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

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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

3 1 / 0 3 / 2 0 1 6

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	CHARLES FALCONER
Address	34 ALWYNE ROAD LONDON
Postcode	N11 3HW
Year of birth	1951
Business occupation and other directorships	LAWYER

1.4 Details of Treasurer

Name	N/A
Address	
Postcode	
Year of birth	yyyy
Business occupation and other directorships	

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
MICHAEL DAVIS	2 WINCHESTER VILLAS ARDINGLEY ROAD CUCKFIELD WEST SUSSEX TH17 5HF	1948	RETIRED BUSINESSMAN
STEVE DOUGLAS	14 LAKESIDE ROAD PALMERS GREEN LONDON N13 4PR	1964	MANAGEMENT CONSULTANT AND DIRECTOR OF ALTAIR LTD
NEIL ROBERTSON	30 ROOKERY COURT MARLOW BUCKS SL7 3HR	1952	RETIRED EXECUTIVE
BEVERLEY SPEAR	35 HAZEL CLOSE TWICKENHAM MDDX TW2 7NS	1961	HOUSING CONSULTANT
ANDRW WISEMAN	25 EGLINGTON ROAD CHINGFORD LONDON E4 8AN	1956	CHAIRMAN AND MANAGING DIRECTOR OF TELFORD HOMES PLC

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

1

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

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 28000 homes and offer housing solutions from general needs to housing for people with care and support needs.

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

AHL invested £48m in new and existing homes.

AHL developed 88 new homes and entered into build contracts on 385 homes

AHL continues to support its residents back into work

AHL had 4,222 people on training programmes. 509 people progressed into jobs or further training

1.21 How did the society use any surplus/profit?

AmicusHorizon Ltd re-invest all of its annual suprlus 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	106
B	Members ceased during year	21
C	Members admitted during year	4
D	Members at end of year	89
E	Turnover for year	170,515,000
F	Total of income and expenditure (receipts and payments added together)	N/A
G	Net surplus/(deficit) for year	39,373,000
H	Fixed assets	1,283,699,000
I	Current assets	139,649,000
J	Total assets (equal to amount in row O, below)	1,423,348,000

K	Current liabilities	52,397,000
L	Share capital	-
M	Long-term liabilities	1,312,685,000
N	Reserves	58,266,000
O	Total liabilities, share capital & reserves (K+L+M+N) (equal to amount in J above)	1,423,348,000

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 LTD
THE FRESH VISIONS PEOPLE LIMITED
CHARITY OF JULIA SPICER ALMSHOUSES
EASON GRUAZ HOMES
AVENUE LETTINGS AND MANAGEMENT LTD
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

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)**

21 / 09 / 2016

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	AJWignall
Phone number	01795 434250
Email	alison.wignall'amicushorizon.org.uk
Date	03/10/2016

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

AmicusHorizon Limited 30786r) – AR30 – additional information

1.6 Details of Members of the Committee, cont . .

Name	Address	Year of Birth	Occupation and other business directorships
DAVID OLIVER	263 LONSDALE ROAD LONDON SW13 9QL	1961	DIRECTOR - 5 ALMERIC ROAD LTD
DAVID CLIFFORD	14 THE CRESCENT BARNES LONDON SW13 0NN	1952	DIRECTOR – CARPETRIGHT PLC TRUSTEE – GHURKA WELFARE TRUST
NICK STEPHENSON	84 HURSTBOURNE ROAD LONDON SE23 2 AQ	1970	DIRECTOR – UNEMPLOYED NET

Financial Statements

2015-2016

AmicusHorizon

Making homes, helping people

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Financial Statements 2015/16

Board members, Executive officers and advisers

The Strategic Board at 20 July 2016

Lord Charles Falconer of Thoroton	**Chair**
Steve Douglas	**Vice-Chair**
Paul Crouch	
David Clifford	
Michael Davis	
Bianca Layne	Resigned 31 January 2016
David Oliver	
Neil Robertson	
Linda Seddon	Resigned 29 February 2016
Beverley Spear	
Andrew Wiseman	
Nick Stephenson	

Strategic Executive Team at 20 July 2016

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

Secretary & registered office

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

Advisers

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
Towers & Hamlins
3 Bunhill Row
London EC1Y 8YZ

Chairman's statement

I'm proud to lead an organisation that puts its customers at the beating heart of everything we do. This year we're posting our highest surplus ever. We show continuing improvement to profitability of our core social housing business principally due to cost efficiency measures and strategic decisions to exit unprofitable business lines of supported housing and temporary accommodation. We've reinvested every penny of our surplus back into helping us achieve our mission of making homes and helping people. We provide good quality, well managed homes, affordable to people on a range of incomes. We also help build communities by supporting residents into jobs and training.

Involving our residents is the key to increasing satisfaction and delivering better value for money. The results speak for themselves. Over the past 12 months we've exceeded our performance targets and our efficiency goals. In the areas residents say matter most to them, we're top for:

- Overall resident satisfaction
- Repairs satisfaction
- Satisfaction with handling anti social behaviour
- Relet times
- Satisfaction with dealing with complaints.

Our high level of resident involvement was recognised with a number of external awards and accreditations. Clearly, working as 'One Team' alongside our residents is a recipe for success. We've had a fantastic year reaching our strategic aim to be **the best large landlord in the UK by 2016** as independently accredited by HouseMark.

