Financial Statements

2016-2017

AmicusHorizon

Making homes, helping people

Contents

Board Members, Executive Officers and Advisers	4
Board Members, Executive Officers and Advisers	5
Chairman’s Statement	6
Report of the Board of Management & Strategic Report	8
Independent Auditors Report to the members of Optivo	32
Statement of comprehensive income	34
Statement of changes in reserves	35
Balance sheet	37
Consolidated Statement of cash flows	38
Notes to the Financial Statements	39

Board Members, Executive Officers and Advisers

The Strategic Board AmicusHorizon Limited at 31 March 2017

Lord Charles Falconer of Thoroton	Chair Resigned 22 May 2017
Steve Douglas	Vice-Chair
David Clifford	
Paul Crouch	
Michael Davis	Resigned 22 May 2017
David Oliver	Resigned 22 May 2017
Neil Robertson	Resigned 22 May 2017
Beverley Spear	Resigned 22 May 2017
Nick Stephenson	
Andrew Wiseman	

Strategic Executive Team at 31 March 2017

Paul Hackett	Group Chief Executive
Kate Dodsworth	Executive Director People and Strategy
Sarah Smith	Executive Director Finance & Resources
Mark Miles Lea	Executive Director Commercial
Jane Porter	Executive Director Operations

Secretary & registered office

Alison Wignall
Grosvenor House
125 High Street
Croydon
Surrey CR0 9XP

Advisers to the AmicusHorizon Board

Statutory Auditors
BDO LLP
55 Baker Street
London W1U 7EU

Principal Bankers
Barclays Bank Plc
1 Churchill Place Canary Wharf
London E14 5HP

Principal Solicitors
Trowers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Devonshires
30 Finsbury Circus
London EC2M 7DT

Board Members, Executive Officers and Advisers

Optivo Board at 19 July 2017

Sir Peter Dixon	Chair Appointed 22 May 2017
Steve Douglas	Vice-Chair Appointed 22 May 2017
Florence Barras	Appointed 22 May 2017
David Clifford	Appointed 22 May 2017
John Cox	Appointed 22 May 2017
Howard Cresswell	Appointed 22 May 2017
Paul Crouch	Appointed 22 May 2017
Vishal Dixit	Appointed 22 May 2017
Samantha Herelle	Appointed 22 May 2017
Peter Roscrow	Appointed 22 May 2017
Nick Stephenson	Appointed 22 May 2017
Andrew Wiseman	Appointed 22 May 2017

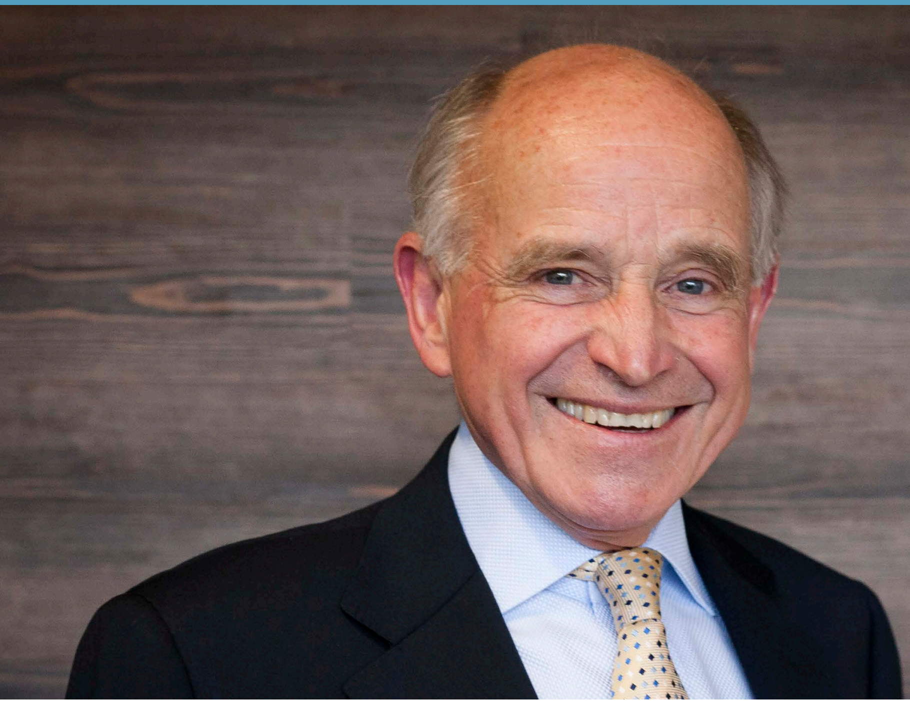
Optivo Executive Team at 19 July 2017

Paul Hackett	Group Chief Executive
Nick Apetroaie	Deputy Chief Executive
Neal Ackcral	Executive Director Property & Asset Management
Kate Dodsworth	Executive Director People and Strategy
Mark Miles Lea	Executive Director Development & Sales
Jane Porter	Executive Director Operations
Jo Robinson	Executive Director Governance & Compliance
Sarah Smith	Executive Director Finance & Resources
Kerry Tromanhauser	Executive Director Transformation & Innovation

Secretary

Jo Robinson	Appointed 22 May 2017

Chairman's Statement



2016/17 was AmicusHorizon's final year ahead of amalgamating with Viridian Housing, to form Optivo and as Chair of the new organisation I am delighted to introduce this report.

It is entirely fitting that Lord Falconer's last year as chair of AmicusHorizon should be its best year ever.

Some of the highlights are listed below:
- Largest ever surplus of £69.6m
- Highest operating margin at 33%
- Resident satisfaction at 99.26%
- Net promoter score of 71.58
- 37.3% of households under the age of 70 signed up to MyAccount
- 523 people progressing into jobs and further training
- Provided community social impact to the value of £33m.

We've grown through our organic development programme; handing over 184 new homes into management. We started 588 homes on site. We also acquired 277 homes in London having been chosen by Southwark and London Diocesan Housing Association as the best partner to protect its legacy and values. We also took back the management of 473 homes at the St Martin's Estate in Lambeth from another association. We reset our financial plans following the 2015 budget announcement to reduce rents by 1% per annum until 2020. To support our plans we delivered £5m of recurring efficiencies in 2016/17.

Changes in welfare benefits have a significant impact on our residents. This year we supported 4,178 people on community programmes. 523 people progressed into jobs or further training and 363 residents achieved new job starts. We obtained £200k grant funding from the Money Advice Service for a 12 month project to support residents to find better ways of budgeting. The project will also support residents to adopt a more flexible rent format in order to help manage their finances at 'pinch points' during the year.

Lord Falconer and the AmicusHorizon Board have invested a huge amount of time and energy in creating such a successful organisation, setting a strong base from which to launch Optivo. With the merger of AmicusHorizon and Viridian Housing completing in May 2017 I'm delighted to be taking over as Chairman of the newly formed association.

We're hugely excited to be working together with our residents to make a real difference to people's lives. We're about Building Homes, Making Places, Enhancing Lives with residents at the heart of all we do. We've set out our ambitious objectives in our strategic plan. These are to:
- Provide sector leading services
- Value our people
- Maximise our social impact
- Ensure a sustainable business.

Chairman's Statement

£70m Annual Surplus	**3.28%** Current Arrears	**34%** Operating Margin (Social housing)
SHIFT Gold – Environmental sustainability	**Outstanding landlord of the year**	
363 residents in to new job starts	**15 days** Relet Time	**0.56%** Rent Loss from empty homes

We recognise how important it is to meet housing need and to create safe and sustainable communities for our residents. Optivo plans to invest £3.5bn in new homes over the next ten years to achieve an ambitious growth programme. This puts us in a powerful position to play our part in tackling the housing crisis. We're committed to providing a range of housing products and tenures including homes that are truly affordable to those on the lowest incomes. Our financial parameters will ensure we manage increasing exposure to risk. We're committed, however, to remaining true to our social housing purpose with over 80% of our new build programme providing new affordable rented or shared ownership homes. Building homes for private sale is a means to an end given the reduction in public subsidy.

We're very pleased Moody's have upgraded Optivo to A1 following merger. This reflects the fact the Optivo business will deliver strong social housing interest cover, lower overall gearing and managing risks associated with merger.

We're committed to delivering value for money across all parts of our business. The Government has challenged housing associations to improve efficiency and deliver solutions to the housing crisis. As a new consolidated business we can work more efficiently. Optivo plans to deliver £10m recurring savings per annum from 2020 which we are only able to deliver as a result of the merger. Continuing to innovate through making the best use of technology, rolling out mobile working across the new business and expanding self-service options will help reduce cost and enhance services to residents.

Working together as one team with residents we'll be "Building Homes, Making Places, Enhancing Lives". Our success will be measured by the promises we keep to transform the lives of our residents and make colleagues proud to work for us.

Sir Peter Dixon
Chair of the Optivo Board

Report of the Board of Management & Strategic Report

Management presents its report incorporating the strategic report and audited consolidated financial statements for AmicusHorizon Limited (AHL) and its subsidiary undertakings for the year ended 31 March 2017. These consolidated accounts are also available on our website **www.optivo.org.uk**.

Principal activities and review of the business
AHL was the parent of the Group through which we delivered most of our business up to 22 May 2017 when we merged with Viridian Housing to become Optivo. We continue to take great pride in giving people the keys to their new home. We're passionate about providing people with a place to call home and meeting a range of housing needs.

AmicusHorizon provided 26,000 homes for 60,000 people in housing need across London, Kent and Sussex, offering a range of housing choices including affordable homes, shared ownership and extra care. AmicusHorizon started 588 homes and completed 184 new homes in 2016/17. At 31 March 2017 AmicusHorizon were in contract to deliver 703 homes across 26 sites, with remaining capital commitments on these sites of £97m. At March 2017 we had assets of £1.5 billion, reserves totalling £125m and an annual turnover of £188m. We are part of the g15, the 15 largest housing associations in London.

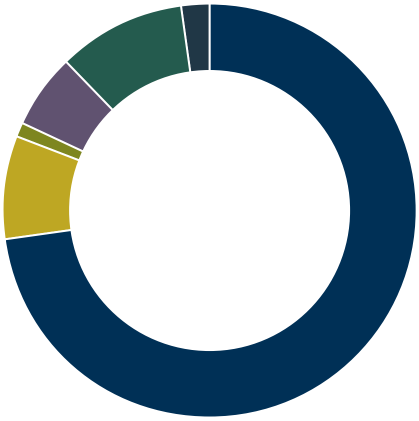
In August 2016 we completed a transfer of engagements with Southwark and London Diocesan Housing Association ("SLDHA"). SLDHA's 277 homes, residents and staff joined AmicusHorizon. In March 2017 we took back management of 473 properties on St Martins Estate in Lambeth from Metropolitan Housing Trust. These transactions gave rise to fair value gains of £21m.

Turnover from our social and other activities for the year ended March 2017 is shown below:

Core Social Housing Activity	Turnover
General needs housing for rent and supported housing and care - Families unable to rent or buy at open market rates, housing for older people and people needing additional housing related support or care	£139.4m
Temporary social housing – to support local authorities in addressing homelessness	£1.5m
Affordable home ownership – residents purchase an equity share in their home and pay rent on the remainder	£14.6m
Economic and community regeneration services	£0.3m
First tranche sales	£6.9m
Other Activities (including fair value gains of £21m)	£25.4m
Total	**£188.1m**

Report of the Board of Management & Strategic Report

Homes in management



- General needs 73%
- General needs - affordable 8%
- Temporary 1%
- Support & older people 6%
- Lost cost home ownership 10%
- Non social & other housing 2%

Strategic goals

AmicusHorizon's mission statement was 'Making homes, helping people'. We focused on improving residents' lives and delivering the best services, spending our money wisely and delivering value for money. Our close working with Residents' Council and Area Panels helped us maintain a local presence and a relentless focus on customer service. Our resident focus, strength as a large organisation and local authority partnership working helped us deliver what mattered most to residents locally. Our core values underpinned our mission. They were Service, Trust, Accountability and Respect.

Our objectives from April 2017 to March 2020

Our new strategy as Optivo is to unlock the potential of our residents, people and business. This means increased capacity to build more homes, preserving resident loyalty and improving efficiency. Our objectives and targets for Optivo are summarised below.

	2017-18	2018-19	2019-20
OBJECTIVE 1: Provide sector leading service			
Target: Residents Recommend us (Net Promoter Score)	50	52	55
Target: Residents online	40%	50%	60%
OBJECTIVE 2: Value our people			
Target: Staff say we are great employer	70%	75%	80%
Target: Staff proud to work for us	70%	75%	80%
OBJECTIVE 3: Maximise our social impact			
Target: New homes and commercial bed spaces	691	1,555	1,453
Target: People into jobs and training	870	870	870
OBJECTIVE 4: Ensure a sustainable business			
Target: Operating margin	29%		
Target: Sustainable Homes for Tomorrow Award			Gold

Principal risks and uncertainties

To develop our business as AmicusHorizon and continuing as Optivo, we expose ourselves to risk but in a controlled manner. We maintain a strategic risk register which the Board and Audit Committee scrutinise at each meeting. The strategic risk register is supported by a series of 'operational' risk registers which relate either to teams or particular projects in the business. We link the operational and strategic risks and report on risk causes as well as impacts.

The risk maps are updated at least quarterly. Operational risk map owners give assurance statements to confirm their risk maps are up to date and reflect the risk environment in which we operate.

We have a Risk Group. Their role is to review and monitor all operational risk registers, identify risks which may need escalating in the business and encourage risk owners to identify risks which might prevent them achieving their objectives.

We define strategic risks as 'threats which if they occur could materially impact the long term viability of the business, or which could cause significant derailment, such that strategic objectives are not delivered". In scoring the risk we focus on the likelihood, causes, controls and mitigations of the risk.

AmicusHorizon's strategic risks at 31 March 2017 are set out below:

Risk 1	Pension liabilities
Risk 2	Fall in house prices and asset valuations
Risk 3	Implementation of voluntary Right to Buy
Risk 4	Funding environment and covenant compliance
Risk 5	Cost Inflation
Risk 6	Information security failure
Risk 7	Significant breach in regulatory/H&S standards
Risk 8	Viridian integration including lender consent
Risk 9	Change in government policy
Risk 10	Low staff motivation, instability and key people leaving the business
Risk 11	Welfare benefit reforms

We managed these risks through our risk strategy and taking a range of actions including:

- Using prudent financial planning assumptions which are reviewed and signed off annually by Strategic Board
- Pensions Task Group – a sub group of the Board overseeing the pensions workplan
- Operating a targeted approach to income collection based on risk factors
- Maintaining relationships with Department for Work and Pensions and National Housing Federation at both local and national levels
- Having no sales reliance to deliver against funding covenants
- Having extra strategies in place for new developments
- Regularly monitoring operational performance to enable early intervention / action
- Delivering compulsory data protection training and reviewing policies
- Having in place an information governance framework with named information asset owners
- Having in place a health & safety group to monitor performance and ensure compliance with legislative requirements
- Having a range of performance management tools in place including having a strong organisational development offer
- Delivering against a prudent treasury strategy to manage liquidity and monitor cash flow
- Optivo Board and Executive team will continue to monitor, manage and develop the risk strategy.

Report of the Board of Management & Strategic Report

About Optivo
We're a major housing association providing over 44,000 homes for 90,000 people in London, the Midlands, and South East England. We are working with residents, local authorities, and partners to meet housing need, and to create safe, sustainable communities for our residents. We are also helping residents make the most of their lives through jobs, training, financial and digital inclusion.

We've agreed our business plan for the new Association. The plan sets out our financial goals and targets and how we will improve effiency. Our model is based on:
- Focussing on core geographical business areas
- Focussing on our core business of social rented homes
- Driving out waste, improving value for money
- Making the best use of our homes through our disposals and replacement programme.

We expect new completions to rise from 2017/18 reflecting the current grant funding cycle and our ambition to significantly boost development expenditure to take advantage of the additional capacity which will come from the Viridian merger.

Future prospects
Our merger with Viridian puts Optivo in a strong position to deliver our vision with purpose. We've reviewed funding streams and will be increasing the number of new homes we develop including homes for open market sale. By 2020 we aim to be a major mixed tenure regional developer building homes for people on a range of incomes. We'll pursue grant funding for schemes where possible.

We'll continue to work with residents, stakeholders, and Government to respond positively to the new challenges and the housing crisis. Our strategy will help us to maintain resident loyalty, ensure staff are productive and engaged, and drive greater efficiency.

The Housing White Paper introduced in February 2017 promises to fix Britain's broken housing market. We've submitted a response on the main areas affecting us:
- Commitment to a new rent standard from 2020 for the social housing sector
- A challenge from government to housing associations to improve efficiency and build more. This includes driving efficiency through mergers or partnerships with other associations
- The Social Housing Regulator will be a stand-alone body
- Continued commitment to deregulatory measures needed for housing associations to be classified as private sector bodies.

The Government has put in place voluntary Right to Buy (VRTB) pilots to help test critical features of the scheme and ensure a smooth experience for tenants once it's rolled out more widely. The second pilot phase will last a year and will test one for one replacement and portability. The Government continues to make significant changes to welfare benefits, lowering the benefit cap and rolling out of Universal Credit (UC). We'll continue to provide residents with help and support through these changes.

We have made significant investment in recent years in how we deliver maintenance, ICT and process mapping to better provide customers with a 'Right First Time' response. This has the added benefit of improving value for money. We'll continue our investment in technology to further reduce our cost per unit.

Report of the Board of Management & Strategic Report

Development and performance during the financial year
2016/17 was a fantastic year, delivering all bar one of our 'unlocking potential' targets and achieving our best ever financial results.

- Net promoter score target 50%, achieved 71.58%
- 35% of our residents using services online target 35%, achieved 37.28%
- 8 out of 10 residents find it easy to get the help they need, achieved 8.87
- 30% operating margin, achieved 33%
- Our people saying they have the right tools to deliver great service – 7.65 against target of 8 out of 10
- Our people say AmicusHorizon makes a positive difference 9.44 against target of 9 out of 10
- New homes programme 588 starts on site against a target of 529 (184 completions).

