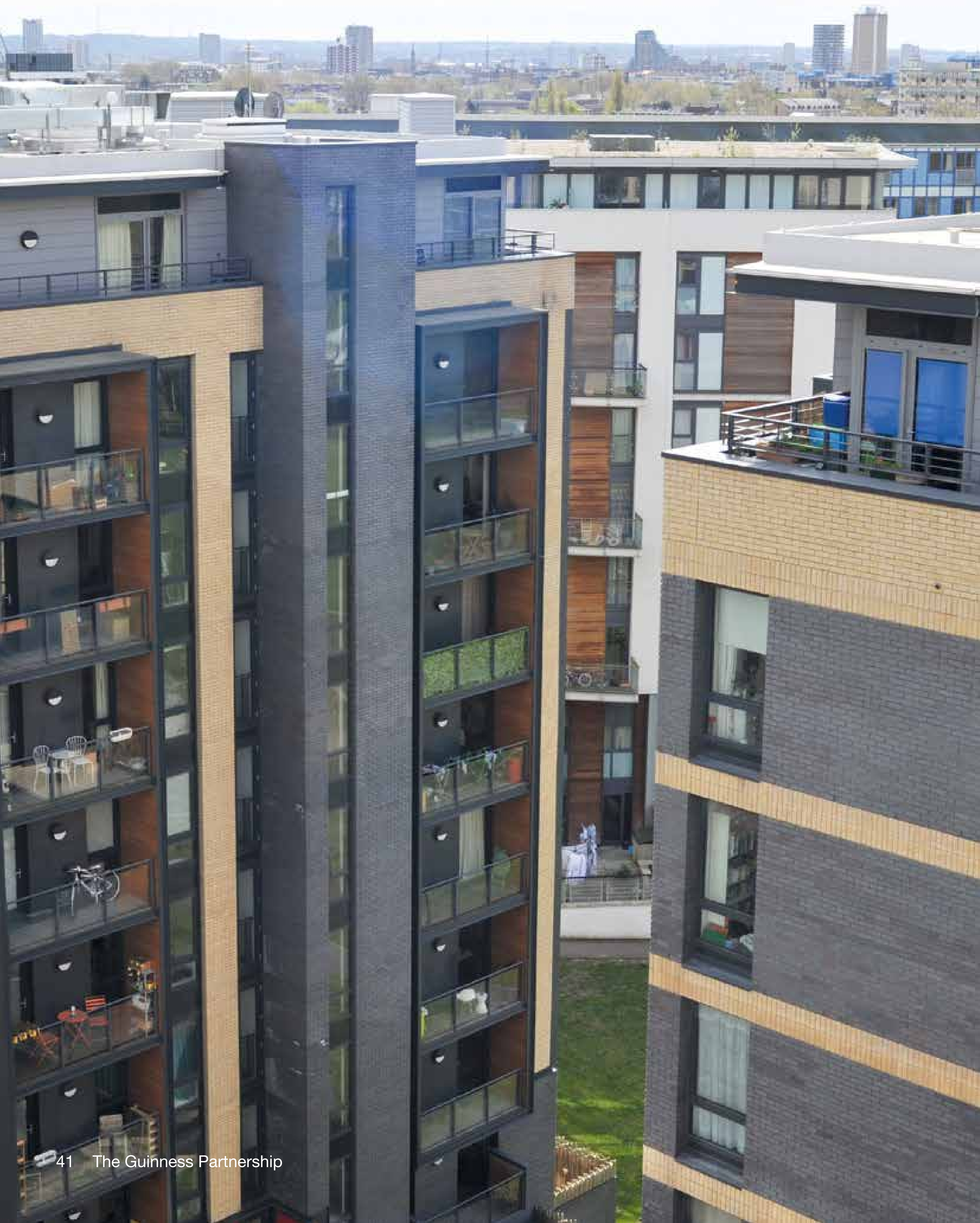
Neil Braithwaite,
Chair of The Guinness Partnership Limited
Date: 31 August 2016

Charitable Community Benefit Society No. 31693R

Homes and Communities Agency No. 4729

Graphite Point

Bethnal Green, London



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 2016 which comprise the Consolidated and Partnership Statement of Comprehensive Income, the Consolidated and Partnership Statement of Financial Position, the Consolidated and Partnership Statement of Changes in Equity and Reserves, the Consolidated and Partnership Statement of Cashflows and the related notes 1 to 34. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the 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 40, 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

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 2016 and of the Group's and the Partnership's result for the year then ended.
- 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 2015.

Matters on which we are required to report by exception

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

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

Nexia Smith & Williamson

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Date: 8 September 2016

25 Moorgate
London
EC2R 6AY


Tattenhoe
Milton Keynes, Buckinghamshire

Financial Statements for the year ended 31 March 2016

Group Statement of Comprehensive Income for the year ended 31 March 2016

Group	note	2016 £m	2015 restated £m
Turnover	4	426.1	364.3
Cost of sales	4	(72.6)	(47.6)
Operating expenditure	4	(229.3)	(216.5)
Operating surplus		124.2	100.2
Gain on disposal of property, plant and equipment	5	11.7	8.2
Interest receivable		1.0	0.7
Interest payable and financing costs	7	(59.1)	(52.3)
Movement in fair value of financial instruments		(0.2)	(3.8)
Movement in fair value of investment properties		0.1	0.6
Re-measurement of pension schemes	27	(15.5)	(1.7)
Surplus before taxation		62.2	51.9
Taxation	9	-	-
Surplus for year		62.2	51.9
Other comprehensive income			
Actuarial gain/(loss) in respect of pension schemes		1.0	(2.3)
Change in fair value of hedged financial instrument		(2.1)	(17.9)
Total comprehensive income for the year		61.1	31.7

All amounts relate to continuing activities. The notes on pages 51 to 88 form part of these financial statements.

Financial Statements for the year ended 31 March 2016 ...continued

The Guinness Partnership Limited Statement of Comprehensive Income for the year ended 31 March 2016

The Guinness Partnership Limited	note	2016 £m	2015 restated £m
Turnover	4	323.1	306.0
Cost of sales	4	(16.0)	(12.3)
Operating expenditure	4	(205.8)	(203.5)
Operating surplus		101.3	90.2
Gain on disposal of property, plant and equipment	5	11.4	7.4
Gift Aid		15.6	10.8
Interest receivable		1.1	1.1
Interest payable and financing costs	7	(55.5)	(51.5)
Movement in fair value of financial instruments		(0.2)	(3.8)
Movement in fair value of investment properties		0.1	0.6
Re-measurement of pension schemes	27	(14.6)	(1.7)
Surplus before taxation		59.2	53.1
Taxation	9	-	-
Surplus for year		59.2	53.1
Other comprehensive income			
Actuarial gain/(loss) in respect of pension schemes		1.0	(2.3)
Change in fair value of hedged financial instrument		(2.1)	(17.8)
Total comprehensive income for the year		58.1	33.0

All amounts relate to continuing activities. The notes on pages 51 to 88 form part of these financial statements.

Group Statement of Financial Position at 31 March 2016

Group	note	2016 £m	2016 £m	2015 restated £m	2015 restated £m
Fixed assets					
Intangible assets and goodwill	13		-		1.8
Tangible fixed assets:					
Housing properties	10	2,792.5		2,723.1	
Other fixed assets	12	36.7		42.1	
			2,829.2		2,767.0
Investments properties	14		2.1		2.0
Fixed asset investments	15		44.1		36.3
Investment in subsidiaries	16		-		-
			2,875.4		2,805.3
Current assets					
Stock	18	70.2		38.3	
Trade and other debtors	19	19.8		23.5	
Investments		-		-	
Cash and cash equivalents		41.1		61.7	
		131.1		123.5	
Creditors: amounts falling due within one year	20	(122.2)		(100.7)	
Net current assets			8.9		22.8
Total assets less current liabilities			2,884.3		2,828.1
Creditors: amounts falling due after one year	21		(2,254.8)		(2,274.0)
Provisions for liabilities:					
Pension provision	25	(7.0)		(6.8)	
Other provisions	26	(52.1)		(38.0)	
			(59.1)		(44.8)
Total net assets			570.4		509.3
Reserves					
Income and expenditure reserve			570.2		509.1
Restricted reserves			0.2		0.2
Total reserves			570.4		509.3

The notes on pages 51 to 88 form part of these financial statements.

These financial statements were approved by the Board on 31 August 2016 and signed on its behalf by:

N Braithwaite

Board Member

Board Member

JP. Oldroyd

Secretary

Financial Statements for the year ended 31 March 2016 ...continued

The Guinness Partnership Limited Statement of Financial Position at 31 March 2016

The Guinness Partnership Limited	note	2016 £m	2016 £m	2015 restated £m	2015 restated £m
Fixed assets					
Intangible assets and goodwill	13		-		-
Tangible fixed assets:					
Housing properties	11	2,696.3		2,652.7	
Other fixed assets	12	34.8		40.4	
			2,731.1		2,693.1
Investments properties	14		2.1		2.0
Fixed asset investments	15		44.0		36.3
Investment in subsidiaries	16		44.1		17.1
			2,821.3		2,748.5
Current assets					
Stock	18	5.2		12.9	
Trade and other debtors	19	66.9		42.7	
Investments		-		-	
Cash and cash equivalents		27.0		33.0	
		99.1		88.6	
Creditors: amounts falling due within one year	20	(107.1)		(85.4)	
Net current (liabilities)/assets			(8.0)		3.2
Total assets less current liabilities			2,813.3		2,751.7
Creditors: amounts falling due after one year	21		(2,215.2)		(2,223.0)
Provisions for liabilities:					
Pension provision	25	(6.4)		(6.8)	
Other provisions	26	(47.8)		(36.1)	
			(54.2)		(42.9)
Total net assets			543.9		485.8
Reserves					
Income and expenditure reserve			543.7		485.6
Restricted reserves			0.2		0.2
Total reserves			543.9		485.8

The notes on pages 51 to 88 form part of these financial statements.