Our successes have been rewarded this year, here are just some of our achievements:

- UK Housing Awards 2017, winner Outstanding Landlord of the Year
- Kent in Business Award for the Neighbourhood Furniture Store
- SHIFT Gold for our performance on environmental sustainability
- The CIH Awards - Money Matters Team, Best outcome for residents
- The National Home Improvement Council (NHIC) Annual Awards - Home Improvements with Community Benefit
- UK Customer Experience Awards - Best Small Contact Centre (Can Do Culture)
- Global Business Excellence Award - Outstanding Community Initiative
- Kent Housing Group awards - Angela Palmer, Resident Champion of the Year
- Business in the Community Awards - Unipart Inspiring Young Talent Award (small business) Housing Association National Accountancy (HANA) Awards - Sarah Smith (joint Finance Director & Overall Winner)
- Housing Association National Accountancy (HANA) Awards - Best Value for Money
- Housing Association National Accountancy (HANA) Awards - Innovation in Financial Technology/Software
- RoSPA Gold Award.

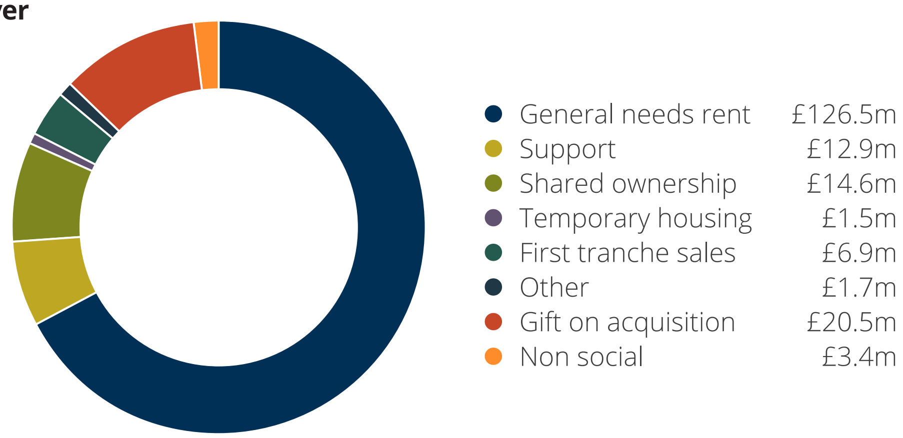
Financial position at the year end
We are pleased to report continuing improvement in operating surplus to £99m, a £31m increase on 2015/16 (2015/16 restated £68m). £21m of this is from gains arising from the fair value of assets and liabilities acquired as part of the SLDHA business combination and the disbanding of the St Martin's Community Partnership. Our operating margin, which shows how much of our income is left after operating expenses, increased from 29% to 33% (38% excluding acquisition gains). Our social housing activities generated an operating margin of 34.4% (2015/16 30.1%). Our operating surplus includes a £22m surplus on housing property disposals (2015/16 £20m). Our surplus before tax of £69m is £30m higher than in 2015/16 (2015/16 £39m). For the fifth year running our surplus generated before sales is sufficient to cover interest costs.

Results

	2016/17 £m	2015/16 £m	2014/15 £m	*2013/14 £m	*2012/13 £m
Turnover	188	171	166	159	157
Cost of sale	(6)	(9)	(3)	(4)	(3)
Operating costs	(105)	(113)	(119)	(117)	(121)
Surplus on disposal of fixed assets	22	20	19	10	15
Operating surplus	**99**	**69**	**63**	**48**	**48**
Surplus on other sales	-	-	-	-	-
Net interest payable	(30)	(32)	(32)	(31)	(30)
Fair value movements	1	2	2	-	-
Surplus for the year	**70^**	**39**	**33**	**17**	**18**

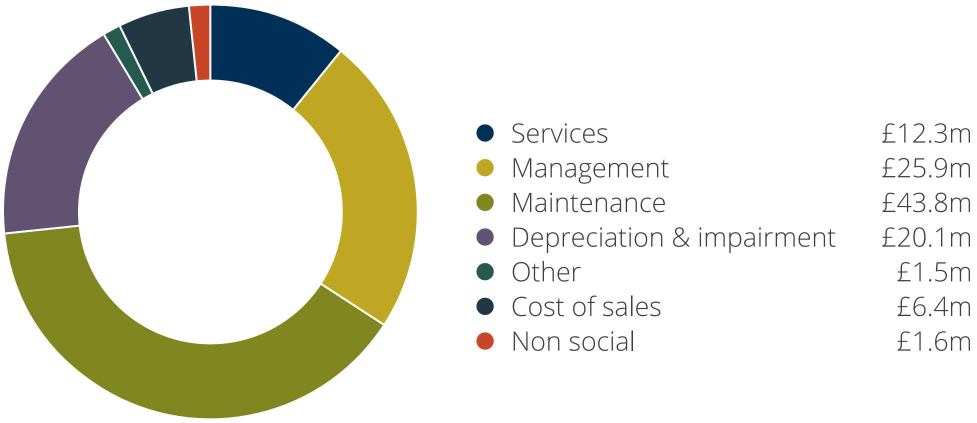
*2013/14 and 2012/13 are not re-stated under FRS 102.
^Includes £21m fair value gains.

Analysis of turnover



- Turnover (excluding £6.9m first tranche sales and £20.5m gift on acquisition) increased by 1% from £159.6m to £160.6m. This increase is after applying the one percent rent decrease and reflects increased rental income from an increase in unit numbers. 74% of total turnover is from rent and service charges with 98% generated from social housing activities
- First tranche sales – turnover decreased from £10.9m to £6.9m in 2016/17 reflecting a fall in volume of shared ownership homes in our development programme mix
- General needs and supported housing turnover increased by £3.5m (2.6%), reflecting an increase in unit numbers and conversions to affordable rent
- Temporary social housing turnover decreased by £1m (40.1%) to £1.5m. We've been exiting this service since November 2014. We are managing just over 400 less temporary housing properties than in 2014/15
- Non social housing activities include community development, market and sub market renting and commercial units. Turnover increased from £2.7m to £3.4m
- Service charge income of £13.5m shows a surplus over costs of £1.2m (2015/16 £0.4m)
- We invested £78m in new and existing homes in 2016/17. This is 113% of our annual surplus of £69m.

Analysis of expenditure



Operating costs (excluding first tranche cost of sales £6.4m) decreased by 7% to £105m. 78% of our operational spend delivers housing management, maintenance and services. 99% of spend is focused on social housing activities. We reviewed our impairment provision in year and decreased it by £0.5m. Our improvement in bad debts reflects continued improved cash collection and our successful management of the impact of welfare reform.

Surplus on disposal of housing properties – surplus on staircasing (ie leaseholder acquires a further property equity share), voluntary right to buy / right to acquire sales and asset management sales totalled £22.3m (2015/16 19.6m). We sell void properties if it is not economically viable for us to repair them or if they are in an estate regeneration disposal programme. We reinvest sales proceeds to build new and improve existing homes.

Net interest payable at £30.2m is £2.1m lower than in 2015/16.

Balance sheet

	2016/17 £m	2015/16 £m	2014/15 £m	2013/14* £m	2012/13* £m
Tangible fixed assets	1,356	1,284	1,268	695	659
Net current assets	70	86	45	47	15
Total assets less current liabilities	1,426	1,370	1,313	742	674
Long term liabilities & provisions	(1,301)	(1,312)	(1,291)	(675)	(619)
Net assets	125	58	22	67	55
Reserves	125	58	22	67	55

*2013/14 and 2012/13 are not re-stated under FRS 102.

Housing properties are mainly held at historic cost, unamortised grant is held in creditors. The increased carrying cost of £72m included £57m investment in new homes and £17m spend on improvements and component replacements to existing homes. To date we have received £596m social housing and capital grant to support our development programmes.

Pensions - we participate in four defined benefit schemes – two local government schemes, the multi-employer Social Housing Pension Scheme (SHPS) and Horizon Housing Group scheme. All are in deficit and closed to new members. We recognise a liability of £5.4m in relation to the SHPS scheme. This includes an additional liability of £241k transferred from SLDHA. This liability is measured at the present value of the future cash flows in respect of our contractual agreement to make enhanced payments to eliminate the deficit. SHPS' last formal valuation was at September 2014 at which point the deficit for the whole scheme had increased from £1,035m to £1,323m. The funding level increased from 67% to 70%. We recognise our proportion of the assets and liabilities of the other three schemes in our accounts. The year end deficit for these three schemes was £26.2m (March 2016: £25.9m). We offer a personal pension plan to new staff which carries no deficit risk to us.

Reserves - we reinvest all our annual surpluses back in to services and new homes to deliver sustainable communities.

Homes	2016/17 £m	Funded by	2016/17 £m
Property cost less depreciation and impairment	1,319	Loans net of cash and short term investments	573
		Unamortised grant	495
		Revenue reserves	236
		Other balances	15

Cash flow

	2016/17 £m	2015/16 £m
Cash generated from operations	64	55
Cashflow from investing activities	19	(51)
Cashflow from financing activities	(44)	(1)
Net change in cash	39	3

Report of the Board of Management & Strategic Report

We had £92.5m cash and liquid resources and no short term investments at 31 March 2017. In 2016/17 we:

- Received £64m net cash inflow from operating activities
- Invested £73m in new and existing homes and £1m in other fixed assets
- Paid interest of £32m and withdrew £55m from deposit
- Repaid loans and associated costs of £12m
- Received £6m social housing grants, £32m from property sales and £7m from first tranche sales.

Key Financial Indictors	2016/17	2015/16	2014/15*	2013/14*	2012/13
Number of homes in management excluding leaseholders	25,858	25,913	26,484	26,691	26,898
Interest cover (as per loan agreement)	389%	274%	204%	208%	177%
Earnings before interest tax depreciation and amortisation (EBITDA) per unit	£4,541	£3,380	£3,024	£2,488	£2,404
EBITDA including major repair improvements capitalised per unit	£3,933	£2,782	£2,465	£1,730	£1,753
Net debt to Turnover	3.0	3.3	3.5	3.9	3.7
Operating margin	33%	29%	27%	24%	21%
Change in turnover	10%	3%	4%	1%	3%
Change in major repair improvements capitalised	1%	5%	(27)%	15%	47%
Effective interest rate	4.4%	4.7%	5.0%	4.9%	5.0%

*2013/14 and 2012/13 are not re-stated under FRS 102.

Treasury management

At 31 March 2017 we had drawn £666m loans, £55m undrawn committed loan facilities and £92m cash and short term investments:

- £440m was from a syndicate of banks led by Barclays Bank plc. The syndicate lent to AmicusHorizon Group Financing Limited to on lend to AmicusHorizon Limited. The loans amortised to maturity, with final maturity in thirty years
- £131m represented bilateral facilities from Lloyds Bank Plc, Orchardbrook, THFC, THFC's subsidiary Affordable Housing Finance, and Hastings Borough Council. The loans mature in periods ranging from three to thirty one years. £55m was undrawn
- £150m funded through the sale of AmicusHorizon Finance Plc 5.25% 2043 corporate bonds to investors. £100m was sold to investors during 2012/13 and the remaining £50m sold during 2013/14
- Cash of £84m excluding £0.2m held by Affordable Housing Finance as a Liquidity Reserve, £1.4m held as collateral on derivatives where property security has not been accepted, and £6m held as sinking fund monies on behalf of leaseholders.

All drawn and undrawn loans were secured against social housing assets. Together with our available cash balance these funds were more than sufficient to meet our contractual development commitments. We structure our loan portfolio to ensure large proportions of debt do not mature in the same year. This helps us minimise refinancing risk.

Financial instruments

Our financial assets comprise trade receivables, cash and cash equivalents measured at historical cost. Our financial liabilities, other than derivatives, comprise borrowings and trade and other creditors arising directly from operations. The main risks arising from our financial instruments are interest rate and liquidity risks. The Board, through Finance Committee, reviewed and agreed the policies to manage these risks.

Interest rate management

At 31 March 2017 we had fixed the interest rate on 85% of our drawn loans either on an embedded basis or through stand-alone interest rate swaps. The duration was 10.96 years (target 8 – 12 years). Our weighted average cost of funds in 2016/17 was 4.39% (2015/16: 4.68%).

We had £312m nominal stand-alone vanilla interest rate swaps and £161m nominal three month versus one month LIBOR basis swaps. At 31 March 2017 our mark to market exposure equalled £111.9m (31 March 2016 £111.1m). After deducting the unsecured threshold we had fully secured our position with property as collateral, with the exception of one counterparty which will not accept property as collateral and where cash of £1.4m was given as security,

All financial instruments were economic hedges of current and highly probable future LIBOR exposures. The portfolio structure mapped against FRS 102 has meant whilst the vanilla interest rate swaps could be considered hedges from an accounting perspective, the LIBOR basis swaps could not. These instruments terminate in Autumn 2017.

The interest rate profile of the Group's financial liabilities at 31 March 2017 was:

Floating rate financial liabilities	Fixed rate financial liabilities	Sinking and capital grant funds	Total
£98m	£568m	£21m	£687m

Compliance with loan covenants

The treasury team reports compliance with loan covenants quarterly to Finance Committee. We complied with our financial covenants in 2016/17 and expect to continue to be compliant.

Asset valuations

Our borrowings were secured against our social housing assets. The assets were valued by RICS valuers to ensure we met lenders' asset cover requirements. We had 17,266 homes charged to our lenders with a value for security purposes of £1,331m. The remainder of our homes were unencumbered.

Effects of material estimates and judgements upon performance
Preparation of the financial statements requires management to make significant judgements and estimates. Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be different.

The items in the financial statements where judgements and estimates have been made are shown in note 2 of the accounts. Further information on the most significant judgements is set out below:

Capitalisation of property development costs
Distinguishing the point at which a project is more likely than not to continue and allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total associated development admin costs capitalised in the year was £1.8m.

Useful lives of depreciable assets
We set out the expected useful lives of our assets in note 1. Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and ICT equipment, changes to decent homes standards which may require more frequent replacement of key components and changes to the ability to let the property which may reduce the economic life of the property. Our policies are well developed. Accumulated depreciation at 31 March 2017 was £245m, with total charge in year of £22m.

Defined benefit pension scheme obligations
At 31 March 2017 we had four defined benefit pension schemes, all closed to new members. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. We draw advice from scheme actuaries and our retained advisors.

Variations in these assumptions may significantly impact the defined benefit obligation amount and the annual defined benefit expenses (as analysed in note 34). The liability at 31 March 2017 was £26.2m (excluding SHPS multi-employer scheme).

Impairment
Management assesses the housing properties for indicators of impairment at each balance sheet date. Where indicators exist a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. Judgements in assessing the level of a cash generating units and the recoverable amounts could lead to increases or decreases in the impairment provision.

Fair value
Investment property and financial instruments are held at fair value, differing valuation approaches may have an impact on the surplus reported. We have explained our approach to valuation in the related accounting policy and note.

Classification of disposals of property, plant & equipment
Housing and related asset disposals have previously been presented below operating surplus. Having reviewed our core business objectives, we've moved surplus on such disposals into operating surplus. Surplus on sale of our investment properties and non housing assets remains below operating surplus. We are aware of proposed amendments to FRS 102 which clarify the requirements concerning the presentation of operating profit and the board will keep developments under consideration.

Report of the Board of Management & Strategic Report

How we ensure we deliver better value for money
We are very proud of our work to continue to improve value for money (VFM). Our Strategic Board has driven the delivery of VFM but was supported by the whole business including residents.

Highlights from 2016/17:
- Delivered £0.5m recurring savings and reduced 2017/18 budgeted spend by a further £3m
- Started 474 homes on site and handed over 184 homes in to management
- Reported our best ever surplus of £69.6m and operating margin of 34% on social housing lettings (excluding one off fair value gains the margin was 33%)
- Supported 363 residents in to employment.

The following sections summarise how in 2016/17 we achieved value for money while meeting our strategic objectives. Our full report is available on our website: **www.amicushorizon.org.uk/vfm-report**.

Delivering value for money from our assets
We've continued to apply our approved methodology for understanding our assets. We calculate the return on social housing assets as the social housing surplus for the year as a percentage of the gross cost at the start of the year. The gross cost of our social housing properties is the build cost plus capital improvements.

At 31 March 2016 the gross cost of those homes was £1,465m (31 March 2015: £1,441m). The amount we generated from the social housing activities represents total income (including rents and service charges) less the cost of running the activities (including the management and maintenance). We generated a surplus before interest costs of £54.0m (2016: £45.6m). We continue to improve the return on our assets as we improve our surplus and increased our housing asset base.

Return on assets	
2017	3.7%
2016	3.2%
2015	3.0%
2014	2.7%
2013	2.2%

Asset disposals strategy
Our asset disposals strategy focuses on poorly performing homes and sets out the criteria for voluntarily disposing of social housing dwellings. We carry out a financial appraisal for each property meeting one or more of a range of criteria. The challenge is to decant residents to enable us to sell a street property rather than one flat in the property. We achieved 107% of target delivering £18.7m gross sales receipts.

Development
Developing new homes also enables us to operate more efficiently spreading our cost base over a larger asset base. We invest our surplus back in to new homes. Highlights from our development activity during 2016/17 included:
- Started 474 homes (target 423 homes)
- Completed 184 homes (target 108 homes)
- Completed 66 sales with total value of £7.66m including 61 first tranche new shared ownership homes
- At 31 March 2017 we had 53 shared ownership homes practically complete and unsold – all bar four were under offer.

Report of the Board of Management & Strategic Report

Maintenance
Asset management continues to challenge how to deliver services to improve value for money but still maintain quality and satisfaction. Some examples of what was achieved in 2016/17 include:

1. **Side by Side:** we launched our new Customer Experience Statement 'Side by Side' on 1 April 2016 – a culmination of a series of operational reviews in to the value for money of our services. Repairs satisfaction has remained above 95% and was consistently higher than 2015/16. The outcomes:
   - Reduced number of orders raised on average down at least 10% year on year
   - Responsive repairs spend down year on year by £2m.
2. **Windows and doors refurbishment:** a project run with residents to determine a future windows and door replacement strategy. Piloting our new strategy on an estate in Sussex achieved 25% savings (£63k) on tender
3. **Collection and disposal of domestic waste management** – was brought in house and achieved £350k annual savings
4. **Grant income** – we received grant funding of £36k to support a boiler replacement programme to install efficient boilers and meters to flats.

Procurement
We operate a mature procurement function which continually looks to remove waste and redesign offers ahead of tendering. Recognising we are tendering in a rising and uncertain market, we've been shaping individual strategies to ensure we attract competition and drive out costs. We had set a target to deliver £600k recurring savings through procurement, we secured £656k savings on a spend profile of £7.48m - a 9% saving.

Our actions have included:

- Stripping waste out of specifications (responsive repairs)
- Disaggregating packages of works - purchasing materials and separating out sub-contractor elements (London kitchens)
- Market engagement – to design the requirement and offer.