These financial statements were approved by the Board on 31 August 2016 and signed on its behalf by:

Board Member

Board Member

Secretary

Group Statement of Changes In Reserves for the year ended 31 March 2016

Group	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2014 (restated)	477.4	0.2	477.6
Total comprehensive income for the year	31.7	-	31.7
Transfer between reserves	-	-	-
At 31 March 2015 (restated)	509.1	0.2	509.3
At 1 April 2015 (restated)	509.1	0.2	509.3
Total comprehensive income for the year	61.1	-	61.1
Transfer between reserves	-	-	-
At 31 March 2016	570.2	0.2	570.4

The notes on pages 51 to 88 form part of these financial statements.

The Guinness Partnership Limited Statement Of Changes In Reserves for the year ended 31 March 2016

The Guinness Partnership Limited	Income and expenditure reserve £m	Restricted reserves £m	Total £m
At 1 April 2014 (restated)	452.6	0.2	452.8
Total comprehensive income for the year	33.0	-	33.0
Transfer between reserves	-	-	-
At 31 March 2015 (restated)	485.6	0.2	485.8
At 1 April 2015 (restated)	485.6	0.2	485.8
Total comprehensive income for the year	58.1	-	58.1
Transfer between reserves	-	-	-
At 31 March 2016	543.7	0.2	543.9

The notes on pages 51 to 88 form part of these financial statements.

Group and The Guinness Partnership Limited Statement of Cashflows for the year ended 31 March 2016

	note	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Net cash inflow from operating activities	28	146.6	140.0	97.3	88.1
Cashflow from investing activities					
acquisition and construction of housing property		(126.0)	(96.2)	(158.8)	(157.5)
purchase of other fixed assets		(4.4)	(3.9)	(10.5)	(10.2)
receipt of government grants		5.0	5.0	16.5	16.6
receipts from the sale of fixed assets		24.6	24.3	20.7	19.3
Homebuy and equity loans redeemed		1.9	1.9	1.2	1.2
investment in subsidiaries		-	(27.0)	(0.3)	(9.0)
tax paid or refunded		-	-	(0.6)	-
Payment to Debt Service Reserve		(9.6)	(9.6)	(5.6)	(5.6)
interest received		1.0	1.1	0.7	1.1
		(107.5)	(104.4)	(136.7)	(144.1)
Cashflows from financing activities					
Interest paid		(56.1)	(55.3)	(48.9)	(48.0)
New loans		25.0	25.0	200.5	199.1
Repayment of loans		(26.0)	(11.3)	(140.0)	(140.0)
Loan breakage costs		(2.6)	-	(2.1)	(2.2)
		(59.7)	(41.6)	9.5	8.9
Net change in cash and cash equivalents		(20.6)	(6.0)	(29.9)	(47.1)
Cash and cash equivalents at beginning of the year		61.7	33.0	91.6	80.1
Cash and cash equivalents at end of the year		**41.1**	**27.0**	**61.7**	**33.0**

The notes on pages 51 to 88 form part of these financial statements.

Adelphi Court

Salford, Greater Manchester

Notes to the Financial Statements for the year ended 31 March 2016

1 Company information

The Guinness Partnership Limited (TGPL) is incorporated in England under the Co-operative and Community Benefit Societies Act 2014 (No 31693R). TGPL is an exempt charity and is registered with the Homes and Communities Agency as a Private Registered Provider of Social Housing. The registered office is 30 Brock Street, Regent's Place, London NW1 3FG.

2 Principal accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102), the Statement of Recommended Practice: Accounting by Registered Housing Providers 2014 (SORP 2014), the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2015 and the Co-operative and Community Benefit Societies Act 2014. The Group is required under the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969 to prepare consolidated Group accounts. TGPL is a public benefit entity for the purpose of FRS 102 and the financial statements have been prepared on that basis.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for investment properties and certain financial instruments as specified in the accounting policies set out below. The financial statements are presented in Sterling (£m).

The Group's financial statements have been prepared in compliance with FRS 102 as it applies for the first time to the financial statements of the Group for the year ended 31 March 2016. The Group transitioned from previous UK GAAP to FRS 102 as at 1 April 2014. Please refer to Note 3 for an explanation of the transition. The principal accounting policies are set out below. These accounting policies have been consistently applied during the current and preceding period unless otherwise stated.

Parent Company disclosure exemptions
In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Disclosures in respect of the parent company's financial instruments have not been presented as equivalent disclosures have been provided in respect of the Group as a whole.
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the Group as a whole.

Basis of consolidation

The consolidated financial statements incorporate the results of The Guinness Partnership Limited and all of its subsidiary undertakings as at 31 March 2016. The Group has disclosed the balances and nature of transactions with entities that form part of the Group as required by the Direction. 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 19.6 of FRS 102, the entity has been consolidated using the merger method of accounting. Accordingly the results, Statement of Financial Position and Cashflows 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.

If the business combination does not meet the criteria for merger accounting under 19.6 of FRS 102, 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 the date of each Statement of Financial Position by reference to the income streams being generated. Impairment losses are recognised in the Statement of Comprehensive Income.

Going concern

The Group's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the Group have led to a reassessment of the Group's business plan as well as an assessment of potential future breaches of borrowing covenants. No concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the Statement of Financial Position and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that the actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

a) Capitalisation of development expenditure. The Group capitalises development expenditure in accordance with the accounting policy on housing property fixed assets. This requires a range of judgements, such as identifying the period over which interest can be capitalised, distinguishing the point at which a project is more likely to continue, allowing capitalisation of associated development costs, or should be considered abortive and written off, and the amounts of staff time and overheads which should be capitalised as part of the development.

b) Identification of housing property components. Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

c) Categorisation of housing properties as investment properties or property, plant and equipment. Class of properties within the category of housing properties that are held to earn commercial rentals or for capital appreciation or both are accounted for as investment properties. Properties rented to provide social housing and properties used for the production or supply of goods and services or for administrative purposes are classified as property, plant and equipment.

Other key sources of estimation and assumptions:

a) Tangible fixed assets. Other than investment properties, fixed assets are depreciated over their useful economic lives taking into account residual values, where appropriate. The Group use a range of useful lives for assets and components forming parts of assets as disclosed in the accounting policies. Management reviews the estimate of the useful lives at each reporting date to ensure that they remain appropriate.

b) Pension and other post-employment benefits. The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases.

c) Bad debt provision. The debtors balance in the Group accounts consists of a large number of small debts. Management review the level of the provision made against non-payment of these debts on a regular basis to take account of past and current patterns of payment to ensure that the overall provision is adequate.

d) Housing property impairment. The Group carries out impairment assessments and reviews as set out in the accounting policy below. In carrying out this process, management exercise judgement in determining if an indicator of impairment exists and in assessing the net book value of each scheme against net realisable value and value in use.

e) Assets held for sale. The Group has a stock balance that includes properties for sales under both market and shared ownership programmes as well as work in progress for schemes producing homes for sale. The value of each asset is reviewed against its net realisable value and each scheme in progress against expected proceeds less costs yet to be incurred and assets are written down if the cost at which they are recorded in the accounts is higher.

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 Statement of Comprehensive Income in the same period as the expenditure to which they relate. Turnover also includes proceeds from properties developed for outright sale and first tranche sale. The related portion of the shared ownership asset is recognised as cost of sales. Any surpluses recognised in the Statement of Comprehensive Income are restricted by the extent to which they subsidise the social rented portion of a scheme.

Amounts for amortised government grants which have been released to the Statement of Comprehensive Income under the accruals model are also included in turnover.

Sale of tangible fixed assets

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

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Housing properties fixed assets and depreciation

Tangible fixed assets are stated at cost, less accumulated depreciation and any impairment. Cost comprises purchase price and building costs together with directly attributable, incidental and administrative costs in bringing them into working condition for their intended use.

Interest on borrowings used to finance housing developments and regeneration projects is capitalised only when development

Notes to the Financial Statements for the year ended 31 March 2016...continued

activity is in progress and up to the date of practical completion or the end of the regeneration period.

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.

Housing properties under construction are stated at cost and not depreciated. These are reclassified as housing properties on practical completion of construction.

Depreciation is charged so as to write down the cost 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.

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.

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 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 cashflows obtainable as a result of continued use of the property.

Properties are grouped together into schemes, which are considered to be the cash generating units as defined by the SORP. At the date of each Statement of Financial Position, schemes are assessed to determine if there are indicators of impairment for each scheme. If such indicators exist, an impairment review is carried out for that scheme. If the review identifies an impairment is needed, it is recognised immediately in the Statement of Comprehensive Income.

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.

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.

Other tangible fixed assets

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 fixture 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.

Leasing and hire purchase

Where assets are financed by hire purchase contracts and leasing agreements that give rights approximating to ownership (finance leases), they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as obligations to the lessor in creditors. They are depreciated over the shorter of the lease term and their economic useful lives.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the Statement of

Comprehensive Income over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

Other leases are treated as operating leases and payments are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

Investment property

Investment property includes commercial and other properties not used directly in furtherance of the Group's social purpose. Investment property is measured at cost on initial recognition, which includes purchase cost and any directly attributable expenditure, and subsequently at fair value at the reporting date. Fair value is initially determined by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Fair values are determined on an annual basis, determined by external valuers at least once every three years.

Social housing and other government grants

Where developments have been financed wholly or partially by social housing and other grants (SHG), the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful economic life of the associated asset structure, in accordance with the accruals model.

Homebuy and equity loans

These represent loans to home buyers of a percentage of the cost which is secured on the property. The loans are interest free and repayable only on the sale of the property. On a sale, the fixed percentage of the proceeds is repaid. The loans are financed by an equal amount of SHG.
On redemption:

- The SHG is recycled,
- The SHG is written off, if a loss occurs,
- The Group keeps any surplus

Homebuy loans are treated as concessionary loans and are initially recognised at the amount paid to the purchaser and reviewed annually for impairment. The associated Homebuy grant from the HCA is recognised as deferred income until the loan is redeemed.

Stock and properties for sale

Properties developed for outright sale are included in current assets, at the lower of cost or estimated selling price less costs to complete and sell. Properties held for sale are assessed for impairment at each reporting date. If there is evidence of impairment, the impairment loss is recognised immediately in the Statement of Comprehensive Income.

Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses. The Group provides for bad and doubtful debts relating to rents and service charges receivable at the following rates:

Former tenant arrears	100%
Current tenant arrears	20% to 100%

The Group provides against other debtors based on an assessment of likely recovery.

Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the date of the Statement of Financial Position and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at that date.

Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and the amount at maturity of the related loan.

Loan issue costs, premium and discounts

Loan finance costs are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue and included in creditors greater than one year. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income in the year in which the redemption took place.

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

The Group has chosen to apply the recognition and measurement provisions of IAS 39 Financial Instruments: Recognition and Measurement (as adopted for use in the EU), the disclosure requirements of Sections 11 and 12 and the presentation requirements, as appropriate, of 11.38A or 12.25B as permitted by paragraphs 11.2(b) and 12.2(b) of FRS 102 in relation to recognising, derecognising, measuring and disclosing financial instruments.

Where the Group has entered into a hedging relationship as described in IAS 39 in the period between the date of transition and the reporting date for the first financial

Notes to the Financial Statements for the year ended 31 March 2016...continued

statements that comply with FRS 102, it has elected to apply hedge accounting from the date all qualifying conditions for hedge accounting in IAS 39 are met.

Measurement
Initially, financial assets and liabilities are measured at fair value (including transaction costs, for assets and liabilities not measured at fair value through profit or loss).

Subsequently, financial assets and liabilities (including derivatives) are measured at fair value, with the following exceptions:

- Loans and receivables, held-to-maturity investments, and non-derivative financial liabilities which are measured at amortised cost using the effective interest method.
- Financial assets and liabilities that are designated as a hedged item or hedging instrument are subject to measurement under the hedge accounting requirements of the IAS 39.

Fair value is determined as the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. To calculate fair value, the Group uses:

- Where they exist, quoted market prices in an active market to measure the financial instrument.
- If a market for a financial instrument is not active, the Group will value it using available sources including recent arm's length market transactions, reference to current fair value of another similar instrument, discounted cashflow analysis, and option pricing models. The valuation incorporates these factors providing market participants would consider using in setting a price and they are consistent with accepted economic methodologies for pricing financial instruments.

Amortised cost is calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the net carrying amount of the financial asset or liability.

Hedging
Interest rate swaps relate to fixing variable rate interest and are therefore designated as cashflow hedges. A hedging instrument is classified as an instrument whose fair value or cashflows are expected to offset changes in the fair value or cashflows of a designated hedged item.

They are measured at fair value at each reporting date.

Gains and losses on cashflow hedges which are highly effective are recognised in other comprehensive income. Any ineffective portion of a gain or loss on cashflow hedges is recognised in the Statement of Comprehensive Income crediting/debiting the surplus for the year.

In order to apply hedge accounting, an economic relationship must exist between the hedged item and the hedging instrument.

- The Group must formally designate and document the hedging relationship at inception so that the risk being hedged, the hedged item and the hedging instrument are clearly identified, and the risk management objective for undertaking the hedge.
- It is also required to determine and document the causes of hedge ineffectiveness.
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cashflows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship, and effectiveness can be reliably measured.

The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated. Under IAS 39 for financial instruments: recognition and measurement, it is necessary to comply with the criteria of 80% to 125% for hedge effectiveness. In a cashflow hedge, if the hedged future cashflows are no longer expected to occur, the amount that has been accumulated in the cashflow hedge reserve is reclassified from the cashflow hedge reserve to profit or loss immediately.

Where the Group hedges its exposure to variability in cashflows that (i) is attributable to a particular risk associated with a recognised asset or liability (such as all or some future interest payments on variable rate debt) or a highly probable forecast transaction and (ii) could affect profit or loss, the hedging relationship is designated of a cashflow hedge.

A cashflow hedge is accounted for as follows:

- The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge shall be recognised in other comprehensive income and accumulated in the cashflow hedge reserve.
- The ineffective portion of the gain or loss on the hedging instrument (including ineffectiveness within the 80% to 125% window) shall be recognised in profit or loss and disclosed separately in interest payable and similar charges. Ineffectiveness in this context represents over-effectiveness when the cumulative change in the fair value of the hedging instrument is higher than the cumulative change in the hedged item.

If the Group closes out early a cashflow hedge that has a designated hedging relationship, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cashflow hedge reserve to revenue reserve using the effective interest method.

Accounting for financial instruments
Some contracts that themselves are not financial instruments may nonetheless have financial instruments embedded in them. An embedded derivative is a feature within a contract, such that the cashflows

associated with that feature behave in a similar fashion to a stand-alone derivative. The Group will separate an embedded derivative from its host contract when:

- The economic risks and characteristics of the embedded derivative are not closely related to those of the host contract.
- A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
- The entire instrument is not measured at fair value with changes in fair value recognised in the profit and loss statement.

If an embedded derivative is separated, the host contract is accounted for at amortised cost using the effective rate method and the fair value of the embedded derivative is recognised in profit and loss and disclosed separately in interest payable and similar charges. If the Group is unable to measure the embedded derivative separately, the entire combined contract will be designated at fair value through profit or loss.

Where an embedded derivate is closely related to the host contract, the entire contract shall be accounted for at amortised cost using the effective rate method.

Financial assets and liabilities

The Group classifies its financial assets into one of the following categories depending on the purpose for which the asset was acquired.

Fair value through profit and loss
Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit and loss.

Loans and receivables
These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus directly attributable transaction costs at acquisition/issue, and are subsequently carried at amortised cost using the effective interest rate method.
Provisions are recognised when there is objective evidence (such as significant financial difficulties for the counterparty, default or significant delay in payment) that the Group will be unable to collect all of the amounts due. The amount of such a provision is disclosed as the difference between the net carrying amount and the present value of the future expected cashflows associated with the receivable item.

Impairment of Financial Assets
Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. If there is objective evidence of impairment, an impairment loss is recognised in the Statement of Comprehensive Income immediately.

Pension costs

The Group participates in both defined benefit and defined contribution pension schemes. Contributions to defined contribution schemes are accounted for as an expense as they fall due.

The Group is a member of SHPS, 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 102, accounts for the scheme as if it were a defined contribution scheme. As a result the amounts charged to operating expenditure represent the contributions payable to the scheme.

Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Group's financial statements. These are the known repayments, discounted to the net present value at the year end using a market rate discount factor as disclosed in the notes. The unwinding of the discount is recognised as a finance cost in the Statements of Comprehensive Income in the period incurred.

For other defined benefit schemes, the net liability (or asset) is calculated by estimating the amount of future benefit that employees have earned to date, discounted to present value, and deducting the fair value of the scheme's assets.

Changes in this net defined benefit liability arising from employee service, introductions, benefit changes, curtailments and settlements during the period are recognised in the Statement of Comprehensive Income so that they are charged/credited to the surplus for the year. The net interest expense (or income) on the net liability (or asset) for the period is recognised as other finance cost (or income).

Re-measurement of the net liability (or asset) is recognised as actuarial gains/ losses in other comprehensive income.

Notes to the Financial Statements for the year ended 31 March 2016...continued

3 Prior Period Adjustment

On adoption of FRS 102 the Group has restated comparatives. The impact on reserves is as follows:

	Note	Group At 1 April 2014 £m	Group At 31 March 2015 £m
As previously reported under UK GAAP		457.9	504.8
Adjustments to reserves on transitions to FRS 102			
Recognise liability for short term employee benefits	(a)	(0.4)	(0.4)
Recognise fair value of investment property	(b)	0.0	0.6
Recognise financial instruments at fair value	(c)	(23.6)	(45.3)
Recognise liability for long-term employee benefits	(d)	(39.1)	(38.0)
Government grants and depreciation	(e)	82.8	87.6
As reported under FRS 102		477.6	509.3

On adoption of FRS 102 TGPL has restated comparatives. The impact on reserves is as follows:

	Note	TGPL At 1 April 2014 £m	TGPL At 31 March 2015 £m
As previously reported under UK GAAP		432.5	481.0
Adjustments to reserves on transitions to FRS 102			
Recognise liability for short term employee benefits	(a)	(0.4)	(0.4)
Recognise fair value of investment property	(b)	0.0	0.6
Recognise financial instruments at fair value	(c)	(23.6)	(45.3)
Recognise liability for long-term employee benefits	(d)	(36.2)	(35.3)
Government grants and depreciation	(e)	80.5	85.2
As reported under FRS 102		452.8	485.8

3 Prior Period Adjustment...continued

On adoption of FRS 102 the impact on surplus for the Group and TGPL is as follows:

	Note	Group At 31 March 2015 £m	TGPL At 31 March 2015 £m
Surplus for the year as previously reported under UK GAAP		48.8	50.4
Adjustments arising on transitions to FRS 102			
Amortisation of government grant	(e)	13.9	13.6
Additional depreciation	(e)	(8.9)	(8.7)
Movement in fair value of financial instruments	(c)	(3.8)	(3.8)
Increase in fair value of investment properties	(b)	0.6	0.6
Short-term employee benefits	(a)	-	-
Long-term employee benefits	(d)	1.3	1.0
Surplus for year as reported under FRS 102		51.9	53.1
Change in value of hedged instruments	(c)	(17.9)	(17.8)
Actuarial loss in respect of pension schemes	(d)	(2.3)	(2.3)
Total comprehensive income as reported under FRS 102		31.7	33.0

a) Under previous UK GAAP the Group did not accrue for holiday pay that was earned but the holiday entitlement was expected to be taken in the subsequent financial year. Under FRS 102, the Group is required to accrue for all short-term compensated absences as holiday entitlement earned but not taken at the date of the Statement of Financial Position. The impact of this is to increase holiday pay accrued by £440k for the Group and £400k for TGPL at 1 April 2014 and 31 March 2015.

b) Under FRS 102, properties which meet the definition of investment properties, are measured at fair value at each reporting date, with changes in fair value recognised in the Statement of Comprehensive Income. Under previous UK GAAP these properties were held at cost.

c) Under FRS 102 derivatives are initially measured at fair value on the date a contract is entered into and are subsequently re-measured at their fair value. Where the derivative is designated as a hedging instrument the resulting gain or loss is shown within “changes in fair value of hedged financial instruments” below the surplus for the year in the Statement of Comprehensive Income. Where derivatives do not meet the designation of a hedging instrument, the resulting gain or loss is disclosed within “movement in fair value of financial instruments” and included in the reported surplus for the year

d) Under previous UK GAAP the Group’s multi-employer defined benefit pension schemes operated by the Social Housing Pension Scheme (SHPS) was treated as a defined contribution scheme and no amounts were recognised as a liability in the balance sheets. Under FRS 102 the SHPS deficit recovery agreement is recognised as a provision in the Statement of Financial Position, measured at the discounted value of the future cashflows arising.

e) Under previous UK GAAP Social Housing Grant was netted against the cost of the funded property, with depreciation charged on the net amount. Under FRS 102 grants are held separately on the Statement of Financial Position, disclosed within deferred income within creditors due within one year or after one year as appropriate. Government grants are amortised using the accrual model based on the Useful Economic Lives of the properties and reported in turnover. Annual depreciation is higher as grant balances are no longer depreciated.