Procurement frameworks
As the accountable body for the South East Consortium (SEC) we supported SEC to roll out its new funding model in 2016/17. SEC moved to a contractor levy based income structure rather than annual membership fee. This will deliver us £50k per annum on membership costs, and increased the hosting charge by approximately £25k per annum.

Benchmarking
We have made use of both the Housemark benchmarking and Sector scorecard ratios. Housemark applies a certain methodology for determining unit costs in particular, however the Sector scorecard figures can be extracted straight from financial statements. Both methods are valid albeit we're not able to compare across the two data sets. We use benchmarking as an indicator of our performance against our g15 peers and to pick up trends in our performance. Although both sets of benchmarking are a year behind our financial reporting they still provide an effective comparison of performance against our peers.

Housemark Benchmarking 2015/16

Financial performance	2014/15	2015/16		Movement
Cost per property				
• Housing management	£632.55	£621.80	↓	£10.75 reduction compares to average increase of £3.46 for peer group.
• Responsive repairs & void works	£904.73	£880.41	↓	£24.32 reduction compares to average increase of £8.38 for peers. We saw a decrease from 3.85 to 3.70 in 2015/16 for the average number of responsive repairs / property.
• Major works and cyclical maintenance	£1,543.61	£1,517.81	↓	£25.80 decrease compares to average increase of £14.07 for peers.
Rent arrears	3.29%	3.1%	↓	We continue to deliver strong performance. At March 2017 our arrears stood at 3.28%, Universal Credit claims in March and the impact of the Southwark & London Diocesan stock transfer in year impacting performance.
Void rent loss	0.58%	0.5%	↓	At March 2017 performance stood at 0.56% which was in line with target.

We've previously reported we're expensive compared to our peer group. It's pleasing to note that our Ways of Working programme and VFM focus are beginning to pay off. Costs decreased from 2014/15 to 2015/16 more quickly than three quarters of our peer group. We're now in the upper quartile for responsive repairs & void works cost per property, but remain lower quartile for housing management and major works. Headline costs are improving in contrast to the average for our peers.

Sector scorecard performance

Business health	2016/17	2015/16	g15 2015/16	
Operating margin – total excluding sales and fair value gain	33%	28.5%	32%	We've shown year on year improvement in operating margin since 2009 and are now in line with the g15 average. Improved performance shows the benefit of the Ways of Working efficiency programme. This improvement is within our underlying social housing business. An internal parameter requires us to meet interest costs from core underlying business - we continue to achieve this.
Operating margin – social housing	34%	29%	36%	
EBITDA-MRI	177%	144%	190%	
Operating efficiency	**2016/17**	**2015/16**	**g15 2015/16**	
Social housing cost per unit (CPU)	£3,702	£4,038	£4,732	Overall we have achieved a 8.3% reduction in unit costs and are 22% below our peer group. We perform well in housing management and major work, but as previously noted responsive repairs remains high. Whilst we have been reducing costs we would expect to see further efficiencies coming through from 'Side by Side'.
• Housing management CPU	£960	£1,023	£1,320	
• Service charge CPU	£454	£465	£613	
• Maintenance CPU	£1,469	£1,676	£1,084	
• Major repairs CPU	£775	£794	£855	
• Other social housing CPU	£44	£80	£860	
Rent collected	99.34%	98.82%	98%	Remains in line with the average having reduced by 0.6% from 2015/16.
Overheads as % of turnover	11.9%	12.5%	11.7%	
Efficient asset management	**2016/17**	**2015/16**	**g15 2015/16**	
Return on capital employed	5.5%	4.99%	4.5%	As we've improved our operational performance so we have increased the return generated from our assets. Our asset disposals strategy also helps us improve our asset base.
Responsive repairs / planned spend	43%	60%	64%	

Outcomes	2016/17	2015/16	g15 2015/16	
Customer satisfaction	99.26%	98.5%	76%	As we've reduced costs we've maintained high levels of customer satisfaction which shows how by engaging with our residents we get their buy in to changes we make to services.
£ Invested in new housing for every £ generated from operations	£1.16	£0.94	£1.20	We invest our surpluses in to new build homes and major works for our existing homes. We have been working up our programme and expect the amount invested to continue to increase as we move towards 1,500 homes per annum.

Development and capacity	2016/17	2015/16	g15 2015/16	
Gearing	50%	54%	45%	We have historically been constrained in our ability to borrow by a gearing ratio. As part of the merger with Viridian we refinanced our loan portfolio and will be able to unlock our capacity. We anticipate delivering 1,500 starts on site by 2020. Whilst the first two years of the 2015-18 programme generated relatively low completions, the programme is back loaded. We plan to complete 408 homes in 2017/18.
Units developed as % units owned	0.71%	0.4%	2%	
Units developed	184	101	781	

Our people

Improving efficiency and delivering better value for money is well embedded in our culture. The Investors in People framework supports us to achieve our goals. Our gold accreditation runs through to 2017. Our Training Academy continues to bring high quality training to our staff. We offered 325 courses in 2016/17 and trained the equivalent of 5,300 people.

The overall number of full time equivalent staff has gradually reduced over the last five years. Where teams have increased this is linked to value for money objectives such as recruiting a legal services team, enabling us to reduce office and management legal fees paid externally. Additional posts which support our Fresh Visions charity and community development team are funded through grants; whilst income team increases are funded through improved former tenant arrears collection.

Sustainability
Measuring our energy and environmental performance using the Sustainable Homes Index for Tomorrow (SHIFT) scheme gives us a comprehensive benchmark of our energy and environmental performance. We achieved SHIFT Gold in 2016. In 2016/17 we achieved the following:

- Reduced office energy costs by £70k and business mileage costs by £200k per annum
- Secured £1m grant funding to improve the energy efficiency of 300 homes
- Visited 500 homes, saved 7m litres water, reducing residents' water bills by £9k
- Began to test the Dutch EnergieSprong model to see if it's cost effective for improving our homes.

Social value
In fast changing and uncertain times we are reaching out to give support and are making a real difference to people's lives and communities. Our work was focused on three themed priorities:

- Jobs
- Residents' enterprise
- Health and wellbeing.

Highlights from our community development activity in 2016/17 include:

- Providing community social impact to the value of £33m (using the HACT / Fujiwara social impact value calculation) achieving:
    - 4,178 people engaged on community programmes (target 4,000 people)
    - 523 progressing in to new jobs or further training (target 350 people)
    - 178 volunteers involved in our business (target 150 people)
- Securing £1.1m new co-investment in our services (2015/16: £585k)
- Delivering 99% customer satisfaction across all programmes.

In 2016/17 we significantly increased our community programme social impact value to £33m (2015/16: £24m). The overall service investment (ie AH funds to external funds) is £1: £19.

Digital inclusion
The Digital Inclusion team achieved the following in 2016/17:

- 37.27% of households under the age of 70 signed up to MyAccount
- Completed 2,780 digital inclusion sessions
- Delivered MyAccount training to 169 colleagues
- Managed a network of 42 digital champions.

Conclusions
We remain committed to deliver ever better value for money. We're also committed to maintaining strong resident engagement to ensure we deliver the right services as efficiently as we can. Through 2017/18 we will continue to improve value for money delivering the following priorities:

- Completing a value for money review of the Direct Labour Organisation ahead of rolling out the DLO London wide
- Continue to drive down cost through our programme of delivering £3m recurring savings
- Begin to achieve efficiency from the merger with Viridian Housing
- Progress our affordable warmth programme
- Continue to push forward with our digital enterprise agenda giving residents more flexibility and encourage self service
- Begin to integrate the AmicusHorizon and Viridian Housing businesses with the aim of generating £10m annual savings by 2020.

Our People

The Strategic Board
The AmicusHorizon Strategic Board at 31 March 2017 had ten Non Executive Directors of which two were resident Board members. The Optivo Board at 19 July 2017 has twelve Non Executive Directors of which three are resident Board members. The Board is responsible for the strategic direction of the business. Either directly or through committees with delegated authority, the Board brings an independent view on all strategic issues. It also covers performance, resources and the control framework. The names of the AmicusHorizon non executive and executive directors at 31 March 2017 are on page 2 and for Optivo at 19 July are on page 3. Board and committees are appraised annually, both individually and collectively.

Committees
The following were the principal committees supporting the AmicusHorizon Strategic Board at 31 March 2017 and which operated until merger on 22 May 2017.

Audit Committee
The Audit Committee had four non executive members who were also Strategic Board members. It was chaired by an independent Strategic Board member. Audit Committee met regularly with senior management, external and internal auditors, considering, amongst others, audit findings and the effectiveness of the internal controls system. Audit Committee received control reports and recommendations to improve from internal and external audit. Executive Officers attended each meeting. The Committee met privately with the internal and external auditors at least once a year. This is replaced by the Audit and Risk Committee in Optivo, membership will be up to six.

Nominations & People Committee
The Nominations & People Committee had five non executive members and was chaired by a Strategic Board member. The Committee acted as a sounding board, providing an additional degree of scrutiny for the executive team. It approved our remuneration strategy, executives' remuneration and oversaw the Strategic Board appraisal framework. This is replaced by the People, Governance and Remuneration Committee in Optivo, membership will be up to six.

Finance Committee
The Finance Committee had seven non executive members with two from the Strategic Board. It was chaired by an independent Strategic Board member. The Committee acted as a sounding board, providing an additional degree of scrutiny for the executive team on financial performance, pensions and treasury. This is replaced by the Finance and Treasury Committee in Optivo, membership will be up to six.

Development Committee
The Committee had six non executive members with three from the Strategic Board. This Committee supported delivery of our development programme. The Committee recommended the development strategy to the Strategic Board, approved programme bids, monitored the development programme and advised the Strategic Board on development issues and new initiatives. This is replaced by the Growth Committee in Optivo, membership will be up to eight.

Customer Experience Committee
This Committee championed the implementation and extension of the organisation's digital agenda and channel shift. The Committee supported the development of cutting edge customer facing strategies and the implementation of the technology strategy. It acted as an advisory Committee and had no delegated authority. The Committee had six non executive members. Three members were independent, one was from our resident governance structure, and two members were on the Strategic Board. This committee will continue in the Optivo governance structure. Membership will remain at six.

Residents
We firmly believe in putting residents at the heart of our organisation, in a position to influence and drive up service standards. This ethos will continue in Optivo. Eight Area Panels, each comprising up to eight resident and four independent members, hold us accountable for service delivery at a local level. The Area Panels nominate two members each to sit on Residents' Council whose purpose is to support the Strategic Board. The Board members are each linked to an Area Panel.

In developing our resident governance structure we introduced resident scrutiny. This enables Residents' Council and Area Panels to carry out reviews at an organisational or local level and develop action plans to improve key areas. We work with residents to offer the best value for money and to ensure we are spending our money wisely.

Strategic Executive Team
The Strategic Board delegated day to day management to the Strategic Executive Team named on page 2 (SET). SET was supported by the Executive Management Team (EMT) in developing and co-ordinating our culture and values. The Optivo Board will be supported by the Executive Team named on page 3 (ET), with EMT being replaced by a Leadership Team to help drive the new culture.

Employees
At 31 March 2017 we had 675 full time equivalent employees and an annual average of 667. Having great people on board is essential to us delivering our strategic objectives. Our staff are an essential resource. We consult and involve staff on all aspects of our operations through: Group Partnership Forum, people engagement groups, team meetings, e:mail communications, newsletters and our intranet. It is essential our people are engaged with our objectives and are motivated to provide excellent customer service. Our staff survey results show we have high employee engagement. We had 63 employees earning over £60,000.

Training
We have an in-house Training Academy. Our core training programme includes health and safety, customer care, management development, induction for new staff and diversity. We run an internal leadership Programme delivered by SET to our senior managers. We fund professional and academic qualifications for some staff.

Diversity and inclusion
Through our Single Equality Scheme we are committed to providing equal opportunities to staff and proactively encourage an inclusive workplace. Staff diversity is a key indicator. At 31 March 2017 our people profile was: 19% black and minority ethnic, 68% female and 5% declared a recognised disability.

As an equal opportunities employer we encourage applications from people with disabilities. We make appropriate adjustments for employees with disabilities to help them remain in employment. We are accredited as part of the Disability Confident Employer scheme. This is in recognition of our commitment to employment, retention, training and career development for employees with a disability.

Health, safety and welfare of employees at work
We have a well developed Health and Safety management system, which makes clear manager and staff responsibilities. We've established a direct link between our internal Health and Safety Group and the Board by having a Non-Executive Director as health and safety link to the Board and to the responsible executive management. The Health & Safety Committee meets at least four times a year and the Board receives monitoring reports quarterly. We carry out regular inspections and audits of health and safety. Our approach to health and safety has enabled us to achieve a gold award from the Royal Society for the Prevention of Accidents (RoSPA) for the fourth successive year. We've also been awarded four stars out of a maximum of five from the British Safety Council.

Environmental policy
We strive to adopt the highest available environmental standards in all areas of our operations and investment decisions. We also expect similar environmental standards from our partners. Our environmental performance group monitors delivery of our energy and environment strategy 2015-2020.

Our performance was externally verified when we achieved a Sustainable Homes Index for Tomorrow (SHIFT) Gold rating in 2016. AmicusHorizon was one of the UK's leading large housing associations for tackling fuel poverty and environmental impact.

We consider environmental sustainability from the outset when we build new homes. Where we have the resources or funding we improve the energy efficiency of our existing homes. We achieve this through loft insulation and heating upgrade programmes, including installation of renewable heating systems in non-gas homes at high risk of fuel poverty. We are working with a number of partners to retrofit energy saving measures to our existing homes.

Compliance with Governance and Financial Viability Standard
The Homes and Communities Agency's (HCA) Governance and Financial Viability Standard (the Standard) provides guidance to registered providers to ensure compliance with the Standard. The overall required outcomes of the Standard are:

- To ensure we have effective governance arrangements in place that deliver the aims, objectives and intended outcomes for our residents and potential residents in an effective, transparent and accountable manner
- To manage our resources effectively to ensure we maintain our viability, ensuring that social housing assets are not put at undue risk.

The Standard requires registered providers to assess their compliance with the Standard at least annually and Boards are now required to report their compliance with the Standard within their annual accounts. Boards need to determine where they are obtaining their assurance to demonstrate to the HCA:

- A clear understanding of asset values, related security, potential losses and potential chains of recourse. Boards need to know exactly what information will be required in the event of distress and social housing asset exposure in order to value the assets without delay
- Evidence of application of the principles
- The assurance they receive on the quality of records.

Our assurance framework was reviewed and updated by Audit Committee in February 2016. We map our assurances which include management review and oversight, external and internal audit and reviews by regulatory bodies. AmicusHorizon complied with the Regulator's revised Governance and Financial Viability Standard until May 2017 when it merged with Viridian Housing to become Optivo. Optivo has a plan in place to be fully compliant with the Standard by 31 March 2018.

Report of the Board of Management & Strategic Report

In March 2015 the Strategic Board agreed to adopt the latest (2015) version of the National Housing Federation governance code. The Strategic Board reviews compliance with the code annually. The Association complies in full with the code as reported to Board on 21 September 2016. There are no areas where we are non-compliant.

Going concern

Following the merger event on 22 May 2017, the Board of Optivo have reviewed the approved AmicusHorizon budget for 2017/18 and thirty year financial plan with cash flow forecasts and combined this information with that of the merger partner to form a new budget and financial plan for the merged entity.

Although, AmicusHorizon Limited, as an entity, will not continue in its current form, it nevertheless continues its existence through Optivo. As the Optivo Board has a reasonable expectation the merged group has adequate resources to continue in operation for the foreseeable future, these financial statements have therefore been prepared on a going concern basis reflecting the continued operation of the AmicusHorizon business as part of the merged entity.

Assessment of the effectiveness of internal controls

The Strategic Board is the ultimate governing body and is responsible for the system of internal control and for reviewing its effectiveness. The system of internal control is designed to manage risk and to provide reasonable assurance that key business objectives will be met. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Association's assets and interests. The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk.

The Strategic Board delegates the ongoing review of controls to the Audit Committee and receives annual reports from the Chief Executive and the Audit Committee. Day to day management of the business is the responsibility of the Strategic Executive Team.

Scope of Assurance

The Strategic Board understands our internal controls system is designed to manage rather than eliminate all risks. Our procedures can only provide the Strategic Board with reasonable rather than absolute assurance against material misstatement, errors, losses or fraud.

The Strategic Board's Review of Effectiveness

The Strategic Board considered the Chief Executive's report on Internal Controls and the Annual Report from Audit Committee for the year to 31 March 2017 and up to the date of signing these accounts. In order to fulfil their responsibility the Strategic Executive Team has established an assurance framework supported by clear delegated authorities and operating procedures. We use our documented assurance framework to demonstrate to the Strategic Board and Audit Committee a transparent process of reporting on internal control. This is supported by the annual self assessment signed off by our directors which evidences compliance with the assurance framework. The internal audit department provides an independent assessment on the robustness and effectiveness of the internal controls across the organisation. The team achieves this through a programme of reviews which are approved by and reported to the Audit Committee. The Association also uses the services of independent third party auditors to review controls and processes where the nature of the review requires expertise not available in-house. These systems have operated throughout the financial year and up to the date of signing these accounts. The Strategic Board monitored and considered outcomes arising as a consequence of the risk management process. They also saw reports from officers on the associated control environment. The Strategic Board confirms the risk management process was in place in the year under review, up to the date of the annual report, and is regularly reviewed.

The Strategic Board confirms we had no breakdown in internal control resulting in material losses, contingencies or uncertainties which would require disclosure in the financial statements during the year.

The Strategic Board and Executive Officers
We list the Strategic Board and Executive Officers of AmicusHorizon at 31 March 2017 on page 2. The Strategic Board and Executive Officers of the subsidiaries are shown in those entities' financial statements.

Each Strategic Board member held one fully paid £1 share in AmicusHorizon Limited. The Executive Officers held no interest in AmicusHorizon Limited's share capital. They did not have the legal status of directors, but acted as executives within the authority delegated by the Strategic Board.

We have directors' and officers' liability insurance for the Strategic Board, Executive Officers and staff.

Post balance sheet events
AmicusHorizon joined with Viridian Housing to become Optivo on 22 May 2017. The Board and Executive Officers for Optivo are listed on page 3 of these financial statements and have the authority to sign these financial statements.

Each Board member of Optivo holds one fully paid £1 share. The Executive Officers hold no interest in Optivo's share capital. They do not have the legal status of directors, but act as executives within the authority delegated by the Board.