Notes to the Financial Statements for the year ended 31 March 2016...continued

4 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)

	Group 2016			
	Turnover £m	Cost of sales £m	Operating expenditure £m	Operating surplus/ (deficit) £m
Social housing lettings	305.6	-	(207.0)	98.6
Other social housing activities:				
First tranche property sales	20.3	(14.2)	-	6.1
Charges for support services	0.7	-	(0.8)	(0.1)
Development costs not capitalised	-	-	(1.1)	(1.1)
Care and support services	11.5	(3.6)	(10.0)	(2.1)
Other	3.6	(0.2)	(9.0)	(5.6)
Total other social housing activities	36.1	(18.0)	(20.9)	(2.8)
Non-social housing activities:				
Market sales	82.9	(54.6)	(0.4)	27.9
Other	1.5	0.0	(1.0)	0.5
Total	426.1	(72.6)	(229.3)	124.2

	Group 2015 Restated			
	Turnover £m	Cost of sales £m	Operating expenditure £m	Operating surplus/ (deficit) £m
Social housing lettings	296.8	-	(197.1)	99.7
Other social housing activities:				
First tranche property sales	10.2	(8.4)	-	1.8
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	1.3	-	(7.6)	(6.3)
Total other social housing activities	22.4	(11.6)	(17.7)	(6.9)
Non-social housing activities:				
Market sales	45.1	(36.0)	(1.7)	7.4
Other	-	-	-	-
Total	364.3	(47.6)	(216.5)	100.2

4 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)...continued

	TGPL 2016			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)
	£m	£m	£m	£m
Social housing lettings	295.0	-	(191.7)	103.3
Other social housing activities:				
First tranche property sales	20.3	(14.2)	-	6.1
Charges for support services	0.4	-	(0.5)	(0.1)
Development costs not capitalised	-	-	(1.1)	(1.1)
Other	5.6	(0.4)	(12.3)	(7.1)
Total other social housing activities	26.3	(14.6)	(13.9)	(2.2)
Non-social housing activities:				
Market sales	0.3	(0.3)	-	-
Other	1.5	(1.1)	(0.2)	0.2
Total	323.1	(16.0)	(205.8)	101.3

	TGPL 2015 Restated			
	Turnover	Cost of sales	Operating expenditure	Operating surplus/ (deficit)
	£m	£m	£m	£m
Social housing lettings	284.4	-	(189.5)	94.9
Other social housing activities:				
First tranche property sales	10.2	(8.4)	-	1.8
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)
Total other social housing activities	17.8	(8.4)	(13.3)	(3.9)
Non-social housing activities:				
Market sales	3.4	(3.9)	-	(0.5)
Other	0.4	-	(0.7)	(0.3)
Total	306.0	(12.3)	(203.5)	90.2

4 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)...continued

Particulars of turnover and operating expenditure from social housing lettings

	Group					
	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2016 £m	Total 2015 restated £m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	217.4	32.8	6.0	15.5	271.7	263.0
Service charges receivable	10.8	7.8	0.1	1.8	20.5	19.9
Net rents receivable	228.2	40.6	6.1	17.3	292.2	282.9
Amortisation of government grants	10.5	1.7	-	1.2	13.4	13.9
Turnover from social housing lettings	**238.7**	**42.3**	**6.1**	**18.5**	**305.6**	**296.8**
Expenditure on social housing letting activities						
Services	(10.4)	(8.7)	(5.6)	(2.2)	(26.9)	(26.7)
Management	(57.0)	(10.3)	(2.8)	(5.0)	(75.1)	(70.8)
Planned repairs	(9.2)	(1.9)	(0.1)	(0.4)	(11.6)	(9.2)
Routine repairs and maintenance	(28.1)	(5.6)	(0.1)	(1.4)	(35.2)	(37.1)
Major repairs expenditure	(7.0)	(1.4)	-	(0.1)	(8.5)	(7.4)
Rent losses from bad debts	(2.4)	(0.4)	-	(0.1)	(2.9)	(3.0)
Depreciation of housing properties	(32.7)	(6.4)	(0.1)	(5.0)	(44.2)	(42.7)
Impairment of housing properties	-	-	(2.6)	-	(2.6)	(0.2)
Operating expenditure on social housing letting activities	**(146.8)**	**(34.7)**	**(11.3)**	**(14.2)**	**(207.0)**	**(197.1)**
Operating surplus/(deficit) on social housing lettings	**91.9**	**7.6**	**(5.2)**	**4.3**	**98.6**	**99.7**
Rent losses from voids (included in rent receivable above)	1.7	0.6	0.4	0.2	2.9	2.3

4 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)...continued

Particulars of turnover and operating expenditure from social housing lettings...continued

	TGPL					
	General needs £m	Supported/ housing for older people £m	Care homes £m	Shared ownership £m	Total 2016 £m	Total 2015 restated £m
Income from social housing lettings						
Rent receivable net of identifiable service charges and voids	217.2	28.3	2.0	15.4	262.9	252.5
Service charges receivable	10.4	6.4	0.1	1.8	18.7	18.3
Net rent receivable	227.6	34.7	2.1	17.2	281.6	270.8
Amortisation of government grants	10.5	1.7	-	1.2	13.4	13.6
Turnover from social housing lettings	**238.1**	**36.4**	**2.1**	**18.4**	**295.0**	**284.4**
Expenditure on social housing letting activities						
Services	(10.2)	(6.5)	-	(2.2)	(18.9)	(18.5)
Management	(56.5)	(9.5)	(2.7)	(4.9)	(73.6)	(72.1)
Planned repairs	(9.1)	(1.6)	-	(0.4)	(11.1)	(8.9)
Routine repairs and maintenance	(27.8)	(5.0)	-	(1.4)	(34.2)	(38.4)
Major repairs expenditure	(6.9)	(1.1)	-	(0.1)	(8.1)	(7.3)
Rent losses from bad debts	(2.4)	(0.4)	-	(0.1)	(2.9)	(3.0)
Depreciation of housing properties	(32.5)	(5.5)	-	(4.9)	(42.9)	(41.1)
Impairment of housing properties	-	-	-	-	-	(0.2)
Operating expenditure on social housing letting activities	**(145.4)**	**(29.6)**	**(2.7)**	**(14.0)**	**(191.7)**	**(189.5)**
Operating surplus/(deficit) on social housing lettings	**92.7**	**6.8**	**(0.6)**	**4.4**	**103.3**	**94.9**
Rent losses from voids (included in rent receivable above)	1.7	0.6	-	0.2	2.5	1.9

4 Particulars of turnover, cost of sales, operating expenditure and operating surplus/(deficit)...continued

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

	Group		TGPL	
	Total 2016 Number	Total 2015 Number	Total 2016 Number	Total 2015 Number
Housing accommodation:				
General needs housing at social rent	38,138	38,796	38,138	38,796
General needs housing at affordable rent	4,051	2,915	4,051	2,915
Supported housing and housing for older people	7,740	7,749	7,719	7,731
Other housing properties:				
Low Cost Home Ownership	6,344	5,236	6,344	5,236
Care homes	262	298	58	71
Social leasehold	3,383	4,319	3,383	4,228
Other	753	903	264	288
	60,671	60,216	59,957	59,265
Being:				
Owned and managed	58,321	57,746	56,640	56,067
Owned but managed by others	1,274	1,262	1,240	1,222
Managed only	1,076	1,208	2,077	1,976
	60,671	60,216	59,957	59,265

5 Gain on disposal of property, plant and equipment

Group:	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Group Total 2016 £m	Group Total 2015 £m
Proceeds	1.6	12.8	7.4	3.3	25.1	20.7
Other costs	0.1	(0.5)	(0.4)	0.3	(0.5)	(1.5)
Disposals at cost	(1.0)	(6.5)	(4.2)	(5.1)	(16.8)	(20.7)
SHG transferred	-	-	-	-	-	1.4
Depreciation on disposals	0.2	0.4	0.7	2.6	3.9	8.3
Surplus on disposal of tangible fixed assets	0.9	6.2	3.5	1.1	11.7	8.2

The Guinness Partnership Limited:	Right to Buy/ Acquire £m	Second & subsequent staircasing £m	Disposal of surplus properties £m	Other fixed assets £m	Group Total 2016 £m	Group Total 2015 £m
Proceeds	1.6	12.5	7.4	3.3	24.8	19.3
Other costs	0.1	(0.5)	(0.4)	0.3	(0.5)	(1.5)
Disposals at cost	(1.0)	(6.5)	(4.2)	(5.1)	(16.8)	(19.5)
SHG transferred	-	-	-	-	-	1.4
Depreciation on disposals	0.2	0.4	0.7	2.6	3.9	7.7
Surplus/(loss) on disposal of tangible fixed assets	0.9	5.9	3.5	1.1	11.4	7.4

6 Key management personnel and employee information

The Directors are defined as the members of the Board and the Executive Team. Board members received payments of £104,172 in their capacity as members of The Guinness Partnership Limited Board (2015: £98,742). No members have been paid in their capacity as members of other boards of the Group (2015: nil).

There was an average of nine members of the Executive Team during the year (2015: 7).

Group and TGPL	2016 £'000	2015 £'000
Aggregate emoluments payable to the Executive Team, excluding non-executive directors:		
Emoluments	1,437	1,242
Benefits in kind	9	7
Pension contributions	65	48
	1,511	1,297
Aggregate emoluments payable to Board and Executive Team, including non-executive directors:		
Emoluments	1,541	1,340
Benefits in kind	9	7
Pension contributions	65	48
	1,615	1,395
Expenses reimbursed to directors not chargeable to United Kingdom Income Tax	9	18
Highest paid director – Chief Executive	226	269
Benefits in kind	1	2
Pension equivalents	14	18
	241	289

The Chief Executive is a member of the SHPS 1/60th CARE pension scheme on the same basis as all other employees that are members of that scheme. The Group or TGPL do not contribute to any private pension of the Chief Executive.

During the year, two Directors were compensated as a result of their roles being made redundant. The total amounts included in the accounts for the year was £361,626.

Notes to the Financial Statements for the year ended 31 March 2016...continued

6 Key management personnel and employee information...continued

	Group 2016 Number	TGPL 2016 Number	Group 2015 Number	TGPL 2015 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	2,393	1,436	2,491	1,422
£60,001 to £70,000	32	29	42	40
£70,001 to £80,000	19	18	12	10
£80,001 to £90,000	10	7	13	11
£90,001 to £100,000	9	7	12	12
£100,001 to £110,000	5	5	3	3
£110,001 to £120,000	-	-	2	2
£120,001 to £130,000	1	1	5	5
£130,001 to £140,000	3	2	5	4
£140,001 to £150,000	3	2	1	1
£150,001 to £160,000	-	-	-	-
£160,001 to £170,000	-	-	1	1
£170,001 to £180,000	-	-	-	-
£180,001 to £190,000	-	-	1	1
£190,001 to £200,000	2	2	1	1
£200,001 to £210,000	1	1	1	1
£220,001 to £230,000	1	1	-	-
£250,001 to £260,000	1	1	-	-
£260,001 to £270,000	-	-	1	1
Total employees	2,480	1,512	2,591	1,515

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 bands 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 14 (2015:10).

6 Key management personnel and employee information...continued

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Staff costs – excluding non-executive directors				
Wages and salaries	69.1	42.2	67.5	47.1
Redundancy costs	4.2	4.2	2.1	2.1
Social security costs	5.5	3.7	5.7	4.1
Pension costs (employer's contributions)	7.5	6.3	8.0	7.2
	86.3	56.4	83.3	60.5
Staff costs – non-executive directors				
Wages and salaries	0.2	0.2	0.1	0.1
Redundancy costs	-	-	-	-
Social security costs	-	-	-	-
Pension costs (employer's contributions)	-	-	-	-
	0.2	0.2	0.1	0.1
Total staff costs				
Wages and salaries	69.3	42.4	67.6	47.2
Redundancy costs	4.2	4.2	2.1	2.1
Social security costs	5.5	3.7	5.7	4.1
Pension costs (employer's contributions)	7.5	6.3	8.0	7.2
	86.5	56.6	83.4	60.6

7 Interest payable and financing costs

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
On loans repayable on maturity within five years	1.7	1.7	0.8	0.8
On loans wholly or partly repayable in more than five years	57.9	57.0	55.6	54.6
To other group entities	-	0.1	-	0.2
Amortisation of loan issue costs	(0.4)	(0.4)	0.1	0.1
Breakage costs on cancellation of a fixed rate loan	2.7	-	-	-
Pension interest costs charged in respect of FRS 102 (note 28)	0.7	0.6	1.1	1.0
	62.6	59.0	57.6	56.7
Interest capitalised in respect of housing properties	(3.5)	(3.5)	(5.5)	(5.2)
Total interest payable and similar charges	59.1	55.5	52.1	51.5

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% (2015: 5.5%).

Notes to the Financial Statements for the year ended 31 March 2016...continued

8 Surplus before taxation

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Surplus for the year is stated after charging/(crediting):				
Depreciation of housing properties	44.2	42.7	42.7	40.4
Depreciation of other fixed assets	6.8	6.7	3.0	2.7
Amortisation of government grants – deferred income	13.8	13.4	13.9	13.6
Impairment of housing properties and other fixed assets	2.7	0.1	0.6	0.6
Auditor's remuneration in their capacity as auditors, excluding VAT, including expenses	0.2	0.1	0.4	0.3
Auditor's remuneration in respect of other services, excluding VAT, including expenses	-	-	-	-
Surplus on disposal of tangible fixed assets	(11.7)	(11.4)	(8.2)	(7.4)
Rent payable under operating leases	10.5	1.7	12.0	9.9

9 Taxation on surplus for year

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 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Current tax:				
UK corporation tax on surplus for the year	-	-	-	-
Adjustments in respect of previous years	-	-	-	-
Current tax charge on surplus on ordinary activities	-	-	-	-
Deferred tax:				
Recognition of timing differences	-	-	-	-
Adjustments in respect of previous years	-	-	-	-
Deferred tax charge	-	-	-	-
Total tax charge on surplus on ordinary activities	-	-	-	-
Factors affecting tax charge for the year:				
Surplus before taxation	62.2	59.2	51.9	53.1
Adjustment for surpluses not subject to tax	(62.0)	(59.2)	(52.2)	(53.1)
Surplus/(loss) on ordinary activities before tax in taxable entities	0.2	-	(0.3)	-
Surplus/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2014: 21%)	-	-	(0.1)	-
Expenses not deductible for tax purposes	-	-	0.1	-
Current tax charge for the year	-	-	-	-

10 Tangible fixed assets – Group

	Housing properties			
	Completed rented £m	Shared ownership £m	Under construction £m	Total £m
Cost				
At 1 April 2015 (as restated)	2,868.6	267.0	133.6	3,269.2
Additions – completed properties acquired	28.0	-	-	28.0
Additions – components capitalised	28.4	-	-	28.4
Additions – properties under construction	-	-	71.7	71.7
Schemes completed	75.8	28.1	(103.9)	-
Disposals at cost	(20.8)	(6.6)	-	(27.4)
At 31 March 2016	2,980.0	288.5	101.4	3,369.9
Depreciation and leasehold amortisation				
At 1 April 2015 (as restated)	(516.4)	(13.0)	-	(529.4)
Depreciation charge for year	(42.6)	(1.6)	-	(44.2)
Disposals	15.0	0.5	-	15.5
At 31 March 2016	(544.0)	(14.1)	-	(558.1)
Impairment				
At 1 April 2015 (as restated)	(8.6)	(3.3)	(4.8)	(16.7)
Schemes completed	(4.8)	-	4.8	-
Charge for year	(2.6)	-	-	(2.6)
At 31 March 2016	(16.0)	(3.3)	-	(19.3)
Net book value				
At 31 March 2016	2,420.0	271.1	101.4	2,792.5
At 1 April 2015 (as restated)	2,343.6	250.7	128.8	2,723.1

	2016 £m	2015 £m
Expenditure on completed housing properties comprises the following:		
Capitalised costs in respect of existing properties	28.4	28.8
Costs charged to the Statement of Comprehensive Income	17.4	16.6
Total costs in year incurred on existing properties	45.8	45.4
Completed housing properties at net book value comprise:		
Freeholds	2,381.8	2,297.5
Long leaseholds	38.2	46.1
Total net book value of completed housing properties	2,420.0	2,343.6
The following amounts have been included within the fixed asset table above:		
Short leasehold office premises at net book value	0.2	0.2
Capitalised development administration costs included in additions in the year	4.9	7.7

Notes to the Financial Statements for the year ended 31 March 2016...continued

11 Tangible fixed assets – TGPL

	Housing properties			
	Completed rented £m	Shared ownership £m	Under construction £m	Total £m
Cost				
At 1 April 2015 (as restated)	2,782.7	267.0	133.6	3,183.3
Additions – components capitalised	25.5	-	-	25.5
Additions – properties under construction	-	-	72.3	72.3
Schemes completed	76.6	28.1	(104.7)	-
Disposals	(20.1)	(6.5)	-	(26.6)
At 31 March 2016	2,864.7	288.6	101.2	3,254.5
Depreciation and leasehold amortisation				
At 1 April 2015 (as restated)	(501.2)	(13.0)	-	(514.2)
Depreciation charge for year	(41.1)	(1.6)	-	(42.7)
Disposals	14.6	0.5	-	15.1
At 31 March 2016	(527.7)	(14.1)	-	(541.8)
Impairment				
At 1 April 2015 (as restated)	(8.3)	(3.3)	(4.8)	(16.4)
Schemes completed	(4.8)	-	4.8	-
Released in year	-	-	-	-
At 31 March 2016	(13.1)	(3.3)	-	(16.4)
Net book value				
At 31 March 2016	2,323.9	271.2	101.2	2,696.3
At 31 March 2015 (as restated)	2,273.2	250.7	128.8	2,652.7

	2016 £m	2015 £m
Expenditure on completed housing properties comprises the following:		
Capitalised costs in respect of existing properties	25.5	27.4
Costs charged to the Statement of Comprehensive Income	16.6	16.2
Total costs in year incurred on existing properties	42.1	43.6
Completed housing properties at net book value comprise:		
Freeholds	2,277.8	2,227.1
Long leaseholds	46.1	46.1
Total net book value of completed housing properties	2,323.9	2,273.2
The following amounts have been included within the fixed asset table above:		
Short leasehold office premises at net book value	0.2	0.2
Capitalised development administration costs included in additions in the year	4.9	7.7

12 Other tangible fixed assets

	Group		
	Freehold & leasehold offices £m	Plant, vehicles & equipment £m	Total £m
Cost			
At 1 April 2015	35.6	33.6	69.2
Additions	0.9	3.5	4.4
Disposals at cost	(3.9)	(2.4)	(6.3)
At 31 March 2016	32.6	34.7	67.3
Depreciation, impairment and leasehold amortisation			
At 1 April 2015	(11.6)	(15.5)	(27.1)
Depreciation charge for year	(1.2)	(5.6)	(6.8)
Impairment	0.1	-	0.1
Disposals	2.0	1.2	3.2
At 31 March 2016	(10.7)	(19.9)	(30.6)
Net book value			
At 31 March 2016	21.9	14.8	36.7
At 31 March 2015	24.0	18.1	42.1

	TGPL		
	Freehold & leasehold offices £m	Plant, vehicles & equipment £m	Total £m
Cost			
At 1 April 2015	33.4	31.2	64.6
Additions	0.9	3.0	3.9
Disposals at cost	(3.8)	(1.3)	(5.1)
At 31 March 2016	30.5	32.9	63.4
Depreciation, impairment and leasehold amortisation			
At 1 April 2015	(10.8)	(13.4)	(24.2)
Depreciation charge for year	(1.3)	(5.4)	(6.7)
Impairment	0.1	-	0.1
Disposals	1.9	0.3	2.2
At 31 March 2016	(10.1)	(18.5)	(28.6)
Net book value			
At 31 March 2016	20.4	14.4	34.8
At 31 March 2015	22.6	17.8	40.4

Notes to the Financial Statements for the year ended 31 March 2016...continued

13 Intangible assets

Group	Goodwill £m
Cost	
At 1 April 2015	2.4
Additions	-
At 31 March 2016	2.4
Amortisation	
At 1 April 2015	(0.6)
Charge for year	(0.4)
Impairment	(1.4)
At 31 March 2016	(2.4)
Net book value	
At 31 March 2016	-
At 31 March 2015	1.8

Goodwill arose on the acquisition of Live Well at Home Limited and Kylemore Limited, subsidiaries of Guinness Care and Support Limited. The balance of goodwill at 31 March 2015 was fully written off during the year.