Statement of the Strategic Board's financial responsibilities
The Co-operative and Community Benefit Societies Act 2014 and registered social housing law require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and the Group and of their surplus or deficit for that period. 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 accounting standards have been followed, subject to any material departures disclosed, and explained in the financial statements; and
- Prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for instituting adequate systems of internal control and for:
- Safeguarding assets
- Taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Strategic Board is responsible for keeping proper accounting records. These disclose, with reasonable accuracy at any time, the financial position of the Association and the Group. This enables the Strategic Board to ensure the financial statements comply with:
- The Co-operative and Community Benefit Societies Act 2014
- The Housing and Regeneration Act 2008
- The Accounting Direction for Private Registered Providers of Social Housing 2015.

Report of the Board of Management & Strategic Report

Anti-slavery statement
AmicusHorizon Limited confirm, so far as we were aware, we had no acts of modern day slavery within our organisation at 31 March 2017. But we recognise we need to be vigilant and committed to driving out potential acts of modern day slavery from our supply chains. We've responsibility under the Modern Slavery Act 2015 to ensure transparency in the provision of all our goods and services. As part of our due diligence processes to prevent slavery and human trafficking, our:

- Supplier set-up process requires suppliers to outline the controls they have in place. Imported products from sources outside the UK and EU are potentially more at risk of slavery/human trafficking issues
- Account Managers and Contracts Managers continually monitor the level of management control required
- Procurement Team reported on this annually to our Strategic Executive Team.

Our full statement is reviewed annually by the Board and is available on our website.

Disclosure of information to auditors
Each director has confirmed in fulfilling their duties as a director they have taken the steps they ought to have taken to make themselves aware of any information relevant to the audit and the auditors are aware of that information. So far as they are aware, there is no relevant audit information which they haven't made the auditors aware of.

Auditors
A resolution to appoint BDO LLP as auditors of Optivo will be proposed to the Board on 19 July 2017.

By order of the Board

Sir Peter Dixon
Chair of the Board Optivo
19 July 2017

Approval
This Report of the Board and Strategic Report was approved by order of the Optivo Board on 19 July 2017.

Jo Robinson
Secretary
19 July 2017

Independent Auditors Report to the members of Optivo

We have audited the accounts of AmicusHorizon Limited, for the year ended 31 March 2017 which comprise the consolidated and Association statement of comprehensive income, the consolidated and Association balance sheets, the consolidated and Association statement of changes in reserves, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the members of Optivo, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the the members of Optivo 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 Optivo and the members of Optivo as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Strategic Board and the auditor

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they 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 accounts

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 accounts

In our opinion the accounts:

- Give a true and fair view of the state of the Amicus Horizon Limited Group and Association's affairs as at 31 March 2017 and of the Group's and Association's surplus for the year then ended;
- Have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the requirements of 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.

Independent Auditors Report to the members of Optivo

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the parent Association, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent Association's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP
Statutory Auditor
London
United Kingdom

Date: 21 July 2017.

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of comprehensive income
For the year ended 31 March 2017

	Note	Group		Association	
		2017	2016	2017	2016
		£'000	£'000	£'000	£'000
Turnover	3a	**188,072**	170,515	**188,305**	170,183
Cost of sales	3a	**(6,353)**	(8,609)	**(6,353)**	(8,609)
Operating expenditure	3a	**(105,242)**	(113,203)	**(104,631)**	(112,599)
Surplus on disposal of housing property	3c	**22,346**	19,626	**21,478**	18,787
Operating surplus		**98,823**	68,329	**98,799**	67,762
Surplus on other sales	9	**489**	-	**486**	-
Interest receivable	10	**873**	806	**866**	803
Interest and financing costs	11	**(31,123)**	(33,149)	**(31,204)**	(33,227)
Movement in fair value of investment property	15	**667**	3,586	**667**	3,586
Movement in fair value of financial instruments	11	**(122)**	(198)	**(122)**	(198)
Movement in fair value of investments	16	**16**	(1)	**-**	-
Surplus before taxation		**69,623**	39,373	**69,492**	38,726
Taxation	12	(5)	(133)	**-**	-
Surplus for the year		**69,618**	39,240	**69,492**	38,726
Actuarial (loss)/gain in respect of pension schemes	35	**(2,064)**	1,401	**(2,064)**	1,401
Change in fair value of hedged financial instruments	11	**(621)**	(4,040)	**(621)**	(4,040)
Total comprehensive income for the year		**66,933**	36,601	**66,807**	36,087

All activities relate to continuing operations.
The notes on pages 39 to 84 form part of these financial statements.

Statement of changes in reserves
For the year ended 31 March 2017

	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Hedge reserve £'000	Total £'000
Group						
Balance as at 1 April 2016	168,089	306	828	477	(111,434)	**58,266**
Surplus for the year	69,618					**69,618**
Actuarial loss on defined benefit pension scheme	(2,064)					**(2,064)**
Change in fair value of hedged financial instruments					(621)	**(621)**
Reserves transfer	-		15	(15)		**-**
Balance as at 31 March 2017	**235,643**	**306**	**843**	**462**	**(112,055)**	**125,199**

	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Hedge reserve £'000	Total £'000
Association					
Balance as at 1 April 2016	165,177	169	22	(111,434)	**53,934**
Surplus for the year	69,492	-	-	-	**69,492**
Actuarial loss on defined	-	-	-	-	
benefit pension scheme	(2,064)	-	-	-	**(2,064)**
Change in fair value of hedged		-			
financial instruments	-	-	-	(621)	**(621)**
Reserves transfer	-	-	-	-	**-**
Balance as at 31 March 2017	**232,605**	**169**	**22**	**(112,055)**	**120,741**

Statement of changes in reserves
For the year ended 31 March 2016

Group	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Hedge reserve £'000	Total £'000
Balance as at 1 April 2015	127,380	285	959	477	(107,394)	**21,707**
Surplus for the year	39,240	-	-	-	-	**39,240**
Actuarial gains on defined benefit pension scheme	1,401	-	-	-	-	**1,401**
Change in fair value of hedged financial instruments	-	-	-	-	(4,040)	**(4,040)**
Reserves transfer	110	21	(131)			**-**
Deferred income	(42)	-	-	-	-	**(42)**
Balance as at 31 March 2016	**168,089**	**306**	**828**	**477**	**(111,434)**	**58,266**

Association	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Hedge reserve £'000	Total £'000
Balance as at 1 April 2015	124,987	169	127	(107,394)	**17,889**
Surplus for the year	38,726	-	-	-	**38,726**
Actuarial gains on defined benefit pension scheme	1,401	-	-	-	**1,401**
Change in fair value of hedged financial instruments	-	-	-	(4,040)	**(4,040)**
Reserves transfer	105	-	(105)	-	**-**
Deferred income	(42)	-		-	**(42)**
Balance as at 31 March 2016	**165,177**	**169**	**22**	**(111,434)**	**53,934**

Balance sheet
As at 31 March 2017

	Note	Group 2017 £'000	Group 2016 £'000	Association 2017 £'000	Association 2016 £'000
Fixed assets					
Tangible fixed assets - Housing properties	13	**1,319,078**	1,245,549	**1,312,235**	1,238,519
Other tangible fixed assets	14	**8,828**	9,045	**8,828**	9,043
Investment properties	15	**28,125**	28,920	**28,125**	28,920
Other investments	16	**-**	185	**13**	13
Total fixed assets		**1,356,031**	1,283,699	**1,349,201**	1,276,495
Current assets					
Properties held for sale	17	**14,370**	7,366	**14,370**	7,366
Trade and other debtors	18	**21,115**	24,041	**21,014**	23,985
Short term investments	19	**-**	55,000	**-**	55,000
Cash and cash equivalents	20	**92,513**	53,242	**91,530**	52,493
		127,998	139,649	**126,914**	138,844
Creditors: amounts falling due within one year	21	**(58,170)**	(53,173)	**(63,687)**	(58,646)
Net current assets		**69,828**	86,476	**63,227**	80,198
Total assets less current liabilities		**1,425,859**	1,370,175	**1,412,428**	1,356,693
Creditors: amounts falling due after more than one year	22	**(1,274,008)**	(1,285,418)	**(1,265,035)**	(1,276,268)
Provisions	29	**(489)**	(599)	**(489)**	(599)
Pension liabilities	35	**(26,163)**	(25,892)	**(26,163)**	(25,892)
Net assets		**125,199**	58,266	**120,741**	53,934
Capital and reserves					
Share capital – non equity		**-**	-	**-**	-
Income & expenditure reserve		**235,643**	168,089	**232,605**	165,177
Designated reserves		**306**	306	**169**	169
Restricted reserve		**843**	828	**22**	22
Revaluation reserve		**462**	477	**-**	-
Hedge reserve		**(112,055)**	(111,434)	**(112,055)**	(111,434)
Total reserves		**125,199**	58,266	**120,741**	53,934

The financial statements on pages 34 to 84 were approved by the Board and authorised for issue on 19 July 2017 and were signed on its behalf by:

Sir Peter Dixon, Chairman

David Clifford, Board Member

Alison Wignall, Secretary

Consolidated Statement of cash flows
For the year ended 31 March 2017

	2017 £'000	2016 £'000
Cash flow from operating activities		
Surplus for the year	**69,618**	39,240
Adjustment for non - cash items:		
Depreciation, amortisation & impairment	**16,912**	16,764
Acquisition gain net of working capital	**(27,426)**	-
Tax	**5**	133
Interest payable	**31,123**	33,149
Interest receivable	**(873)**	(806)
Fixed asset disposals	**(24,501)**	(19,626)
Net fair value losses / (gains) recognised in profit or loss	**1,105**	(3,387)
Difference between net pension expense and cash contribution	**(1,793)**	(1,575)
Increase in stocks	**(7,003)**	(114)
Decrease / (increase) in trade and other debtors	**2,926**	(2,391)
Increase / (Decrease) in trade and other creditors	**4,214**	(7,347)
(Decrease) / Increase in provisions	**(110)**	816
Cash generated from operations	**64,197**	54,856
Tax paid	**-**	-
Net cash from operating activities	**64,197**	54,856
Cashflows from investing activities		
Purchase of property, plant and equipment	**(74,238)**	(40,830)
Proceeds from sales	**31,624**	28,929
Interest received	**873**	806
Amounts returned / (placed) on deposit	**55,000**	(45,000)
Net capital grants received	**6,120**	4,569
Net cash from investing activities	**19,379**	(51,526)
Cashflows from financing activities		
Proceeds from long term borrowings	**-**	45,100
Interest paid	**(32,481)**	(34,342)
Other financing	**201**	(42)
Repayment of borrowing	**(12,025)**	(11,406)
Net cash used in financing activities	**(44,305)**	(690)
Net change in cash and cash equivalents	**39,271**	2,640
Cash and cash equivalents at start of year	**53,242**	50,602
Cash and cash equivalents at end of year	**92,513**	53,242

Notes to the Financial Statements
For the year ended 31 March 2017

Legal status
The Association was registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and was registered with the Homes and Communities Agency as a social housing provider. The Association was a public benefit entity. These financial statements have been prepared for 31 March 2017 as the statutory financial statements of AHL, one of the merger partners.

1. Accounting policies
The financial statements have been prepared in accordance with FRS 102 the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland, the Statement of Recommended Practice (SORP), "Accounting by registered social housing providers" 2014 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting judgements and estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The impact potential variations may have on the financial information are explained in the accounting policies below.

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

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the Group and the parent Association would be identical
- No cash flow statement has been presented for the parent Association
- Disclosures in respect of the parent Association'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 Association as their remuneration is included in the totals for the Group as a whole.

The following principal accounting policies have been applied consistently in relation to the financial statements.

Basis of consolidation
The consolidated financial statements present the results of AmicusHorizon – registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full. Control of each subsidiary is established through holding 100% of the share capital or through ability to appoint the board.

AmicusHorizon negotiated the acquisition of the operations, assets and liabilities of Southwark and London Diocesan Housing Association (SLDHA) in April 2016. This has resulted in 277 homes across London being transferred to AmicusHorizon in the year under audit. Accounting standards require that the acquisition of assets and liabilities of SLDHA be recognised in the accounts of the parent at their fair value at the date of acquisition, with any corresponding gain or loss being recognised in the income and expenditure account.

Investments in subsidiaries
Investments in subsidiaries are accounted for at cost less impairment in the individual entity's financial statements.

Associates and arrangements
An entity is treated as an associated undertaking where the Group exercises significant influence in that it has the power to participate in the operating and financial policy decisions.

An entity is treated as a joint arrangement where the Group is party to a contractual agreement with one or more parties from outside the Group to undertake an economic activity that is subject to joint control.

Associates and arrangements (continued)

In the consolidated accounts, interests in jointly controlled entities are accounted for using the equity method of accounting. Under this method an equity investment is initially recognised at the transaction price (including transaction costs) and is subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. The consolidated statement of comprehensive income includes the Group's share of the operating results, interest, pre-tax results and attributable taxation of such undertakings applying accounting policies consistent with those of the Group. In the consolidated balance sheet, the interests in associated undertakings are shown as the Group's share of the identifiable net assets, including any unamortised premium paid on acquisition. Investments in joint operations result in the recognition of the assets, liabilities, income, and expenditure attributable to the Group.

AmicusHorizon previously recognised its participation in "St Martin's Community Partnership" (SMCP) as jointly controlled. This arrangement was a consortium in which each participant had a share, defined by agreement, of all properties used by SMCP. The partners agreed to dissolve SMCP in the current financial year and AmicusHorizon assumed control of the properties to which we were entitled under the consortium agreement. On completion in this financial year, the consortium undertook a 'stock swap'. Each party swapped their joint holding in the assets designated to other partners for a full holding in their own designated assets. This required a fair value review to be undertaken when accounting for the assets with the net gain or loss recognised as part of turnover in the I&E. Accounting for this and other 'stock swap' arrangements is further described in the 'stock swap' accounting policy.

Income

Income is measured at the fair value of the consideration received or receivable. The Group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting)
- First tranche sales of low cost home ownership housing properties developed for sale
- Service charges receivable
- Amortisation of deferred capital grants and other grants receivable
- Proceeds from the sale of land and property.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of voids. Income from first tranche sales is recognised at the point of legal completion of the sale.

Service charges

The Group operates both fixed and variable service charges on a scheme by scheme basis. Service charges on all schemes are set on the basis of budgets. Where variable service charges are used the budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge.

Charges made to leaseholders for the replacement of equipment and repairs within their estates are held in sinking funds which are ring-fenced for use on those estates. Such sinking funds are disclosed on the balance sheet as creditors.

Rent and service charge agreements

The Association has made arrangements with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Schemes managed by agents

Income represents rent receivable. Management fees payable to agents are included in operating costs.

Tangible fixed assets - Housing properties
Housing properties constructed or acquired (including land) on the open market are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Directly attributable costs of acquisition include capitalised interest calculated on a proportional basis using finance costs on borrowing drawn to finance the relevant construction or acquisition. Where housing properties are in the course of construction, finance costs are only capitalised where construction is on-going and has not been interrupted or terminated. Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the statement of comprehensive income.

Mixed developments are held within property, plant and equipment and accounted for at cost less depreciation except for the commercial elements which are held as investment properties.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in the first tranche, are included in property, plant and equipment and held at cost less any impairment. They are transferred to completed properties when ready for letting.

Expenditure on schemes, which are subsequently aborted, is written off in the period in which it is recognised the scheme will not be developed to completion.

Government grants
As required by the Housing SORP 2014, grant is carried as deferred income in the balance sheet and released to the statement of comprehensive income on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected (see table of useful economic lives below).

Social housing grant (SHG) becomes recyclable at the point the related property is sold and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the statement of comprehensive income.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met. Grants due from government organisations or received in advance are included as liabilities.

Notes to the Financial Statements
For the year ended 31 March 2017

Depreciation of housing properties
Housing land and property is split between land, structure and other major components that are expected to require replacement over time. Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure they are only depreciated in periods in which economic benefits are expected to be consumed.

The cost of housing property and components are depreciated over the useful economic lives of the assets on the following basis:

Component	
Kitchens	20 years
Boilers	15 years
Front Doors	30 years
Electrical wiring	10-30 years
Roofs	70 years
Bathrooms	30 years
Windows	30 years

Structure	
Houses general needs	125 years
Flats general needs	125 years
Houses shared ownership	85 years
Flats shared ownership	85 years

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Any difference between the historic annual depreciation charge and the annual depreciation charge on assets carried at deemed cost is transferred to the revaluation reserve for the asset concerned until that reserve is depleted.

Impairment
The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The recoverable amount is taken to be the higher of the fair value less costs to sell or the value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived appropriately adjusted to account for any restrictions on their use. Where value in use - service potential (VIU-SP) is to be determined, the calculation of depreciated replacement cost compares a rebuild cost (using floor space, an average build cost per square metre and an average grant per unit) with expectations of price for an asset with equivalent service potential on the open market. The lower of the replacement costs is then adjusted as if that cost had been depreciated for the life of the asset.

The Group defines cash generating units as follows:
- Individual historic completed homes / stock transfer properties assessed on the basis of geography and property size
- Already impaired properties assessed at individual scheme level.

Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the statement of comprehensive income.

Notes to the Financial Statements For the year ended 31 March 2017

Allocation of costs for mixed tenure and shared ownership developments
Costs are allocated to the appropriate tenure where it is possible to specify which tenure the expense relates to. Where it is not possible to relate costs to a specific tenure, costs are allocated on a floor area or unit basis depending on what is appropriate for each scheme.

Donated Land and other assets
Land and other assets donated by local authorities and other government sources are added to cost at the fair value of the land at the time of the donation. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between fair value and consideration paid is treated as a non-monetary grant and recognised in the balance sheet as a liability. Where the donation is from a non-public source the value of the donation is included as income.

Stock swaps
Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value. Grant associated with the transfers is recorded as a contingent liability.

Stocks
Stock represents work in progress and completed properties, properties developed for outright sale and shared ownership properties. For shared ownership properties the value held as stock is the estimated cost to be sold as a first tranche.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Shared ownership properties and staircasing
Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining "staircasing element", is classed as property, plant and equipment and included in completed housing property at cost together with any provision for impairment. Sales of subsequent tranches are treated as a part disposal of property, plant and equipment. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

The Group maintains shared ownership properties to a sound state of repair where it has the responsibility to do so. Maintenance of other shared ownership properties is the responsibility of the shared owner. Any impairment in the value of such properties is charged to the statement of comprehensive income.

Development overheads
Development overhead costs are capitalised to the extent they are directly attributable to bringing schemes into working condition for their intended use. Such expenditure consists of in-house development, architect and surveyor costs (including the cost of our own employees), and a proportion of the cost of staff in other departments who work on development activities.

Investment properties
Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business but held for investment potential or capital appreciation. Investment properties are measured at cost on acquisition or initial recognition and subsequently at fair value at the year end, with changes in fair value recognised in the statement of comprehensive income. Fair value is determined annually by appropriately qualified external valuers and derived from current market rents and investment property yields for comparable properties, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties. The Group engaged Jones Lang LaSalle Ltd for the fair value at 31 March 2016 and Resolution Property Surveyors for the fair value at 31 March 2017. Changes in fair value are recognised in the statement of comprehensive income.

Recycled Capital Grant Fund
On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Association to recycle or repay capital grants. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, grant will be repayable to the HCA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is held in the balance sheet under “creditors due after more than one year”. The remainder is held under “creditors due within one year”.

Disposal Proceeds Fund
Receipts from Right to Acquire (RTA) Sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the disposal proceeds fund. Any such amount held within disposal proceeds fund, which it is anticipated will not be used within one year is held in the balance sheet under “creditors due after more than one year”. The remainder is held under “creditors due within one year”.

Tangible fixed assets – Other
Other tangible fixed assets, other than investment properties, are stated at historic cost less accumulated depreciation and any accumulated impairment losses. Historic cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised and reflected in the statement of comprehensive income. Repairs and maintenance are charged to the statement of comprehensive income during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold offices	2% on cost
Furniture & office equipment	20% on cost
Computer hardware	25% on cost
Computer software	17-25% on cost
Motor vehicles	25% on cost
Office improvements	10-15% on cost
Leasehold properties	Over term of lease

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'surplus on disposal of fixed assets' in the statement of comprehensive income.

Impairment of rental and other trade receivables

The Association estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair the Association reviews the age profile of the debt, historical collection rates and the class of debt. Former tenant arrears are written off to the statement of comprehensive income at the point they become former to the extent that they are not considered recoverable.

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.

Loans, investments and short term deposits

All loans, investments and short term deposits held by the Group meet the definition of, and are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historic cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historic cost and amortised cost basis is not material and so these financial instruments are stated on the balance sheet at historic cost. Loans and investments payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents in the Group's consolidated balance sheet consist of cash at bank and in hand, deposits and short term investments with an original maturity of three months or less.

Derivative instruments and hedge accounting

The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate against this risk the Group uses interest rate swaps. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Group has designated each of the swaps against either existing drawn floating rate debt or against highly probable future floating rate debt. To the extent the hedge is effective, movements in fair value adjustments, other than adjustments for own or counter-party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter-party credit risk are recognised in the statement of comprehensive income.

Finance costs

Finance costs are charged to income and expenditure over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Deferred financing Costs
Deferred financing costs represent the costs incurred in securing new borrowing facilities. They are deducted from the value of the housing loans and bond and amortised over the life of the housing loans or bond to which they relate using the effective interest rate method. The deferred financing cost includes the discount and premium on the bond issue. The carrying amount of the housing loans or bond will be increased by the finance cost for each reporting period and reduced by repayments made in respect of the loan or bond in that period.

Sales & leaseback schemes
The Group has leasehold interest in a properties which have been subsequently leased back to the respective freeholders for the purpose of providing housing accommodation. The remaining life is twelve years. The Group's net investment in these properties is disclosed in the Balance sheet under "debtors". The balance of the Group's investment in these properties is written down as lease payments are received.

Value Added Tax
The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the statement of comprehensive income.

Leases
Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Group. All other leases are classified as operating leases. Rentals paid under operating leases are charged to the statement of comprehensive income on the accruals basis. Where assets are financed by leasing agreements that give rights approximating to ownership they are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments (or if lower the fair value of leased asset) and is depreciated in accordance with the Group's normal policy for that class of assets. The corresponding liability to the lessor is included in the Balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Annual rentals on operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Current taxation
The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Association's subsidiaries operate and generate taxable income.

Pension costs
The Group operates four funded schemes and a Stakeholder Pension Scheme. We used the money purchase (stakeholder) pension scheme for auto enrolment purposes until May 2017. Optivo uses the SHPS defined contribution scheme for auto enrolment.

Funded schemes

The defined benefit schemes are set out below and are closed to new members.

- Horizon Housing Group Pension Scheme
- Local Government Pension Scheme – Kent County Council Scheme
- Local Government Pension Scheme – East Sussex County Council Scheme
- Pensions Trust - Social Housing Pension Scheme (SHPS).

For SHPS the scheme actuary has advised that it is not possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The charge to the statement of comprehensive income represents the employer contribution payable to the scheme for the accounting period. Contributions payable under the terms of a funding agreement for past deficits are recognised as a liability in the balance sheet at the present value of the expected future cash flows for which there is a contractual obligation.

The assets of each of the schemes are held separately from those of the Group. For each scheme accounted for as a defined benefit scheme, the pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability. The pension scheme surpluses (to the extent they are recoverable) or deficits are recognised in full. The movement in the scheme surpluses/deficits is split between operating charges, finance items and in other comprehensive income actuarial gains and losses.

Money Purchase (Stakeholder) Pension Scheme

Employees have the option to join a Stakeholder Group Pension Plan, to which the Group makes a contribution of up to 10% of pensionable salary. This is a defined contribution scheme. Contributions are charged to the statement of comprehensive income in the year in which they become payable.

Provision for liabilities

The Group has recognised provisions for hand back liabilities. Provisions are measured at the best estimate of the expenditure required to settle the obligation at the balance sheet date.

Where the effect of the time value of money is material the amount expected to be required to settle the obligation is recognised at the present value using a discount rate. The unwinding of the discount is recognised as a finance cost in income and expenditure in the period it arises.

Contingent liabilities

A contingent liability is recognised for a possible obligation for which it is not yet confirmed that a present obligation exists that could lead to an outflow of resources; or for a present obligation that does not meet the definitions of a provision or a liability as it is not probable that an outflow of resources will be required to settle the obligation or when a sufficiently reliable estimate of the amount cannot be made.

A contingent liability exists on grant repayment which is dependent on the disposal of the related property.

Restricted reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds.

Notes to the Financial Statements For the year ended 31 March 2017

Operating segments

As we have publically traded securities within the Group we are required to disclose information about our operating segments under IFRS 8. Segmental information is disclosed in notes 3a and 3b and as part of the analysis of housing properties in note 13. Information about income, expenditure and assets attributable to material operating segments are presented on the basis of the nature and function of housing assets held by the Group rather than geographical location. As permitted by IFRS 8 this is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, the type and class of customer and the nature of the regulatory environment across all of the geographical locations in which the Group operates. The Strategic Board do not routinely receive segmental information disaggregated by geographical location.

Going concern

The Association's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. Optivo has put in place new long-term borrowing facilities which provide adequate resources to finance committed reinvestment and development programmes, along with Optivo's day to day operations. The new Association also has a long-term business plan which shows that it is able to service debt facilities whilst continuing to comply with lenders' covenants. On this basis, the Strategic Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

2. Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, we've made a number of judgements. These include:

- Considering the measurement basis to determine the recoverable amount of assets where there are indicators of impairment and have used either EUV-SH or depreciated replacement cost and determining what constitutes a cash generating unit when indicators of impairment require there to be an impairment review
- Determining the anticipated costs to complete a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. We then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on our best estimate of current sales and economic conditions prevailing at the time
- Determining the critical underlying assumptions in relation to the estimate of the defined benefit scheme obligations such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. Assumptions used are informed by actuarial advice
- Determining the appropriate allocation of costs for mixed tenure developments, and the subsequent allocation of costs relating to shared ownership between current and fixed assets
- Determining the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset
- Determining the categorisation of financial instruments as basic or other
- Determining the accounting treatment for business combinations and joint ventures as they involved fair valuing, swapping shares and decisions about the effect on the end of year accounts.

Other sources of estimation uncertainty
Tangible fixed assets (see note 13)
Tangible fixed assets, other than investment properties, are depreciated over their estimated useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as major repairs profile, ability to let the property and alternative options for the site are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself.

Rental and other trade receivables (debtors note 18)
The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Financial instruments
Loans with two way compensation clauses have been classified as basic financial instruments and presented within liabilities at amortised cost. This accounting treatment reflects the intentions of the contracting parties entering into the loan agreements and our expectations of future actions of both counterparties. Such loans are not held for trading nor intended to be speculative. Our view is that the requirements and criteria set out in section 11 of FRS 102 do not prevent such loans from being classified as basic financial instruments.

3(a). Particulars of turnover, operating costs and operating surplus

Group

	2017					2016				
	Turnover	**Cost of sales**	**Operating costs**	**Fixed asset disposals**	**Operating surplus/ (deficit)**	**Turnover**	**Cost of sales**	**Operating costs**	**Fixed asset disposals**	**Operating surplus/ (deficit)**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Social housing activities (note 3b)	**157,149**	**-**	**(103,119)**	**-**	**54,030**	156,312	-	(110,736)	-	45,576
Other social housing activities										
First tranche sales	**6,930**	**(5,706)**	**-**	**-**	**1,224**	10,934	(8,609)	-	-	2,325
Supporting people	**76**	**-**	**(76)**	**-**	**-**	363	-	(363)	-	-
Gift aid	**6**	**-**	**-**	**-**	**6**	8	-	-	-	8
Other	**-**	**-**	**(496)**	**-**	**(496)**	-	-	(349)	-	(349)
Gift on acquisition (note 3d)	**20,531**	**-**	**-**	**-**	**20,531**	-	-	-	-	-
Surplus on asset disposal (note 3c)	**-**	**-**	**-**	**22,346**	**22,346**	-	-	-	19,626	19,626
	27,543	**(5,706)**	**(572)**	**22,346**	**43,611**	11,305	(8,609)	(712)	19,626	21,610
Non-social housing activities										
Community activities	**301**	**-**	**(301)**	**-**	**-**	230	-	(296)	-	(66)
Market & sub-market renting	**371**	**-**	**(126)**	**-**	**245**	703	-	(475)	-	228
Commercial renting	**1,624**	**-**	**(773)**	**-**	**851**	1,628	-	(679)	-	949
Market sales	**728**	**(647)**	**-**	**-**	**81**	-	-	-	-	
Other	**356**	**-**	**(351)**	**-**	**5**	337	-	(305)	-	32
	3,380	**(647)**	**(1,551)**	**-**	**1,182**	2,898	-	(1,755)	-	1,143
Total	**188,072**	**(6,353)**	**(105,242)**	**22,346**	**98,823**	170,515	(8,609)	(113,203)	19,626	68,329

Community activities for Fresh Visions and AmicusHorizon Ltd includes grant received from the Big Lottery Fund of £193,970 (2016: £163,106) and related expenditure of £224,753 (2016: £136,025) for the following:

	Grant	**Expenditure**
	£	**£**
First Steps Counselling	88,233	122,222
Families on our Doorstep	105,737	102,531
	193,970	224,753

3(a). Particulars of turnover, operating costs and operating surplus

Association

	2017 Turnover	2017 Cost of sales	2017 Operating costs	2017 Fixed asset disposals	2017 Operating surplus/ (deficit)	2016 Turnover	2016 Cost of sales	2016 Operating costs	2016 Fixed asset disposals	2016 Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing activities (note 3b)	**156,217**	**-**	**(102,619)**	**-**	**53,598**	155,401	-	(110,197)	-	45,204
Other social housing activities										
First tranche sales	**6,930**	**(5,706)**	**-**	**-**	**1,224**	10,934	(8,609)	-	-	2,325
Supporting people	**76**	**-**	**(76)**	**-**	**-**	363	-	(363)	-	-
Services to group companies	**240**	**-**	**(240)**	**-**	**-**	240	-	(240)	-	-
Gift aid	**1,287**	**-**	**-**	**-**	**1,287**	685	-	-	-	685
Other	**-**	**-**	**(496)**	**-**	**(496)**	-	-	(349)	-	(349)
Gift on acquisition	**20,531**	**-**	**-**	**-**	**20,531**	-	-	-	-	-
Surplus asset disposal (note 3c)	**-**	**-**	**-**	**21,478**	**21,478**	-	-	-	18,787	18,787
	29,064	**(5,706)**	**(812)**	**21,478**	**44,024**	12,222	(8,609)	(952)	18,787	21,448
Non-social housing activities										
Community activities	**301**	**-**	**(301)**	**-**	**-**	230	-	(296)	-	(66)
Market & sub-market renting	**371**	**-**	**(126)**	**-**	**245**	703	-	(475)	-	228
Commercial renting	**1,624**	**-**	**(773)**	**-**	**851**	1,627	-	(679)	-	948
Market sales	**728**	**(647)**	**-**	**-**	**81**	-	-	-	-	-
	3,024	**(647)**	**(1,200)**	**-**	**1,177**	2,560	-	(1,450)	-	1,110
Total	**188,305**	**(6,353)**	**(104,631)**	**21,478**	**98,799**	170,183	(8,609)	(112,599)	18,787	67,762

3(b). Particulars of income and expenditure from social housing lettings

Group	General needs housing £'000	Supported & housing for older people £'000	Other £'000	Shared ownership £'000	Temporary social housing £'000	2017 Total £'000	2016 Total £'000
Rents receivable net of identifiable service charges	**116,969**	**8,465**	**1,136**	**8,918**	**1,175**	**136,663**	136,850
Service charges receivable	**4,872**	**3,835**	**55**	**4,673**	**37**	**13,472**	12,569
Net rental income	**121,841**	**12,300**	**1,191**	**13,591**	**1,212**	**150,135**	149,419
Amortised government grant	**3,285**	**525**	**-**	**744**	**200**	**4,754**	4,939
Other revenue income	**1,400**	**10**	**459**	**300**	**91**	**2,260**	1,954
Turnover from social housing lettings	**126,526**	**12,835**	**1,650**	**14,635**	**1,503**	**157,149**	156,312
Expenditure on letting activities							
Management	**20,146**	**1,516**	**294**	**3,794**	**153**	**25,903**	27,523
Bad debts	**797**	**33**	**5**	**(457)**	**(24)**	**354**	1,518
Service charge costs	**5,019**	**3,081**	**60**	**4,056**	**37**	**12,253**	12,236
Routine maintenance	**16,741**	**1,284**	**154**	**12**	**148**	**18,339**	20,346
Planned maintenance	**20,827**	**380**	**49**	**-**	**60**	**21,316**	22,270
Major repairs	**3,621**	**544**	**20**	**-**	**2**	**4,187**	5,455
Impairment of housing properties	**4**	**(191)**	**-**	**(352)**	**-**	**(539)**	956
Depreciation of housing properties	**14,756**	**1,755**	**-**	**1,554**	**250**	**18,315**	17,756
Accelerated depreciation	**2,042**	**329**	**-**	**-**	**-**	**2,371**	1,270
Other costs	**6**	**-**	**11**	**-**	**603**	**620**	1,406
	83,959	**8,731**	**593**	**8,607**	**1,229**	**103,119**	110,736
Operating surplus/(deficit) on social housing lettings	**42,567**	**4,104**	**1,057**	**6,028**	**274**	**54,030**	45,576
Void losses	**(844)**	**(203)**	**-**	**(14)**	**(68)**	**(1,129)**	(1,272)

3(b). Particulars of income and expenditure from social housing lettings (continued)

Association	General Needs housing £'000	Supported & housing for older people £'000	Other £'000	Shared ownership £'000	Temporary social housing £'000	2017 Total £'000	2016 Total £'000
Rents receivable net of identifiable service charges	**116,969**	**8,386**	**1,136**	**8,332**	**1,175**	**135,998**	136,189
Service charges receivable	**4,872**	**3,821**	**55**	**4,494**	**37**	**13,279**	12,381
Net rental income	**121,841**	**12,207**	**1,191**	**12,826**	**1,212**	**149,277**	148,570
Amortised government grant	**3,285**	**525**	**-**	**673**	**200**	**4,683**	4,874
Other revenue income	**1,400**	**10**	**459**	**297**	**91**	**2,257**	1,957
Turnover from social housing lettings	**126,526**	**12,742**	**1,650**	**13,796**	**1,503**	**156,217**	155,401
Expenditure on letting activities							
Management	**20,146**	**1,502**	**294**	**3,556**	**153**	**25,651**	27,278
Bad debts	**797**	**33**	**5**	**(441)**	**(24)**	**370**	1,522
Service charge costs	**5,019**	**3,068**	**60**	**3,886**	**37**	**12,070**	12,073
Routine maintenance	**16,741**	**1,281**	**154**	**12**	**148**	**18,336**	20,333
Planned maintenance	**20,827**	**379**	**49**	**-**	**60**	**21,315**	22,226
Major repairs	**3,621**	**544**	**20**	**-**	**2**	**4,187**	5,455
Impairment of housing properties	**4**	**(191)**	**-**	**(352)**	**-**	**(539)**	956
Depreciation of housing properties	**14,756**	**1,747**	**-**	**1,485**	**250**	**18,238**	17685
Accelerated depreciation	**2,042**	**329**	**-**	**-**	**-**	**2,371**	1,270
Other costs	**6**	**-**	**11**	**-**	**603**	**620**	1,399
	83,959	**8,692**	**593**	**8,146**	**1,229**	**102,619**	110,197
Operating surplus/(deficit) on social housing lettings	**42,567**	**4,050**	**1,057**	**5,650**	**274**	**53,598**	45,204
Void losses	**(844)**	**(203)**	**-**	**(14)**	**(68)**	**(1,129)**	(1,257)

3(c). Fixed Asset disposals

Group	Staircasing £'000	Right to buy £'000	Other properties £'000	Total 2017 £'000	Total 2016 £'000
Disposal proceeds	12,409	1,732	18,738	**32,879**	30,195
Cost of disposals	(5,702)	(1,173)	(3,443)	**(10,318)**	(10,388)
Disposal proceeds fund	-	(215)	-	(215)	(181)
	6,707	**344**	**15,295**	**22,346**	19,626

Association	Staircasing £'000	Right to buy £'000	Other properties £'000	Total 2017 £'000	Total 2016 £'000
Disposal proceeds	11,390	1,732	18,738	**31,860**	29,180
Cost of disposals	(5,551)	(1,173)	(3,443)	**(10,167)**	(10,212)
Disposal proceeds fund	-	(215)	-	**(215)**	(181)
	5,839	**344**	**15,295**	**21,478**	18,787

3(d). Acquisition gains

	Total 2017 £'000	Total 2016 £'000
Group & Association		
St Martins	**8,238**	-
SLDHA	**12,293**	-
	20,531	-

4. Units of housing stock

	Group		Association	
	2017	2016	2017	2016
	Number	Number	Number	Number
General needs housing				
Social rent	**18,698**	18,333	**18,676**	18,311
Affordable rent	**2,342**	2,149	**2,342**	2,149
Housing for Older Persons (HOPS)				
Social rent	**1,290**	1,358	**1,290**	1,358
Affordable rent	**37**	37	**37**	37
Supported housing	**183**	182	**183**	182
Permanent housing units and bed spaces St Martins	**-**	473	**-**	473
Temporary housing units	**138**	135	**138**	135
Low cost home ownership	**2,578**	2,651	**2,378**	2,447
Total social housing units owned	**25,266**	25,318	**25,044**	25,092
Non social housing				
Market rent	**41**	44	**41**	44
Managed for others	**1**	1	**1**	1
Total managed	**25,308**	25,363	**25,086**	25,137
Units managed by other associations	**550**	550	**550**	550
Total owned and managed	**25,858**	25,913	**25,636**	25,687

	Group		Association	
	2017	2016	2017	2016
	Number	Number	Number	Number
Leaseholders	**1,723**	1,480	**1,629**	1,408
Units under construction	**703**	249	**703**	249

We own an average 61% equity in shared ownership properties. Included in Leaseholders (1,723) are 64 units sold outright but not at 100%.