14 Investment properties

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
At 1 April	2.0	2.0	1.3	1.3
Additions	-	-	0.1	0.1
Revaluation gains	0.1	0.1	0.6	0.6
At 31 March	2.1	2.1	2.0	2.0

Investment properties were valued at 31 March 2016 by Jones Lang LaSalle, professionally qualified valuers. The valuation was undertaken in accordance with the Royal Institute of Chartered Surveyors Valuation Standards.

15 Fixed asset investments

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Debt service reserve investments	32.9	32.9	23.3	23.3
Homebuy and equity loans	11.2	11.1	12.7	12.7
Other investments	-	-	0.3	0.3
	44.1	44.0	36.3	36.3

16 Investment in subsidiaries

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Guinness Developments Ltd	-	5.0	-	5.0
Guinness Housing Association Ltd	-	0.1	-	0.1
Guinness Homes Ltd	-	12.0	-	12.0
Hallco 1397 Ltd	-	27.0	-	-
	-	44.1	-	17.1

17 Acquisition of subsidiary

On 24 March 2016 the Group purchased 100% of the share capital of Hallco 1397 Limited. Hallco 1397 is registered in the United Kingdom and its principal business is the ownership of the freehold interest in a site in the City of London in which TGPL has a long leasehold interest. The fair value of the total consideration was £27.0 million which was settled in cash. Details of the fair value of the identifiable assets and liabilities acquired and purchase consideration are as follows:

Group and TGPL	Net Book Value prior to acquisition £m	Fair value on acquisition £m
Freehold interest acquired	2.3	30.4
Net liabilities acquired	(3.4)	(3.4)
	(1.1)	27.0
Satisfied by purchase of share capital for cash	-	27.0

No goodwill arose upon the acquisition. The purchase of Hallco 1397 is in line with the Group's Strategy of acquiring sites within its chosen geographic areas for future development.

18 Stock

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Properties completed for outright sale	54.8	0.3	4.0	0.6
Properties completed for shared ownership	3.8	3.8	6.9	6.9
Properties under development for outright sale	10.0	-	21.6	-
Properties under development for shared ownership	1.1	1.1	5.4	5.4
Stocks of maintenance materials	0.5	-	0.4	-
Total stock	70.2	5.2	38.3	12.9

19 Debtors

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Amounts falling due within one year				
Rents and service charges receivable	22.5	21.4	16.0	15.1
Less: provision for bad and doubtful debts	(11.6)	(11.3)	(8.9)	(8.6)
	10.9	10.1	7.1	6.5
Amounts due from subsidiary undertakings	-	49.5	-	23.5
Other debtors and prepayments	8.9	7.3	16.4	12.7
	19.8	66.9	23.5	42.7

20 Creditors: amounts falling due within one year

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Loans repayable within one year	23.9	23.8	9.3	8.4
Trade creditors	15.5	3.8	8.9	2.8
Taxation and social security	1.1	0.8	2.0	1.5
Amounts due to subsidiary undertakings	-	2.9	-	1.7
Social Housing Grant repayable	0.5	0.5	1.8	1.8
Other creditors	26.8	25.0	26.8	24.3
Accruals and deferred income	34.0	31.0	32.7	26.9
Government grants - deferred income	13.9	13.5	14.2	13.6
Disposal Proceeds Fund	0.2	0.2	0.1	0.1
Recycled Capital Grant Fund	6.3	5.6	4.9	4.3
	122.2	107.1	100.7	85.4

As at 31 March 2016 the Group and TGPL held £9.3 million (2015: £5.2 million) relating to tenants and leaseholders' sinking funds included within other creditors. These funds are held as cash.

21 Creditors: amounts falling due after more than one year

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Loans				
Repayable by annual instalments:				
Within one to two years	12.8	12.8	27.1	26.2
Within two to five years	56.9	56.9	50.8	47.4
In five years or more	603.9	597.9	610.5	595.7
	673.6	667.6	688.4	669.3
Repayable on maturity:				
Within two to five years	15.0	15.0	15.0	15.0
In five years or more	387.5	387.5	385.2	385.2
	1,076.1	1,070.1	1,088.6	1,069.5
Other loans	0.4	0.4	0.4	4.4
Bond issue premium	10.2	10.2	11.1	11.1
Bond issue discount	(0.5)	(0.5)	(0.5)	(0.5)
Loan issue costs	(7.8)	(7.8)	(8.3)	(8.3)
	1,078.4	1,072.4	1,091.3	1,076.2
Government grants - deferred income	1,164.8	1,131.2	1,172.8	1,136.9
Disposal Proceeds Fund	0.3	0.3	0.2	0.2
Recycled Capital Grant Fund	11.3	11.3	9.7	9.7
	2,254.8	2,215.2	2,274.0	2,223.0

Loan portfolio: During the year, the Group decreased its borrowing by £1.0 million and TGPL increased its borrowing by £13.7 million (2015: Group £60.5 million, TGPL £59.1 million). At 31 March 2016, total borrowing for the Group was £1,051.7 million and for TGPL was £1,046.4 million (2015: Group £1,052.7 million, TGPL: £1,032.7 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. TGPL maintains a Debt Service Reserve 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 Debt Service Reserves are shown within fixed asset investments (See note 15).

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

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 2016 is as follows:

	Financial liabilities £m	Undrawn facilities £m	Total facilities £m
As at 31 March 2016			
Less than one year	23.5	15.0	38.5
Within one to two years	28.3	11.8	40.1
Within two to five years	57.3	156.1	213.4
In five years or more	942.6	217.7	1,160.3
	1,051.7	400.6	1,452.3
As at 31 March 2015			
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

At 31 March 2016 80.2% (2015: 81.9%) of the Group's borrowing was at fixed rates of interest. TGPL's borrowing at fixed rates of interest was 80.3% (2015: 82.1%). The period for which interest rates are fixed is up to 31 years (TGPL: 31 years). The figures for financial liabilities above exclude a sale and lease back agreement of £0.3m (2015: £0.3 million).

Fixed rate maturities for the Group were as follows:

	Fixed rate maturities £m	Average interest %
As at 31 March 2016		
Less than one year	8.0	4.0%
Within one to two years	10.0	4.3%
Within two to five years	32.2	4.9%
In five years or more	792.8	6.2%
	843.0	6.1%
As at 31 March 2015		
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%

At 31 March 2016, 19.8% (TGPL: 19.7%) of borrowing was at variable rates of interest. The weighted average interest rate for all loans at 31 March 2016 including margin was 5.4% (TGPL: 5.4%).

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

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 2016 totalled £66.5 million (2015: £66.5 million) covering terms of between seven and twenty three years and option periods from three months to five years.

At 31 March 2016 transactions under ISDA Agreements totalled £112.0 million (2015: £112.0 million). The mark-to-market exposure on these was adverse to the value of £47.5 million (2015: £45.2 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 2016 of £132.6 million (2015: £138.1 million). The Harbour (Hermitage) £45 million debenture stock has a market value at 31 March 2016 of £54.9 million (2015: £58.1 million). The Northern Counties £110 million debenture has a market value at 31 March 2016 of £164.1 million (2015: £168.5 million). The Guinness Partnership Ltd £150 million secured bond issued on 24 October 2014 has a market value at 31 March 2016 of £158.8 million (2015: £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 2016, is estimated at £880.9 million (2015: £839.9 million).

22 Government grants – deferred income

The Group and TGPL have received government grants in order to provide social housing. The majority of these grants are Social Housing Grant, but the Group and TGPL have also received grants from Local Authorities and other Government bodies.

The grants have no explicit requirements to be repaid, but on disposal of properties to which they relate, there is an obligation to either recycle or repay the grant received in relation to the property.