5. Surplus for the year

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Operating surplus is stated after charging/(crediting):				
Grant amortised	**(4,754)**	(4,939)	**(4,683)**	(4,874)
Depreciation – housing properties	**18,315**	17,756	**18,238**	17,685
Accelerated depreciation on replaced components	**2,371**	1,270	**2,371**	1,270
Depreciation – other fixed assets	**1,598**	1,795	**1,597**	1,792
Impairment of housing properties	**(539)**	956	**(539)**	956
Operating lease charges:				
Land & building	**654**	1,664	**654**	1,664
Other	**271**	285	**266**	285
Auditors' remuneration:				
in respect of audit services	**83**	76	**83**	67
in respect of audit-related services	**1**	3	**1**	3
in respect of other services	**13**	13	**10**	10
Defined benefit scheme pension contributions (note 35)	**3,569**	3,534	**3,569**	3,534
Defined contribution scheme pension cost	**1,395**	1,326	**1,395**	1,326

6. Employees

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Staff costs (including directors) consist of:				
Wages and salaries	**24,272**	23,965	**23,844**	23,515
Social security costs	**2,376**	2,242	**2,360**	2,223
Pension costs	**2,574**	4,312	**2,562**	4,312
Redundancy costs	**164**	46	**164**	46
	29,386	30,565	**28,930**	30,096

The average number of employees (including directors) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	Group		Association	
	2017	2016	2017	2016
	FTE	FTE	FTE	FTE
Administration	**144**	147	**144**	147
Development	**30**	30	**30**	30
Housing, support and care	**493**	502	**493**	502
	667	679	**667**	679

7. Directors' and senior executive remuneration

The key management personnel are defined as the Chief Executive and the Strategic Executive Team of AHL as it existed at 31 March 2017 disclosed on page 2.

	2017 £'000	2016 £'000
The emoluments of the 5 (2016: 5) Executive Officers were:		
Executive directors' emoluments (excluding pension)	**831**	783
Pension contributions	**71**	73
The Group Chief Executive was the highest paid director in 2016/17; total remuneration (excluding pension contributions) for the year	**224**	208

The Chief Executive is a member of the AmicusHorizon money purchase pension scheme and a contribution of £12,409 (2016: £16,413) was made to this scheme on his behalf. There are no enhanced or special terms that apply to the Chief Executive's pension scheme arrangements.

The remuneration (including employer pension contributions) paid to staff (including Strategic Executive Team) earning over £60,000 upwards:

Band	Employees 2017	Employees 2016
£60,000 - £70,000	**27**	28
£70,001 - £80,000	**9**	7
£80,001 - £90,000	**5**	12
£90,001 - £100,000	**10**	5
£100,001 - £110,000	**6**	5
£110,001 - £120,000	**1**	1
£120,001 - £130,000	**-**	-
£130,001 - £140,000	**-**	-
£140,001 - £150,000	**1**	1
£150,001 - £160,000	**1**	2
£160,001 - £170,000	**1**	-
£180,001 - £190,000	**-**	1
£190,001 - £200,000	**1**	-
£210,001 - £220,000	**-**	-
£220,001 - £230,000	**-**	1
£230,001 - £240,000	**1**	-
	63	63

8. Board and Committee members

The table below shows the salaries paid to non-executive Board members and expenses incurred during the discharge of their duties during 2016/17:

	Group	Committees	CPHA	AHGF	AHF	Expenses	Total pay & expenses 2017 £	Total pay & expenses 2016 £
Board member								
Lord Falconer of Thoroton	✓	✓	✓			-	**18,041**	19,335
Steve Douglas	✓	✓				-	**14,500**	17,323
Beverley Spear	✓	✓	✓			281	**7,710**	7,649
Neil Robertson	✓	✓				1,700	**12,312**	12,392
David Oliver	✓			✓		131	**10,743**	11,199
Andrew Wiseman	✓	✓				-	**9,913**	7,401
Michael Davis	✓	✓	✓			797	**8,226**	8,119
Paul Crouch	✓	✓	✓			518	**7,947**	8,132
David Clifford	✓	✓		✓	✓	-	**10,612**	10,912
Nick Stephenson	✓	✓				172	**7,601**	6,680
Dominic Gibb				✓		-	**1,553**	1,547
Stephen Leung				✓		-	**1,553**	1,620
Paul Casey		✓				174	**1,727**	1,813
Ian Jones		✓				-	**1,553**	771
Darryl Hogan		✓				179	**1,732**	1,683
Christopher Blease				✓		-	**1,553**	1,547
Hilke Farina				✓		245	**1,798**	1,576
Simon Wilcox				✓		167	**1,720**	1,677
Geanna Bray			✓			33	**1,586**	259
Vishal Dixit		✓				111	**3,664**	2,018
Neil Ferguson		✓				-	**1553**	824
Melanie Johnson		✓				191	**1744**	318
Linda Seddon (resigned Feb 16)	✓					-	**-**	8724
Bianca Layne (resigned Jan 16)	✓					-	**-**	6163
Andrew Croucher (resigned Mar 16)		✓				-	**-**	1547
Simon Porter (resigned Oct 16)		✓				-	**-**	858
Chu Ofili			✓			-	**-**	875
Sir Peter Dixon						-	**6,443**	-

The Fresh Visions People Limited board members are unpaid. The total payments to Board and Committee members in 2016/17 is less than 0.1% of our turnover. The amount paid to Board and Committee members is reviewed annually. Remuneration is based on sector benchmarking data for comparable sized associations.

Key
CPHA - Crystal Palace Housing Association Limited
AHGF - AmicusHorizon Group Financing Limited
AHF - AmicusHorizon Finance PLC

9. Surplus on disposal of investments and other fixed assets

Group	**Investment properties £'000**	**Other fixed assets £'000**	**2017 Total £'000**	**2016 Total £'000**
Disposal proceeds	2,667	5	**2,672**	-
Cost of disposals	(2,162)	(21)	**(2,183)**	-
	505	**(16)**	**489**	**-**

Association	**Investment properties £'000**	**Other fixed assets £'000**	**2017 Total £'000**	**2016 Total £'000**
Disposal proceeds	2,667	-	**2,667**	-
Cost of disposals	(2,162)	(19)	**(2,181)**	-
	505	**(19)**	**486**	**-**

10. Interest receivable and income from investments

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank and deposit interest	**511**	441	**506**	440
Investment income	**362**	365	**360**	363
	873	**806**	**866**	803

11. Interest and financing costs

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	**17,024**	19,603	**-**	-
Loans from group undertakings	**-**	-	**25,023**	27,438
Swap payments	**12,525**	12,525	**4,609**	4,769
Recycled capital grant fund	**36**	36	**36**	36
Other interest payable	**1,875**	778	**1,874**	777
Net interest on pension funds	**1,026**	1,011	**1,026**	1,011
	32,486	33,953	**32,568**	34,031
Interest capitalised on construction of housing properties	**(1,363)**	(804)	**(1,363)**	(804)
	31,123	33,149	**31,204**	33,227
Other financing costs through income and expenditure				
Loss on basis swap derivative instruments	**122**	198	**122**	198
Other financing costs through other comprehensive income				
Loss on hedged derivative instrument	**621**	4,040	**621**	4,040

12. Taxation

AmicusHorizon Ltd is a charitable housing association and is not liable to Corporation Tax on its charitable activities. Four subsidiaries, Crystal Palace Housing Association Ltd (CPHA), AmicusHorizon Group Financing Ltd, AmicusHorizon Finance plc (AHF plc) and Lamborn Estates Ltd are subject to Corporation Tax.

A reconciliation between Corporation Tax at the standard rate on the surplus on ordinary activities and the actual tax charge has not been provided due to the charitable status of AmicusHorizon Ltd, Charity of Julia Spicer for Almshouse, Eason Gruaz Homes, and The Fresh Visions People Ltd.

The tax recognised in the income and expenditure account represents a charge of £746 for AHF plc and £4,499 for CPHA (2016: AHF plc charge £9,707 and CPHA £122,981).

13(a). Tangible fixed assets – housing properties – Group

	Housing properties held for letting	Housing properties for letting under construction	Completed shared ownership properties	Shared ownership properties under construction	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2016	1,251,235	18,239	186,617	8,421	**1,464,512**
Additions from other HAs	24,851	-	-	-	**24,851**
Additions during year	1,507	31,534	5,966	18,474	**57,481**
Transfer to / from current assets	-	-	(52)	38	**(14)**
Component replacements	16,738	-	-	-	**16,738**
Transfer on completion	17,317	(17,317)	10,122	(10,122)	**-**
Transfer between tenures	(412)	-	412	-	**-**
Transfer from investment property	2	-	-	-	**2**
Disposals - property	(5,480)	-	(5,246)	-	**(10,726)**
Disposals – components & demolition	(8,601)	-	-	-	**(8,601)**
At 31 March 2017	**1,297,157**	**32,456**	**197,819**	**16,811**	**1,544,243**
Depreciation					
At 1 April 2016	204,532	-	12,279	-	**216,811**
Charge for year	16,685	-	1,554	-	**18,239**
Transfer between tenures	(11)	-	11	-	**-**
Accelerated depreciation	2,371	-	-	-	**2,371**
Disposals during year	(13,529)	-	(340)	-	**(13,869)**
At 31 March 2017	**210,048**	**-**	**13,504**	**-**	**223,552**
Provision for impairment					
At 1 April 2016	1,467	-	685	-	**2,152**
Charge for year	(187)	-	(352)		**(539)**
At 31 March 2017	**1,280**	**-**	**333**	**-**	**1,613**
Net book value					
At 31 March 2017	**1,085,829**	**32,456**	**183,982**	**16,811**	**1,319,078**
At 31 March 2016	1,045,236	18,239	173,653	8,421	1,245,549

The cost of land included in the above not subject to depreciation is £416m (2016: £389m). The net book value of leasehold land and buildings included above is £42m (2016: £29m). Additions to housing properties in the course of construction during the year included capitalised interest of £1.4m (2016: £0.8m) at an average interest rate during the year of 4.62% (2016: 4.68%). The total expenditure on works to existing properties during the year was £74m (2016: £40.6m), of which £16.6m (2016: £16.3m) was capitalised as component replacements, the remainder was expensed.

13(b). Tangible fixed assets – housing properties – Association

	Housing properties held for letting	Housing properties for letting under construction	Completed shared ownership properties	Shared ownership properties under construction	Total housing properties
	£'000	£'000	£'000	£'000	£'000
Cost					
At 1 April 2016	1,250,688	18,239	179,009	8,421	**1,456,357**
Additions from other HAs	24,851	-			**24,851**
Additions during year	1,507	31,534	5,966	18,474	**57,481**
Component replacements	16,712	-	-	-	**16,712**
Transfer to / from current assets	-	-	(52)	38	**(14)**
Transfer on completion	17,317	(17,317)	10,122	(10,122)	-
Transfer between tenures	(412)	-	412	-	**-**
Transfer from investment property	2	-	-	-	**2**
Disposals - property	(5,480)	-	(5,100)	-	**(10,580)**
Disposals - components	(8,601)	-	-	-	**(8,601)**
At 31 March 2017	**1,296,584**	**32,456**	**190,357**	**16,811**	**1,536,208**
Depreciation					
At 1 April 2016	204,517	-	11,169	-	**215,686**
Charge for year	16,677	-	1,485	-	**18,162**
Accelerated depreciation	2,371	-	-	-	**2,371**
Disposals during year	(13,529)	-	(330)	-	**(13,859)**
Transfer between tenures	(11)	-	11	-	**-**
At 31 March 2017	**210,025**	**-**	**12,335**	**-**	**222,360**
Provision for impairment					
At 1 April 2016	1,467	-	685	-	**2,152**
Charged for year	(187)	-	(352)		**(539)**
At 31 March 2017	**1,280**	**-**	**333**	**-**	**1,613**
Net book value at 31 March 2017	**1,085,279**	**32,456**	**177,689**	**16,811**	**1,312,235**
at 31 March 2016	1,044,704	18,239	167,155	8,421	1,238,519

The cost of land included in the above not subject to depreciation is £413m (2016: £387m). The net book value of leasehold land and buildings included above is £41m (2016: £28m). Additions to housing properties in the course of construction during the year included capitalised interest of £1.4m (2016: £0.8m) at an average interest rate during the year of 4.62% (2016: 4.68%). The total expenditure on works to existing properties during the year was £74m (2016: £41m), of which £16.6m (2016: £16.3m) was capitalised as component replacements, the remainder was expensed.

14(a). Tangible fixed assets – other fixed assets – Group

	Land and buildings £'000	Furniture and office equipment £'000	Computer equipment & software £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2016	10,335	7,627	7,888	105	**25,955**
Additions during year	204	337	856	-	**1,397**
Disposal during year	(181)	(56)	(34)	(19)	**(290)**
At 31 March 2017	**10,358**	**7,908**	**8,710**	**86**	**27,062**
Depreciation					
At 1 April 2016	3,762	6,694	6,360	94	**16,910**
Charge for year	332	381	878	3	**1,594**
Disposal during year	(169)	(50)	(33)	(18)	**(270)**
At 31 March 2017	**3,925**	**7,025**	**7,205**	**79**	**18,234**
Net book value					
At 31 March 2017	**6,433**	**883**	**1,505**	**7**	**8,828**
At 31 March 2016	6,573	933	1,528	11	9,045

The cost of freehold land and buildings included in the above is £5.7m (2016: £5.8m). The cost of leasehold buildings included in the above is £0.7m (2016: £0.8m).

14(b). Tangible fixed assets – other fixed assets – Association

	Land and buildings £'000	Furniture and office equipment £'000	Computer equipment & software £'000	Motor vehicles £'000	Total £'000
Cost					
At 1 April 2016	10,335	7,621	7,888	91	**25,935**
Additions during year	204	337	856	-	**1,397**
Disposal during year	(181)	(56)	(34)	(5)	**(276)**
At 31 March 2017	**10,358**	**7,902**	**8,710**	**86**	**27,056**
Depreciation					
At 1 April 2016	3,762	6,688	6,360	82	**16,892**
Charge for year	332	381	878	2	**1,593**
Disposal during year	(169)	(50)	(33)	(5)	**(257)**
At 31 March 2017	**3,925**	**7,019**	**7,205**	**79**	**18,228**
Net book value					
At 31 March 2017	**6,433**	**883**	**1,505**	**7**	**8,828**
At 31 March 2016	6,573	933	1,528	9	9,043

The cost of freehold land and buildings included in the above is £5.7m (2016: £5.8m). The cost of leasehold buildings included in the above is £0.7m (2016: £0.8m).

15. Investment properties

Group and Association	2017 £'000	2016 £'000
At 1 April	**28,920**	25,373
Transfers in	**646**	170
Tenure change	**(2)**	(209)
Disposals	**(2,105)**	-
Revaluation in year	**667**	3,586
At 31 March	**28,125**	28,920

The Association's investment properties are valued annually on 31 March at fair value. They are determined by an independent, professionally qualified valuer and undertaken in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual.

A rent capitalisation methodology was adopted coupled with an assessment of what an owner-occupier might pay with reference to respective rental and capital value markets. Where appropriate, for offices with obvious permitted development credentials, a high level residual appraisal was undertaken to underpin the valuation.

The surplus on revaluation of investment property arising of £1.4m (2016 - £3.6m) has been credited to the statement of comprehensive income for the year.

16. Investments

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Investments				
At 1 April	**185**	186	**13**	13
Revaluation in year	**16**	(1)	**-**	-
Sold in year	**(201)**			
At 31 March	**-**	185	**13**	13

The historic cost equivalents are not disclosed as the information to make the disclosure is not available.
The investments were invested in the Charity Investment Fund (COIF).

17. Properties for sale

	Group		Association	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
1st Tranche sales				
Completed	**4,948**	650	**4,948**	650
Under construction	**9,422**	6,716	**9,422**	6,716
	14,370	7,366	**14,370**	7,366

Capitalised interest is charged at an average interest rate during the year of 4.68% (2015: 5.19%)

18. Trade and other debtors

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Due within one year				
Rental and service charge arrears	**6,891**	6,212	**6,842**	6,170
Provision for doubtful debts	**(796)**	(954)	**(796)**	(935)
	6,095	5,258	**6,046**	5,235
Social housing grant receivable	**685**	3,142	**685**	3,142
Trade debtors	**1,093**	1,038	**1,091**	1,038
Other debtors	**1,811**	2,332	**1,780**	2,301
Amounts owed by subsidiary undertakings	**-**	-	**75**	19
Prepayments and accrued income	**2,699**	2,369	**2,664**	2,362
	12,383	14,139	**12,341**	14,097
Due after more than one year				
Leaseback schemes	**3,043**	3,393	**3,043**	3,393
Service charge debtor	**5,441**	6,261	**5,382**	6,247
Liquidity fund	**248**	248	**248**	248
	8,732	9,902	**8,673**	9,888
Total debtors	**21,115**	24,041	**21,014**	23,985

19. Short term investments

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Money market funds	**-**	55,000	**-**	55,000

We had no fixed term deposits not accessible within 3 months (2016: £55m).

20. Cash and cash equivalents

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Cash and cash equivalents	**92,513**	53,242	**91,530**	52,493
	92,513	53,242	**91,530**	52,493

Total group cash and short term investment balances of £92.5m (2016: £108.2m) include £5m (2016: £5m) held in separate accounts for sinking funds on behalf of leaseholders.

21. Creditors: amounts falling due within one year

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Corporation tax	**275**	271	**-**	-
Social housing grant (note 23)	**4,932**	4,986	**4,860**	4,921
Interest payable	**2,776**	2,806	**2,776**	2,806
Loan repayments (note 27)	**12,396**	12,246	**12,396**	12,246
Taxation and social security	**343**	323	**343**	323
Rent paid in advance	**5,365**	4,864	**5,330**	4,840
Trade creditors	**2,842**	1,888	**2,842**	1,888
Other creditors and accruals	**19,466**	16,776	**19,428**	16,756
Service charge creditors	**6,121**	5,069	**6,171**	5,069
Handback creditor	**235**	266	**235**	266
Amounts due to subsidiary undertakings	**-**	-	**5,943**	5,914
SHPS pension creditor (note 35)	**820**	776	**820**	776
Disposal proceed fund (note 26)	**138**	306	**138**	305
Recycled capital grant fund (note 25)	**2,461**	2,596	**2,405**	2,536
	58,170	53,173	**63,687**	58,646

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

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Loans & borrowings (note 27)	**653,140**	665,315	**648,896**	660,988
Derivative financial instruments	**111,883**	111,139	**111,883**	111,139
Lease premium grant subsidy	**440**	526	**440**	526
Service charge creditor	**3,857**	4,524	**3,491**	4,185
Social Housing Grant (note 23)	**490,382**	491,023	**486,250**	486,712
Recycled capital grant fund (note 25)	**8,959**	7,359	**8,728**	7,186
Disposal proceeds fund (note 26)	**504**	428	**504**	428
SHPS pension creditor (note 35)	**4,591**	4,985	**4,591**	4,985
Other creditors	**252**	119	**252**	119
	1,274,008	1,285,418	**1,265,035**	1,276,268

23. Social Housing Grant received

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Total Social Housing Grant received or receivable to date is as follows:				
Capital grant – housing properties (note 24)	**495,314**	496,009	**491,110**	491,633
Recycled capital grant fund (note 25)	**11,420**	9,955	**11,133**	9,722
Disposals proceeds fund (note 26)	**642**	733	**642**	733
Revenue grant cumulative amortised	**88,384**	85,740	**87,168**	84,581
	595,760	592,437	**590,053**	586,669

24. Social Housing Grant - housing properties

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
At 1 April	**496,009**	499,003	**491,633**	494,479
Grants received during the year	**10,082**	5,334	**10,082**	5,334
Grants amortised during the year	**(4,754)**	(4,939)	**(4,683)**	(4,874)
Grants recycled	**(5,301)**	(4,711)	**(5,247)**	(4,594)
Disposals	**(722)**	1,322	**(676)**	1,288
At 31 March	**495,314**	496,009	**491,110**	491,633
Social Housing Grant	**495,314**	496,009	**491,110**	491,633
Cumulative amount amortised	**88,384**	85,740	**87,168**	84,581

25. Recycled Capital Grant Fund (RCGF)

Group	2017		2016	
	HCA	GLA	HCA	GLA
	£'000	£'000	£'000	£'000
At 1 April	**1,595**	**8,359**	1,050	4,968
Grants recycled	**1,091**	**3,889**	589	3,633
Transferred from other Group members	**-**	-	-	-
Interest accrued	**4**	**32**	6	30
New developments and repairs to existing properties	**(1,314)**	**(2,236)**	(50)	(272)
At 31 March	**1,376**	**10,044**	1,595	8,359
Amount due for repayment to the Homes and Communities Agency				
Within one year	**-**	**2,461**	364	2,231
Within 2 to 3 years	**1,376**	**7,583**	1,231	6,128
	1,376	**10,044**	1,595	8,359

Association	2017		2016	
	HCA	GLA	HCA	GLA
	£'000	£'000	£'000	£'000
At 1 April	**1,595**	**8,127**	1,050	4,830
Grants recycled	**1,091**	**3,774**	589	3,516
Transferred from other Group members	**-**	**60**	-	23
Interest accrued	**4**	**32**	6	30
New developments and repairs to existing properties	**(1,314)**	**(2,236)**	(50)	(272)
At 31 March	**1,376**	**9,757**	1,595	8,127
Amount due for repayment to the Homes and Communities Agency				
Within one year	**-**	**2,405**	364	2,172
Within 2 to 3 years	**1,376**	**7,352**	1,231	5,955
	1,376	**9,757**	1,595	8,127

26. Disposal Proceeds Fund (DPF)

	2017		2016	
	HCA	GLA	HCA	GLA
	£'000	£'000	£'000	£'000
Group and Association				
At 1 April	**102**	631	**-**	687
Grants recycled	**215**	107	**102**	79
New developments and repairs to existing properties	**-**	(413)	**-**	(135)
At 31 March	**317**	325	**102**	631
Amount due for repayment				
Within one year	**-**	138	**-**	305
Within 2 to 3 years	**317**	187	**102**	326
	317	325	**102**	631

27. Loans and borrowings

	Group 2017 £'000	Group 2016 £'000	Association 2017 £'000	Association 2016 £'000
Housing loans are repayable:				
Within one year	**12,396**	12,246	**12,396**	12,246
One to two years	**22,667**	12,409	**22,667**	12,409
Two to five years	**64,248**	66,879	**64,248**	66,879
More than five years	**416,963**	436,979	**416,963**	436,979
Deferred financing costs	**(2,286)**	(2,186)	**(2,286)**	(2,186)
	513,988	526,327	**513,988**	526,327

Loans repayable by instalments, some of which fall due to be repaid in more than five years:

	Group 2017 £'000	Group 2016 £'000	Association 2017 £'000	Association 2016 £'000
Loans	**509,406**	520,073	**509,406**	520,073
Index linked loans	**6,868**	8,440	**6,868**	8,440
Deferred financing costs	**(2,286)**	(2,186)	**(2,286)**	(2,186)
	513,988	526,327	**513,988**	526,327

	Group 2017 £'000	Group 2016 £'000	Association 2017 £'000	Association 2016 £'000
Housing loans:				
Loans and debentures	**509,235**	519,878	**69,236**	69,878
Index linked loans	**6,868**	8,440	**6,868**	8,440
Deferred interest loans	**81**	91	**81**	91
Loan premiums	**90**	104	**90**	104
Deferred financing costs	**(2,286)**	(2,186)	**(2,286)**	(2,186)
Net housing loans due within one year and after more than one year	**513,988**	526,327	**73,989**	76,327
Inter company loan	**-**	-	**587,303**	596,907
Bond	**150,000**	150,000	**-**	-
Bond premium	**4,245**	4,327	**-**	-
Bond set up costs	**(2,697)**	(3,093)	**-**	-
Net bond balance	**151,548**	151,234	**-**	-
Net borrowings	**665,536**	677,561	**661,292**	673,234

27. Loans and borrowings (continued)

The Group has interest rate swap agreements in place to hedge against the risk of interest rate increases in its floating rate debt. Of the total fixed rate debt (excluding the bond) of £418m, £312m is hedged by swaps which have been fixed for periods ranging from one to thirty one years. In total the Group has £571m loan facilities (excluding the bond). This includes undrawn committed loan facilities of £55m, which was fully secured at the balance sheet date and available to draw at short notice. Of all loan facilities £30m are revolving which allows the Group to draw and repay variable loans when surplus cash becomes available. Loans bear fixed rates of interest ranging from 3.78% to 11.5% or variable rates based on a margin above LIBOR. The fair value of the Group's long term borrowing is £666m (2016: £678m). This reflects both the value of embedded fixed rates relative to current interest rate forwards and the value of credit margins relative to credit margins in the current market.

Separately, the Group has a mark to market liability in respect of the fair value of the Group's derivative portfolio which is £111.9m (2016: £111.1m). Adjustment is made to fair value for credit risk where this is considered material.

A total movement on the fair value of the derivative financial instrument portfolio of £0.6m (2016: £4.0m) has been recognised in other comprehensive income in the year and £0.1m has been recognised within surplus for the year (2016: £0.2m). Fair value is determined by reference to the mark-to-market position of the derivative instruments at each reporting date. This mark-to-market position is adjusted where there are indicators that the risk-free rate implicit in a mark-to-market valuation does not reflect material adjustments necessary to account for own or counterparty credit risk. The fair value of hypothetical derivatives (i.e. those derivative instruments that would perfectly hedge against the risks associated with the hedged item) are determined on the same basis but not adjusted for credit risk. Hedging instruments have a maturity of between one and thirty one years.

The net interest payments made in relation to the swap arrangements during the year and transferred from the cash flow hedge reserve to surplus for the year was £13.3m (2016: £12.4m).

At 31 March 2017 15,683 homes are charged as security to lenders valued at £1.2 billion (based on a mix of EUV-SH and market values subject to tenancies (mv-t)). 1,582 homes and one of our offices are charged to derivative counterparties to meet our mark to market exposure to the extent that this exceeds a threshold agreed between the counterparties.

Drawn funding bears interest, after taking in to account hedging activity as follows:

	2017 £'000	2016 £'000
Fixed rate	**417,599**	423,554
Index linked	**6,868**	8,440
Floating rate	**91,718**	96,415
	516,185	528,409

In addition to the above the Group has also sold £150m AmicusHorizon Finance Plc 5.25% 2043 corporate bonds. £100m was sold to investors during 2012/13 and the remaining £50m was sold during 2013/14. As interest on the bonds is payable at a fixed rate only, the Group has no exposure to floating interest rates. Included in net housing loans and net bond balance is set up costs of £4,983k (2016: £5,279k) capitalised and net of amortisation.

27. Loans and borrowings (continued)

The Strategic Board recognises the key risk faced by the Group relates to the ability of the Association to repay loans as they fall due. The Association is exposed to fluctuations in interest rates, and risks are inherent operating in the property and housing sectors. The key risks and mitigation strategies are:

- The Group uses hedging and derivatives to manage interest rate risk where these are permitted. Derivatives are used to manage interest rate risk by hedging variable rate borrowings
- The Group undertakes regular revaluation of the property portfolio, ensuring the asset cover required to secure borrowings is maintained. The majority of borrowing is secured against the market value of properties subject to tenancies
- The Group regularly monitors actual and projected compliance with financial covenants, and uses sensitivity analysis to ensure price, liquidity, credit and interest rate risk will not affect the ability of the Group to repay debt to the Association as it falls due or that mitigating actions are taken where appropriate.

28. Financial instruments

The Group's financial instruments are analysed as follows:

Group	**2017**	**2016**
	£'000	**£'000**
Financial assets measured at historic or amortised cost		
Trade receivables	**1,093**	1,038
Other receivables	**5,787**	9,115
Investments in subsidiaries and joint ventures	**-**	185
Net rental and service charge debtors	**11,536**	11,519
Investments in short term deposits	**-**	55,000
Cash and cash equivalents	**92,513**	53,242
Financial assets measured at fair value through profit or loss		
Derivative financial instruments	**172**	294
Financial liabilities measured at amortised cost		
Loans payable	**(665,536)**	(677,561)
Financial liabilities measured at historic cost		
Trade creditors	**(2,843)**	(1,889)
Other creditors	**(33,758)**	(31,618)
Derivative financial instruments designated as cash flow hedges of variable interest rate risk	**(112,055)**	(111,434)

29. Provisions

Group and Association	2017	2016
	£'000	£'000
Handback provision for temporary housing accommodation		
At 1 April	**599**	944
Utilised in year	**(110)**	(345)
At 31 March	**489**	599

30. Contingent liabilities

As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements in relation to repayment of grant that may arise in the event of a disposal. We hold £36.6m grant (2016: £14.8m) relating to stock swaps which would be repayable to the grant provider in the event that this stock is disposed.

31. Non-equity share capital

Association	2017	2016
	£	£
At 1 April	**89**	106
Issued in year	**-**	4
Cancelled in year	**(9)**	(21)
At 31 March	**80**	89

Every member of the Association holds one share of £1. These shares carry no dividend rights and, on cessation of membership of the Association, are cancelled and the amount paid becomes the property of the Association. Each member has the right to vote at members' meetings.

32. Capital commitments

Commitments for expenditure on developments

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Capital expenditure contracted for but not provided for in the financial statements	**105,662**	65,843	**105,662**	65,843
Capital expenditure which has been authorised by the Board but not yet contracted for	**110,889**	58,296	**110,889**	58,296

The amount contracted for at 31 March 2017 will be funded from grants approved by the Homes and Communities Agency (9%) or will be financed from property sales (34%) and private loans / cash generated from the business. Under regulations approved by the Strategic Board, expenditure to certain levels may be authorised by appropriate officers, and such authorised expenditure is included above.

Commitments for expenditure on components

	Group		Association	
	2017	**2016**	**2017**	**2016**
	£'000	**£'000**	**£'000**	**£'000**
Capital expenditure – contracted for but not provided for in the financial statements	**16,302**	15,872	**16,302**	15,872
Capital expenditure – replacement components authorised by the Board but not yet contracted for	**378**	590	**378**	590

The amount contracted for at 31 March 2017 will be funded by cash generated from the business.

33. Commitments under operating leases

At 31 March 2017 the Group and Association had total commitments under non-cancellable operating leases as follows:

	Group		Association	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Land and buildings				
Leases expiring within one year	**582**	576	**580**	558
Two to five years	**1,281**	1,492	**1,281**	1,490
Over five years	**614**	1,282	**614**	725
	2,477	3,350	**2,475**	2,773
Other				
Leases expiring within one year	**110**	182	**105**	182
Two to five years	**32**	90	**26**	90
	142	272	**131**	272
Total	**2,619**	3,622	**2,606**	3,045

34. Related party disclosures

The ultimate controlling party of the Group is AmicusHorizon Ltd a registered social housing provider. There is no ultimate controlling party of AmicusHorizon Ltd.

AmicusHorizon considers the key management personnel to be the Strategic Board and Strategic Executive Team. The only transactions between AmicusHorizon and the key management personnel are remuneration which is set out in notes 7 and 8.

AmicusHorizon participates in five pension schemes. The transactions with these pension schemes are set out in note 35.

The Strategic Board includes two resident members who hold tenancy agreements on normal terms and cannot use their position to their advantage. There were 58 shareholders (2016:62), excluding the board members, that are also residents of the Association, who hold tenancy agreements on normal terms and cannot use their position to their advantage. The transactions recorded during the year are aggregated below:

	2017	2016
	£'000	£'000
Payment in advance from previous year	**9**	7
Charges in year	**(296)**	(336)
Payments in year	**294**	338
Payments in advance at end of year	**7**	9

34. Related party disclosures (continued)

The following managed undertakings are subsidiaries by virtue of the ability of the Association to control the composition of their Board or by holding the majority of shares, in accordance with financial reporting standards, the results of the undertakings are incorporated in the consolidated accounts. Where indicated, subsidiaries are Registered Providers of Social Housing (RPSH).

Name of undertaking	Country of registration	Principal activity
Amicus Group Ltd	UK RPSH	Support Services for Group
AmicusHorizon Group Financing Ltd	UK	Group financing vehicle
AmicusHorizon Finance Plc	UK PLC	Bond issuing vehicle
Avenue Lettings & Management Ltd	UK	Dormant
Crystal Palace Housing Association Ltd	UK RPSH	Registered social housing provider
Eason Gruaz Homes	UK Charity	Social housing provider
The Fresh Visions People Ltd	UK Charity	Registered Charity
Charity of Julia Spicer for Almshouse	UK RPSH	Registered social housing provider
Lamborn Estates Ltd	UK	Property development
Shared Horizons Ltd	UK	Dormant
Neighbourhood Homes Ltd	UK	Dormant
SLD Architects & Surveyors Limited	UK	Dormant

The Association has entered into a joint agreement with two other Registered Providers of Social Housing to own and manage St Martin's Estate in Lambeth. The Association's share of 41.3% is incorporated in the consolidated accounts.

The Association is a member of Ink Development Co Ltd, a vehicle set up with West Kent Housing Association and Russet Homes to jointly acquire sites and develop schemes. Russet Homes ceased membership in 2014. The following transactions took place during the year:

	2017 £'000	2016 £'000
Net sales and purchases of goods and services	**6,507**	7,449
Debtors due to Ink	**1,534**	1,542
Creditor due from Ink	**335**	500
Administration fees	**240**	392

AHL provides central management services to its subsidiaries. The quantum of the 2016/17 charges applied for these services to each subsidiary is as follows:

	2017 £'000	2016 £'000
Crystal Palace Housing Association Ltd	**229**	229
Eason Gruaz Homes	**3**	3
The Fresh Visions People Ltd	**3**	3
Charity of Julia Spicer for Almshouse	**7**	7
Total	**242**	242

34. Related party disclosures (continued)

AmicusHorizon Ltd has transacted with the following entities which are not themselves registered providers:

Name of undertaking	Nature of transaction	Balance £m
AmicusHorizon Group Financing Ltd	Inter company housing loans	(£450.0m)
AmicusHorizon Finance Plc	Inter company loan to AH – bond issue	(£146.9m)

Interest is charged at the same equivalent rates of the external loans with no mark up by AHF plc of £7.9m and by AHGFL of £17.1m (2016: AHF plc £7.9m and AHGFL £19.6m). The amounts paid to AHGFL includes amounts of £10.7m (2016: £11.7m) which relate to payments in relation to derivative financial instruments for which AHL has responsibility.

35. Pension commitments

AmicusHorizon operates four defined benefit schemes for its employees, Social Housing Pension Scheme (SHPS), Horizon Housing Group Pension Scheme (HHGPS) and two Local Government Pension Schemes: East Sussex County Council Pension Fund (ESCC) and Kent County Council Scheme (KCCS). The assets of the schemes are held separately from those of the Group and are managed by trustees. The contributions are determined on the basis of triennial valuations using the projected unit method. These schemes are all closed to new members.

AmicusHorizon also operates a money purchase (stakeholder) pension scheme which is accounted for as a defined contribution scheme.

Three commercial properties have a charge to secure the liabilities on HHGPS. The respective properties are valued at £2m.

SHPS - The Pensions Trust

AmicusHorizon participates in The Pensions Trust – Social Housing Pension Scheme SHPS (the Scheme). It's 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 Association 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.

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 Association 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.