	Group – Housing properties		
	Completed properties & equity loans £m	Under construction £m	Total £m
Social Housing Grant			
At 1 April 2015	1,276.3	51.6	1,327.9
Grant receivable	-	12.8	12.8
Grant transferred at completion	15.0	(15.0)	-
Grant transferred on disposals	(6.2)	-	(6.2)
At 31 March 2016	1,285.1	49.4	1,334.5
Other capital grants			
At 1 April 2015	114.4	5.3	119.7
Grant receivable	-	-	-
Grant transferred at completion	-	-	-
Grant transferred on disposals	-	-	-
At 31 March 2016	114.4	5.3	119.7
Amortisation			
At 1 April 2015	(262.7)	-	(262.7)
Released to income during the year	(13.8)	-	(13.8)
Transferred on disposals	1.0	-	1.0
At 31 March 2016	(275.5)	-	(275.5)
Net deferred income at 31 March 2016			
Deferred income to be released in less than one year	13.9	-	13.9
Deferred income to be released in more than one year	1,110.1	54.7	1,164.8
At 31 March 2016	1,124.0	54.7	1,178.7
Net deferred income at 31 March 2015			
Deferred income to be released in less than one year	14.2	-	14.2
Deferred income to be released in more than one year	1,113.8	56.9	1,170.7
At 31 March 2015	1,128.0	56.9	1,184.9

22 Government grants – deferred income...continued

	TGPL – Housing properties		
	Completed properties & equity loans £m	Under construction £m	Total £m
Social Housing Grant			
At 1 April 2015	1,227.7	51.4	1,279.1
Grant receivable	-	12.8	12.8
Grant transferred at completion	14.8	(14.8)	-
Grant transferred on disposals	(6.2)	-	(6.2)
At 31 March 2016	1,236.3	49.4	1,285.7
Other capital grants			
At 1 April 2015	114.4	5.3	119.7
Grant receivable	-	-	-
Grant transferred at completion	-	-	-
Grant transferred on disposals	-	-	-
At 31 March 2016	114.4	5.3	119.7
Amortisation			
At 1 April 2015	(248.3)	-	(248.3)
Released to income during the year	(13.4)	-	(13.4)
Transferred on disposals	1.0	-	1.0
At 31 March 2016	(260.7)	-	(260.7)
Net deferred income at 31 March 2016			
Deferred income to be released in less than one year	13.5	-	13.5
Deferred income to be released in more than one year	1,076.5	54.7	1,131.2
At 31 March 2016	1,090.0	54.7	1,144.7
Net deferred income at 31 March 2015			
Deferred income to be released in less than one year	13.6	-	13.6
Deferred income to be released in more than one year	1,080.2	56.7	1,136.9
At 31 March 2015	1,093.8	56.7	1,150.5

23 Recycled Capital Grant Fund and Disposal Proceeds Fund

Recycled Capital Grant Fund	**Group HCA £m**	**Group GLA £m**	**TGPL HCA £m**	**TGPL GLA £m**
At 1 April 2015	13.9	0.7	13.3	0.7
Inputs to fund:				
Grants recycled during the year	6.0	0.1	6.0	0.1
Interest added to the fund during the year	0.1	-	0.1	-
Recycling of grant:				
New build	(2.4)	(0.5)	(2.4)	(0.5)
Adjustments	(0.3)	-	(0.4)	-
At 31 March 2016	17.3	0.3	16.6	0.3
Amounts three years or older where repayment may be required	2.6	0.3	2.2	0.3

Disposal Proceeds Fund	**Group HCA £m**	**Group GLA £m**	**TGPL HCA £m**	**TGPL GLA £m**
At 1 April 2015	0.2	0.1	0.2	0.1
Inputs to fund:				
Grants recycled during the year	0.1	-	0.1	-
Interest added to the fund during the year	-	-	-	-
Recycling of grant:				
New build	-	-	-	-
Adjustments	-	0.1	-	0.1
At 31 March 2016	0.3	0.2	0.3	0.2
Amounts three years or older where repayment may be required	0.1	-	0.1	-

24 Share Capital

Allotted, called up and fully paid	**Group 2016 £**	**TGPL 2016 £**	**Group 2015 £**	**TGPL 2015 £**
At 1 April	7	7	8	8
Issued during the year	-	-	2	2
Cancelled during the year	(2)	(2)	(3)	(3)
At 31 March	5	5	7	7

The share capital of five ordinary shares of £1 each represents the nominal value of the shares.

25 Pension provision

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
LPFA	5.5	5.5	5.8	5.8
Unfunded scheme	0.4	0.4	0.4	0.4
Other	1.1	0.5	0.6	0.6
At 31 March	7.0	6.4	6.8	6.8

Further details of the provisions for the LPFA and the closed unfunded scheme are set out in Note 27.

26 Other provisions for liabilities

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Provision for future deficit payments – SHPS pension scheme	49.9	46.5	36.4	35.2
Other provisions	2.2	1.3	1.6	0.9
At 31 March	52.1	47.8	38.0	36.1
Other provisions:				
At 1 April	1.6	0.9	0.7	0.7
Provided during the year	1.1	0.6	1.3	0.6
Released during the year	(0.5)	(0.2)	(0.4)	(0.4)
At 31 March	2.2	1.3	1.6	0.9

Further details of the provisions for the SHPS scheme are set out in Note 27.

27 Pension obligations

The Group and TGPL 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 2016 amounted to £7.5 million (2015: £8.0 million).

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

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
SHPS	49.9	46.5	38.0	35.2
Defined benefit schemes	5.9	5.9	6.2	6.2
	55.8	52.4	44.2	41.4

Social Housing Pension Scheme (SHPS)

The Group participates in the SHPS scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

27 Pension obligations...continued

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

The Group 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. For these schemes future employer contributions will be equal to 18.1% of pensionable salaries.

The contributions payable by the Group during the accounting period, which were assessed in accordance with the advice of a qualified actuary, were equal to 15.2% (2015: 15.2%) of total pensionable salaries.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123 million, liabilities of £4,446 million and a deficit of £1,323 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme. A provision is recognised for the additional deficit contributions as set out below.

Present values of provision: reconciliation of opening and closing provisions

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Provision at start of period	38.0	35.2	39.1	36.2
Unwinding of the discount factor (interest expense)	0.7	0.6	1.1	1.0
Deficit contribution paid	(4.3)	(3.9)	(4.1)	(3.8)
Re-measurement - impact of any changes in assumptions	(0.3)	(0.3)	1.8	1.7
Re-measurement - amendments to the contribution schedule	15.8	14.9	-	-
Provision at end of period	49.9	46.5	38.0	35.2

Recognition in Statement of Comprehensive Income

The amounts recognised in relation to SHPS in the Statement of Comprehensive Income are as follows:

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Interest expense	0.7	0.6	1.1	1.0
Re-measurement - impact of any changes in assumptions	(0.3)	(0.3)	1.8	1.7
Re-measurement - amendments to the contribution schedule	15.8	14.9	-	-
	16.2	15.2	2.9	2.7

27 Pension obligations...continued

Other defined benefit pension schemes

The Group and TGPL also contributes to two defined benefit pension schemes where the 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 2016 on an FRS 102 basis.

The defined benefit pension liability comprises the following schemes:

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
London Pensions Fund Authority	5.5	5.5	5.8	5.8
Unfunded scheme	0.4	0.4	0.4	0.4
	5.9	5.9	6.2	6.2

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

	2016 p.a.	2015 p.a.
Group		
Price increases	3.4%	3.7%
Salary increases	4.3%	4.4%
Pension increases	2.5%	2.5%
Discount rate for scheme liabilities	3.8%	3.5%
TGPL		
Price increases	3.4%	3.7%
Salary increases	4.3%	4.4%
Pension increases	2.5%	2.5%
Discount rate for scheme liabilities	3.8%	3.5%

27 Pension obligations...continued

The Group and TGPL's employer asset shares are set out below:

	2016 £'000	2016 %	2015 £'000	2015 %
Group				
Equities	4,512	47%	4,132	43%
LDI / Cashflow matching	985	10%	715	8%
Target Return Portfolio	2,066	21%	2,754	29%
Infrastructure	532	5%	472	5%
Commodities	43	0%	89	1%
Property	347	4%	270	3%
Cash	1,228	13%	1,094	11%
Total	9,713	100%	9,526	100%
TGPL				
Equities	4,512	47%	4,132	43%
LDI / Cashflow matching	985	10%	715	8%
Target Return Portfolio	2,066	21%	2,754	29%
Infrastructure	532	5%	472	5%
Commodities	43	0%	89	1%
Property	347	4%	270	3%
Cash	1,228	13%	1,094	11%
Total	9,713	100%	9,526	100%

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

	2016 £'000	2015 £'000
Group and TGPL		
Estimated employer assets	9,713	9,526
Present value of scheme liabilities	15,259	15,375
Present value of unfunded liabilities	346	376
Total value of liabilities	15,605	15,751
Pension provision	5,892	6,225

27 Pension obligations...continued

Recognition in Statement of Comprehensive Income

The amounts recognised in relation to the other defined benefit schemes in the Statement of Comprehensive Income are as follows:

	2016 £'000	2015 £'000
Group and TGPL		
Service cost	(1,105)	(1,063)
Current service cost	-	(70)
Net interest on the defined liability/(asset)	(206)	(137)
Interest on pension scheme liabilities	(10)	(283)
Expected return on pension scheme assets	-	230
Past service cost	-	(10)
Settlement costs	-	1,080
Gains/(losses) on curtailments	-	(954)
Administration expenses	(14)	(9)
Total surplus/(deficit)	(1,335)	(1,216)

The amounts recognised in relation to the other defined benefit schemes in Other Comprehensive Income are as follows:

	2016 £'000	2015 £'000
Group and TGPL		
Return on fund assets in excess of interest	(413)	175
Change in financial assumptions	1,355	(2,496)
Experience gain/(loss) on defined benefit obligation	4	534
Re-measurement of the net assets/(defined liability)	946	(1,787)

Reconciliation of defined benefit obligation

	2016 £'000	2015 £'000
Group and TGPL		
Opening defined benefit obligation	15,751	20,612
Current service cost	529	504
Interest cost	554	752
Actuarial losses/(gains) and changes in financial assumptions	(1,359)	2,712
Losses on curtailments	-	954
Scheme cessation	-	(12,820)
Liabilities on settlements	-	3,010
Estimated unfunded benefits paid	(27)	(28)
Estimated benefits paid	(534)	(97)
Past service cost	576	10
Contributions by members	115	142
Closing defined benefit obligation	15,605	15,751

27 Pension obligations...continued

Reconciliation of fair value of employer assets

	2016 £'000	2015 £'000
Group and TGPL		
Opening fair value of employer assets	9,526	12,851
Expected return on plan assets	-	230
Interest on assets	338	332
Return on assets less interest	(413)	175
Actuarial gains/(losses)	-	750
Administration expenses	(14)	(9)
Contributions by employers	695	1,977
Contributions by members	115	142
Estimated benefits paid	(534)	(97)
Settlements	-	2,381
Scheme cessation	-	(9,206)
Closing fair value of employer assets	9,713	9,526

The 2015 pension values include in-year movements for LPFA schemes for Guinness Hermitage and Guinness Care & Support which were closed in March 2015. These were accounted for under FRS 17 whereas the remaining LPFA scheme has been restated under FRS 102.