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 £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid from all employers, to the scheme as follows:

35. Pension commitments (continued)

Deficit contributions

Tier 1	**From 1 April 2016 to 30 September 2020:** £40.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 2	**From 1 April 2016 to 30 September 2020:** £28.6m per annum (payable monthly and increasing by 4.7% each year on 1st April)
Tier 3	**From 1 April 2016 to 30 September 2026:** £32.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)
Tier 4	**From 1 April 2016 to 30 September 2026:** £31.7m per annum (payable monthly and increasing by 3.0% each year on 1st April)

The scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 and 3 deficit contributions.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement, the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate of 3.3%. The unwinding of the discount rate is recognised a a finance cost.

	2017	2016
	£'000	£'000
Group and Association		
SHPS pension liability		
At 1 April 2016	**5,761**	4,600
Unwinding of the discount factor (interest expense)	**185**	142
Deficit contributions paid	**(776)**	(577)
Remeasurements - amendments to the contribution schedule	**-**	1,596
Remeasurements - SLDHA	**241**	-
At 31 March 2017	**5,411**	**5,761**

Triennial valuations

The triennial valuations were last undertaken as at 31 March 2016 for the ESCC and KCC schemes and at 31 March 2014 for HHGPS.

The disclosures on the following pages are the aggregate of all the defined benefit pension schemes excluding SHPS.

35. Pension commitments (continued)

Split of plan assets

The major categories of plan assets as a percentage of total plan assets are as follows:

	Range	
	31 March 2017	**31 March 2016**
Equities	**70% - 88%**	67% - 77%
Gilts	**1.0%**	1% - 10%
Bonds	**10% - 14%**	11% - 16%
Property	**0% - 12%**	12% - 15%
Target return portfolio	**4.0%**	4.0%
Cash	**0.3% - 3%**	0.4% - 3%

Mortality

Life expectancy is based on the S1PA S2PA tables and the CMI2012 and CMI2020 models. Based on these assumptions, the average future life expectancies from retirement age are summarised below:

	Range	
	Males	**Females**
Current pensioners	**21.1 – 23.0 years**	**22.9 - 25.0 years**
Future pensioners	**22.1 - 25.1 years**	**24.1 - 27.7 years**

Financial assumptions

The main financial assumptions at 31 March each year were as follows:

	Range	
	31 March 2017	**31 March 2016**
Rate of general long term increase in salaries	**2.8% - 4.2%**	4.0% - 4.3%
Rate of increase in pension payment	**2.4% - 3.3%**	2.1% - 3.1%
Discount rate	**2.5% - 2.6%**	3.3% - 3.5%
Inflation assumption (CPI)	**2.4% - 2.5%**	2.2% - 2.5%

Balance sheet

	31 March 2017 £'000	**31 March 2016 £'000**
Year ended		
Fair value of employer assets	**93,756**	78,515
Present value of funded liabilities	**(119,548)**	(104,017)
	(25,792)	(25,502)
Present value of unfunded liabilities	**(371)**	(390)
Net liability	**(26,163)**	(25,892)

35. Pension commitments (continued)

Funding position at 31 March

	31 March 2017 £'000	31 March 2016 £'000
Share of assets	**93,756**	78,515
Estimated liabilities	**(119,919)**	(104,407)
Net deficit	**(26,163)**	(25,892)

Experience gains/(losses) on scheme assets and liabilities

	31 March 2017 £'000	31 March 2016 £'000
Assets	**11,993**	(2,562)
Liabilities	**2,737**	(1,432)

Analysis of amounts charged to Operating Surplus for each year ended 31 March

	31 March 2017 £'000	31 March 2016 £'000
Current service cost	**629**	782
Total operating charge	**629**	782

Analysis of amount charged to interest and financing costs for each year ended 31 March

	31 March 2017 £'000	31 March 2016 £'000
Net charge	**841**	869

35. Pension commitments (continued)

Analysis of amount recognised in the statement of comprehensive income for each year ended 31 March

	31 March 2017 £'000	31 March 2016 £'000
Actual return less expected return on pension schemes	**11,993**	(2,562)
Experience gains and losses on the scheme liabilities	**2,737**	(1,432)
Past service cost	**(183)**	-
Changes in underlying assumptions	**(16,611)**	5,395
Total actuarial (losses) /gains	**(2,064)**	1,401

Analysis of movement in surplus during each year to 31 March

	31 March 2017 £'000	31 March 2016 £'000
Deficit at the beginning of the year	**(25,892)**	(28,868)
Total contributions	**3,569**	3,534
Service cost	**(629)**	(784)
Other finance costs	**(1,147)**	(1,175)
Actuarial (losses) /gains	**(2,064)**	1,401
Deficit at the end of the year	**(26,163)**	(25,892)

Reconciliation of opening and closing balances of the fair value of scheme assets as at 31 March

	31 March 2017 £'000	31 March 2016 £'000
Opening fair value of assets	**78,515**	78,234
Expected return on assets	**2,723**	2,480
Actuarial gains/ (losses) on assets	**11,993**	(2,562)
Other losses	**(183)**	-
Contributions by the employer	**3,569**	3,534
Contributions by the participants	**182**	195
Administration expense	**(6)**	(6)
Net benefits paid out	**(3,037)**	(3,360)
Closing fair value of assets	**93,756**	78,515

35. Pension commitments (continued)

Reconciliation of opening and closing balances of the present value of scheme liabilities as at 31 March

	31 March 2017 £'000	31 March 2016 £'000
Opening present value of liabilities	**104,407**	107,102
Service costs	**629**	782
Interest cost	**3,564**	3,349
Change in assumptions	**1,142**	502
Contributions by participants	**182**	195
Actuarial (losses)/gains on liabilities	**12,732**	(4,465)
Net benefits paid out	**(2,737)**	(3,060)
Loss on curtailments	**-**	2
Closing present value of liabilities	**119,919**	104,407

36. Business combinations – Acquisition of South London Diocesan Housing Association

During the period AmicusHorizon Limited was appointed as recipient of the trade, operations and assets of South London Diocesan Housing Association, a registered provider of social housing operating in South London. The legal transfer of all assets and liabilities took place on 1 August 2016.

Under FRS 102, this transaction represented a business combination which is, in substance, a gift from one entity to a public benefit entity. There was no consideration paid.

As required by section 34 of FRS 102, the assets and liabilities acquired have been subject to a fair value excess, to the extent material. The resultant net 'gain' (being any excess of the fair value of the assets received over the fair value of the liabilities assumed) is recognised as a gain within turnover.

The assets and liabilities acquired (and their corresponding fair values) were as follows:

Category	Book value as transferred	Fair value in books of AHL
Housing properties	£10m	£18.3m
Other assets	£732k	£732k
Other liabilities	£493k	£493k
Loans and borrowings	£9.7m	£9.7m

The resultant net gain of £8.4m has been recognised within turnover in the income and expenditure account. No goodwill or related amortisation is therefore presented.

For the purposes of the cash flow statement, working capital elements such as debtors and creditors have been disaggregated from the net gain of £21m and included within the relevant line items in the reconciliation to net cash flow from operating activities.

37. Post balance sheet events

On May 22 2017 AmicusHorizon Limited and Viridian Housing announced the formation of a new Housing Association, Optivo. This business combination was effected through an Amalgamation under s109 of the Community Benefits Societies Act 2014. Together the merged business will increase our capacity to build, delivering more new homes and better services than we could apart. The estimated value of net assets created is £460m. This merger has no major impact on the financial statements of the AmicusHorizon component as at 31 March 2017 as the event took place after that balance sheet date. These financial statements nevertheless present additional information about such matters as going concern and post balance sheet events where such information is necessary for users of financial statements to understand the arrangement.

To release investment capacity, at the point of merger we concluded a refinancing of the existing AmicusHorizon and Viridian loan portfolios through four lending banks. The AmicusHorizon Barclays-led syndicate has been broken into four separate bilateral loans. A new covenant package has been put in place with debt per unit requirements removed, ensuring Optivo has the financial freedom to deliver its investment programme. In exchange, a modest amount of loans as presented in note 27 have been repaid (£33m), with the principal economic changes to the loans being term reductions and margin increases. Loan margins are still well below market levels. These new loans and historical derivative instruments previously held by AHGFL have been assigned to Optivo. AmicusHorizon business will continue as part of the Optivo entity and therefore it is anticipated that the first set of accounts produced as Optivo will be prepared using merger accounting mechanisms, presenting the results of the new group as if it has always existed.

AmicusHorizon

Making homes, helping people

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Society name:

AMICUSHORIZON LTD

Important information you should read before completing this form

You must use this form if you are a:

- registered society (previously referred to as an 'industrial and provident society')
- co-operative society
- community benefit society

registered under the Co-operative and Community Benefit Societies Act 2014.

You must submit this form and the society's accounts within 7 months of the end of your financial year. Failure to submit is an offence for which the society may be prosecuted.

Please note:

- we have an information note that may assist you in completing this application
- any personal details you give on the form will be placed on the society's public file.
- it is important you give accurate and complete information and disclose all relevant information. If you do not, it may take us longer to process your annual return.

Please keep a copy of the form and supporting documents for future reference.

Terms in this form

'FCA', 'PRA', 'us' and 'we' refer to the Financial Conduct Authority or Prudential Regulation Authority.

'You' refers to the person signing the form on behalf of the society.

'The 2014 Act' is the Co-operative and Community Benefit Societies Act 2014

Mutual Societies Annual Return Form (AR30)

For societies registered under the Co-operative and Community Benefit Societies Act 2014

Filling in the form

1 If you are using your computer to complete the form:

- use the TAB key to move from question to question and press SHIFT TAB to move back to the previous question; and
- print the completed form and arrange for it to be signed by all relevant individuals.

2 If you are filling in the form by hand:

- use black ink;
- write clearly; and
- arrange for it to be signed and dated by all relevant individuals.

3 If you make a mistake, cross it out and initial the changes; do not use correction fluid.

4 If you:

- leave a question blank;
- do not get the form signed; or
- do not attach the required supporting information

without telling us why, we will treat the application as incomplete. This will increase the time taken to assess your application.

5 If there is not enough space on the form, you may use separate sheets of paper. Clearly mark each separate sheet of paper with the relevant question number. Any separate sheets should be signed by the signatories to the form.

6 Email a scanned copy of the signed form and supporting documents to

mutualsannrtns@fca.org.uk

or send it by post to:

Mutuals Team
Financial Conduct Authority
25 The North Colonnade
Canary Wharf
LONDON
E14 5HS

7. Please make sure you include:

- this form
- a set of printed accounts – signed by two members and the secretary (3 signatures in total)
- an audit report or accountant's report where required; and
- any supporting documents.

1 Details of society

1.1 Details of the society

Register number	30786R
Registered office address	GROSVENOR HOUSE 125 HIGH STREET CROYDON
Postcode	CR0 9XP

1.2 Year end date (dd/mm/yyyy)

See Note 1.2

31 / 03 / 2017

Committee of management

If you are a club you do not need to give a year of birth in questions 1.3-1.6.

The names of the members of the Committee at the date on which the return is signed should be entered below in BLOCK CAPITALS.

1.3 Details of Chairman

Name	STEVE DOUGLAS
Address	14 LAKESIDE ROAD PALMERS GREEN LONDON N13 4PR
Postcode	N13 4PR
Year of birth	1964
Business occupation and other directorships	

1.4 Details of Treasurer

Name	n/a
Address	n/a
Postcode	n/a
Year of birth	n/a
Business occupation and other directorships	n/a

1.5 Details of Secretary

Name	ALISON WIGNALL
Address	22 SHURLAND AVENUE SITTINGBOURNE KENT
Postcode	ME10 4QT
Year of birth	1965
Business occupation and other directorships	HEAD OF GOVERNANCE

1.6 Details of Members of the Committee

Name	Address	Year of birth	Business occupation and other directorships
PAUL CROUCH	1 HOGS EDGE BRIGHTON WEST SUSSEX BN2 4NQ	1964	RECORDING ENGINEER
ANDREW WISEMAN	25 EGLINGTON ROAD CHINGFORD	1956	CHAIRMAN AND MANAGING DIRECTOR OF TELFORD HOMES PLC
DAVID CLIFFORD	14 THE CRESCENT BARNES LONDON SW13 0NN	1952	
NICK STEPHENSON	84 HURSTBOURNE ROAD LONDON SE23 2 AQ	1970	DIRECTOR – UNEMPLOYED NET
		yyyy	

Please use separate sheets of paper if you need more space, following the instructions provided in section 5 above.

Please indicate how many separate sheets of paper you have used

0

Please continue, answering all questions.

1.7 **Are any members of the society's committee disqualified as directors under the Company Director Disqualification Act 1986?**

☒ No

☐ Yes

1.8 **Does the society carry out any activity which is regulated under the Financial Services and Markets Act 2000?** (e.g. accepting deposits in a form other than withdrawable shares; offering insurance products; undertaking residential mortgage business). If 'yes' please state the society's Financial Services Register firm reference number

☒ No

☐ Yes

Financial Services Register firm reference number

FRN77424

1.9 **Is the society a subsidiary of another society?**

☒ No

☐ Yes

1.10 **Does the society have one or more subsidiaries?**

☐ No

☒ Yes

1.11 **Is the society currently accepted by the HM Revenue and Customs as a charity for tax purposes?**

☐ No

☒ Yes

Please confirm you have attached a copy of the letter from HM Revenue and Customs confirming charitable tax status:

☒ Yes

1.12 **Is this society a charity registered with the Office of the Scottish Charity Regulator (OSCR)?**

☒ No

☐ Yes ▸ provide your Scottish Charity number below

1.13 **Is the society registered with one of the following (please tick)?**

☒ Homes and Communities Agency

☐ The Welsh Ministers

☐ Scottish Housing Regulator

If so, please provide your register number

L4536

All societies must answer the following questions:

- if a **bona fide co-operative society** go to question 1.14
- if **existing for the benefit of the community** go to question 1.19

Bona fide co-operative society

1.14 How did members benefit from the business, industry or trade of the society during the year?

1.15 Is membership of the society required to obtain the benefits offered by it?

☐ Yes

☐ No

1.16 In what way did members participate in an ongoing basis in the society's primary business during the year?

1.17 How did members democratically control the society?

1.18 How did the society use any surplus/profit?

If the society distributed the surplus/profit to members please explain how this was done.

Please use separate sheets of paper if you need more space (see section 5 above)

Please indicate how many separate sheets of paper you have used.

Continue to 2.1

Community benefit society

1.19 Who are the community the society benefited?

AHL provides homes and services to communities across London, the South and South East of England. We work to improve the lives of our residents through innovative programmes and training schemes. We own and/or manage nearly 26000 homes and other housing solutions from general needs to housing for people with care and supprot needs.

1.20 How did the society benefit that community during the year?

AHL invested £78m in new and exisitng homes
AHL started 588 homes and completed 184 new homes in 2016/17.
AHL continued to support its residents back to work.
AHL had 4,178 people engaged on community programmes (target 4,000 people), 523 progressing in to new jobs or further training.

1.21 How did the society use any surplus/profit?

AmicusHorizon Ltd re-invest all of its annual surplus back into services and new homes to deliver sustainable communities.

Please use separate sheets of paper if you need more space (see section 5 above).
Please indicate how many separate sheets of paper you have used.

0

Continue to 2.1

2 Statistics

Account details

2.1 You must enter the figures below

See notes for help on items E-T. Enter NIL where applicable

A	Members at beginning of year	89
B	Members ceased during year	9
C	Members admitted during year	-
D	Members at end of year	80
E	Turnover for year	188,072,000
F	Total of income and expenditure (receipts and payments added together)	N/A
G	Net surplus/(deficit) for year	69,623,000
H	Fixed assets	1,356,031,000
I	Current assets	127,998,000
J	Total assets (equal to amount in row O, below)	1,484,029,000
K	Current liabilities	58,170,000
L	Share capital	-
M	Long-term liabilities	1,300,660,000
N	Reserves	125,199,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	1,484,029,000

All societies (excluding clubs) must complete boxes P-T

P	Investments in other registered societies	nil
Q	Loans from members	nil
R	Loans from Employees' Superannuation Schemes	nil
S	Dividends on sales	nil
T	Share interest	nil

2.2 Names of subsidiaries as defined in sections 100 and 101 of the Co-operative and Community Benefit Societies Act 2014

AMICUS GROUP LIIMITED
THE FRESH VISIOS PEOPLE LIMITED
CHARITY OF JULIA SPICER ALMSHOUSES
EASON GRUAZ HOMES
AVENUE LETTING AND MANAGEMENT LIMITED
AMICUSHORIZON FINANCE PLC
AMICUSHORIZON GORUP FINANCING LIMITED
CRYSTAL PALACE HOUSING ASSOCIATION SLD ARCHITECTS LTD SHARED HORIZONS LTD LAMBORN ESTATES NEIGHBOURHOOD HOMES LTD

2.3Names of subsidiaries not dealt with in group accounts (if any) and reasons for exclusions (as approved by the FCA)

The society must have written authority from us to exclude a subsidiary from group accounts

3 The audit

3.1 Type of audit used for the attached accounts.

If the society has used a full professional audit or an accountant's report then the report must be prepared by a registered auditor.

- ☒ Full professional audit ▸ Continue to section 4
- ☐ Accountant's report ▸ Complete questions 3.2 and 3.3
- ☐ Lay audit ▸ Complete questions 3.2 and 3.3
- ☐ Unaudited ▸ Complete questions 3.2 and 3.3

3.2 Do the society's registered rules allow the society not to undertake a full professional audit?

- ☒ No
- ☐ Yes

3.3 Has the membership passed at a general meeting a resolution allowing the society not to undertake a full professional audit for the year of account in question? (In accordance with section 84 of the Co-operative and Community Benefit Societies Act 2014)

- ☒ No
- ☐ Yes

4 Accounts and signature

Accounts

4.1 Date on which the accounts and balance sheet will be/were laid before the AGM (dd/mm/yyyy)

20 / 09 / 2017

4.2 Has your society produced accounts to the minimum standard required?

☒ Yes ▸ you must confirm that you have attached the accounts and the audit/accountant's report bearing the original signatures of the auditor (if required by law), the secretary and the two committee members. ☒ Attached

☐ No ▸ you must produce accounts to the minimum standard required, see notes for details.

Signature – all societies to complete

4.3 The Secretary of the society must sign and date below

I certify that the information in this form is correct to the best of my knowledge and belief.

Name	ALISON WIGNALL
Signature	
Phone number	01795 434250
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