28 Notes to the statement of cashflows

	Group 2016 £m	TGPL 2016 £m	Group 2015 restated £m	TGPL 2015 restated £m
Cashflow from operating activities				
Operating surplus for the year	124.2	101.3	100.2	90.2
Adjustments for non-cash items:				
Depreciation of tangible fixed assets	56.0	49.5	46.1	44.0
Amortisation of deferred government grant	(13.8)	(13.4)	(13.9)	(13.6)
(Increase)/decrease in stock	(31.8)	7.8	(15.5)	(5.7)
(Increase)/decrease in trade and other debtors	(1.4)	(24.5)	(3.7)	(11.7)
Increase/(decrease) in trade and other creditors	13.4	8.5	(15.9)	(16.1)
Adjustments for other operating activities:				
Gift aid received	-	10.8	-	1.0
Net cash inflow from operating activities	**146.6**	**140.0**	**97.3**	**88.1**

29 Capital commitments

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Capital expenditure that has been contracted for but has not been provided for in these financial statements	96.5	91.2	150.1	113.3
Capital expenditure that has been authorised by the Board but has not been contracted for	59.0	46.9	49.1	42.4
	155.5	138.1	199.2	155.7

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 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Social Housing Grant	7.0	7.0	11.6	11.6
Loan finance	-	28.6	75.3	75.3
First tranche sales/outright sales	89.5	55.6	63.2	26.4
	96.5	91.2	150.1	113.3

30 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 Statement of Comprehensive Income or considered material to the accounts.

31 Operating leases

The Group leases some of its office accommodation on non-cancellable operating leases.

At 31 March 2016, the Group had minimum lease payments under such leases as set out below:

	Group 2016 £m	TGPL 2016 £m	Group 2015 £m	TGPL 2015 £m
Operating leases which expire:				
Within one year	4.8	3.9	5.0	4.3
In two to five years	4.7	3.1	5.9	4.6
After five years	1.0	0.7	1.1	1.0
As at 31 March 2016	10.5	7.7	12.0	9.9

Notes to the Financial Statements for the year ended 31 March 2016...continued

32 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:

	Units/bed spaces Group		Units/bed spaces TGPL	
	2016 Number	2015 Number	2016 Number	2015 Number
Agency:				
Sunshing International Ltd	203	203	203	203
Homes For Change	75	75	75	75
MENCAP	52	52	52	52
Turning Point	49	45	49	45
Bangla	41	42	41	42
Home Group	40	-	40	-
Mears Care Limited	40	40	40	40
Creative Support	39	45	39	45
Derby City Homes	33	33	33	33
Community Integrated Care	31	20	31	20
Framework Housing Association	31	31	31	31
Sheffield Health & Social Care	31	-	31	-
DISC	30	30	30	30
Rooftop	29	-	29	-
Stoneleigh Management Ltd	-	60	-	60
Stonham Housing Association	-	46	-	46
RMG	-	42	-	42
Others	550	498	516	458
	1,274	1,262	1,240	1,222

33 Subsidiary undertakings

Subsidiary	Note	Status	Activity
City Response Limited	a	Registered under the Companies Act 2006	Property Maintenance Services
Devon Sheltered Homes Trust	c	Registered Charity	Provision of Care and Support Services
Guinness Care and Support Limited		Registered Provider	Provision of Care and Support Services
Guinness Developments Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Homes Limited	a	Registered under the Companies Act 2006	Property Development
Guinness Housing Association Limited		Registered Provider	Supplier of Social Housing
Hallco 1397 Limited	a	Registered under the Companies Act 2006	Property Development
Independent Home Life Services Limited	d	Registered under the Companies Act 2006	Provision of Care Services
Kylemore Care Services Limited	b	Registered under the Companies Act 2006	Provision of Care Services
Live Well at Home Limited	b	Registered under the Companies Act 2006	Holding company

33 Subsidiary undertakings...continued

a) City Response Limited, Guinness Homes Limited, Guinness Developments Limited and Hallco 1397 Limited are private companies limited by shares and of whom The Guinness Partnership Limited is the parent entity.

b) Live Well at Home Limited and Kylemore Care Services Limited are wholly owned subsidiaries of Guinness Care and Support Limited.

c) Guinness Care and Support Limited is the Corporate Trustee of Devon Sheltered Homes Trust.

d) Independent Home Life Services Limited is a wholly owned subsidiary of Live Well at Home Limited.

34 Related party transactions

At 31 March 2016, there was one member (2015: 1) 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 as set out below:

	Services received 2015/16 £'000	Services provided 2015/16 £'000	Debtor/ (Creditor) balances as at 31 March 2016 £'000
Regulated			
Guinness Care and Support Limited	3,316	1,338	1,282
Guinness Housing Association	-	412	2,356
Non-Regulated			
Guinness Developments Limited	42,680	2,302	10,118
Guinness Homes Limited	-	2,146	14,742
Hallco 1397 Limited	-	-	-
City Response Limited	30,552	1,876	955
			(2,898)
Devon Sheltered Homes Trust	-	-	24

The debtor balances above include amounts payable to TGPL for approved Gift Aid for the year ended 31 March 2016.

TGPL have equity investments in and authorised loan facilities made available to Guinness Developments Limited (GDL), Guinness Homes Limited (GHL), City Response Limited (CRL) and Hallco 1397 Limited (Hallco). The equity investments at 31 March 2016 and 31 March 2015 were GDL £5.0m, GHL £12.0m and CRL £100. In addition, the equity investment in Hallco at 31 March 2016 was £27.0m (2015: £nil). The loan facilities provided by TGPL to the subsidiaries at arms length terms were GDL £25.0m, GHL £45.0m, CRL £1.0m and Hallco £5.0m (2015: GDL £25.0m, GHL £45.0m). Only GHL and Hallco had drawn on these facilities at 31 March 2016, balances being £16.0m and £3.1m respectively (2015: GDL £9.4m).

Guinness Care & Support (GCS) have a £2.5m revolving credit facility with TGPL of which £nil was drawn at 31 March 2016 and Devon Sheltered Homes Trust have £1.5m facility of which £0.5m was drawn at the year end. At 31 March 2015, TGPL had a loan of £4.0m from GCS, which was repaid during the year. 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.

In 2015, The Guinness Partnership Limited paid Penny Hayes Associates £263 for work carried out during that year by Penny Hayes, a Guinness Care and Support Limited Board Member, mainly relating to advice on HR matters.

Launds Field
Galgate, Lancashire

The Guinness Partnership Limited Executive Team


Catriona Simons


Ian Joynson


Jon Milburn


Paul Rennard


Paul Roberts


Paul Watson


Peter Hedderly


Sarah Thomas


Stephen Snead

Catriona Simons

Group Chief Executive
Appointed: **December 2009**
Appointed Group Chief Executive: **July 2015**

Ian Joynson

Executive Director of Asset Management
Appointed: **November 2014**

Jon Milburn

Group Development Director
Appointed: **June 2016**

Paul Rennard

Group Finance Director
Appointed: **July 2015**

Paul Roberts

Executive Director of Property Services
Appointed: **June 2012**

Paul Watson

Managing Director, Guinness Care and Support Limited
Appointed: **December 2007**

Peter Hedderly

Executive Director of Business Change and IT
Appointed: **July 2015**

Sarah Thomas

Executive Director of Customer Services
Appointed: **January 2016**

Stephen Snead

Executive Director of Strategy and Communications
Appointed: **July 2015**

Castle Court

Sheffield, South Yorkshire

The Guinness Partnership Limited Board

Neil Braithwaite

Chair (from 10.03.16)
The Guinness Partnership Limited

Appointed: **17.10.13**
Effective from: **01.11.13**

Member of the Remuneration and Nominations Committee; Board Member of 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.

Catriona Simons

Appointed: **01.10.12**
Effective from: **01.10.12**

Chief Executive, The Guinness Partnership Limited; Member of the Service and Performance Committee; Member of the Health, Safety and Environmental Committee; Board Member of Guinness Developments Limited; Board Member of Guinness Homes Limited; Board Member of Guinness Housing Association Limited; Board Member of Guinness Care and Support Limited; Board Member of City Response Limited; Board Member of Hallco 1397 Limited.

Mike Petter

Appointed: **13.02.14**
Effective from: **01.03.14**

Member of the Remuneration and Nominations Committee; Member of the Group Audit and Risk Committee; Chair of the Health, Safety and Environmental Committee; Board Member of Guinness Housing Association Limited; Board Member of Guinness Care and Support Limited; Chartered Engineer; Director and Chairman of the Considerate Constructors Scheme.

Amanda Ellingworth

Chair (to 10.03.16)
The Guinness Partnership Limited

Appointed: **02.04.07**
Resigned: **10.03.16**

Member of the Remuneration and Nominations Committee; Member of the Service and Performance Committee; Member of the Home Ownership Committee; Board Member of 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.

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 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.

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 Guinness Housing Association Limited Board; Board Member of Guinness Care and Support Limited; Former CEO and Managing Director of Oxbode Housing Association; Trustee of First Base (London); Board Member of Severn Vale Housing Society.

Samantha Pitt

Appointed: **12.02.15**
Effective from: **01.03.15**

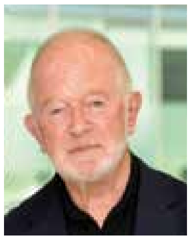
Chair of the Group Audit and Risk Committee; Member of the Remuneration and Nominations Committee; Board Member of Guinness Housing Association Limited; Previously worked for the Strategic Rail Authority (a Government Agency); Group Treasurer Network Rail and a trustee of all its pension schemes, a director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

Simon Dow

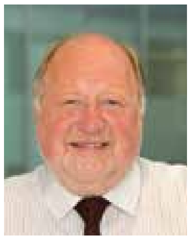
Appointed: **01.10.12**
Resigned: **24.07.15**

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 Guinness Housing Association Limited; Board Member of City Response Limited; Board Member of Reall (formerly Homeless International); Chair of London Housing Foundation; Chair of Dolphin Square Housing Trust.


Neil Braithwaite


Peter Cotton


Catriona Simons


Jim Dickson


Mike Petter


Samantha Pitt


Amanda Ellingworth


Simon Dow

Registered Office, Principal Advisors and Lenders

Registered Office

The Guinness Partnership Limited
30 Brock Street
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London
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Statutory Auditor

Nexia Smith & Williamson
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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

West Gorton

West Gorton, Manchester

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