The social housing sector is changing rapidly and we are responding positively to the challenges. Residents will remain at the heart of everything we do, setting us apart and continuing to drive our success. Our future strategy is to unlock the potential of our residents, people and business. This will lead to increased capacity to build more homes, preserving resident loyalty and further improving efficiency. We'll do this by:

- Unlocking the potential of residents to be more independent and to self-serve. This will help maintain loyalty while reducing operating costs
- Unlocking the potential of our people with the tools, technology, skills, culture, and leadership to work productively
- Unlocking the potential of our business by reducing cost, improving operating margin and using the additional capacity to build more homes.

We're looking to gain further efficiencies through mergers and acquisitions. Discussions with Viridian Housing to form a group structure are continuing. We expect a transfer of engagements to complete this summer with Southwark and London Diocesan Housing Association's ("SLDHA") homes, residents and staff joining AmicusHorizon.

Together we're stronger!

Lord Charles Falconer, Chair of the Strategic Board.

Financial Statements 2015/16

Report of the board of management

Management presents its report and audited consolidated financial statements for AmicusHorizon Limited (AHL) and its subsidiary undertakings for the year ended 31 March 2016. Our consolidated accounts are also available on our website www.amicushorizon.org.uk.

Principal activities and review of the business

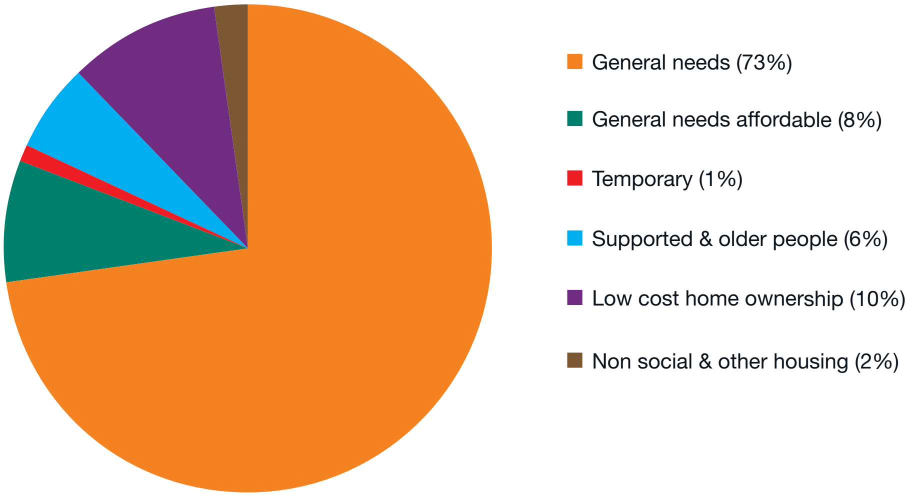
AHL is the parent of the Group through which we deliver most of our business. We take great pride in giving people the keys to their AmicusHorizon home, just as our founders did over fifty years ago. We're passionate about providing people with a place to call home and meeting a range of housing needs.

We provide 26,000 homes for 60,000 people in housing need across London, Kent & Sussex, offering a range of housing choices including affordable homes, shared ownership and extra care. We're determined to help tackle the housing crisis and are proud to be delivering over 800 new homes between 2015 and 2018. And we're in a strong position to do this with assets of £1.4 billion, an annual turnover of £171m and reserves totalling £56m. We're part of the g15, the 15 largest housing associations in London. We've a strong desire to positively shape communities, helping to create places people are happy to call their home.

Turnover from our social and other activities for the year ended March 2016 is as follows:

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	£139.9m
Temporary social housing – to support local authorities in addressing homelessness	£2.5m
Affordable home ownership – residents purchase an equity share in their home and pay rent on the remainder	£13.9m
Economic and community regeneration services	£0.2m
Other activities	£14.0m
Total	**£170.5m**

Homes in management



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 £1.5m.

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 2016 was £234m, total charge in year £20.8m.

Defined benefit pension scheme obligations

We have 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 2016 was £25.9m (excluding SHPS multi-employer scheme).

Report of the board of management (continued)

Effects of material estimates and judgements upon performance (continued)

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.

Value for money

How we ensure we deliver better value for money

We remain fully committed to delivering ever better value for money in our business. Our Strategic Board drives the delivery of VFM and our staff and residents are fully on board with value for money and efficiency.

Our residents have helped us define value for money as “spending money wisely”. We aim to balance cost, quality and meeting expectations. In the face of sector austerity, welfare reform and reducing grants, we have made significant progress in reducing spend and improving value for money.

- We completed our three year Ways of Working programme (WoW) in 2015/16. We identified £7.3m recurring savings of which £5.4m is already realised. We challenged the business to streamline processes and have created a culture of continuous improvement. Resident engagement through the programme helped ensure we cut waste and provide more efficient services
- Our surplus is entirely reinvested into building new homes, improving existing homes and delivering better services for our residents
- We continue to support our residents with the Financial Inclusion team providing financial help and sourcing funding for residents impacted by the welfare reform changes. Our Community Development teams also support residents into employment increasing our social value in our communities
- We successfully completed our three year strategic plan in March 2016, delivering sector leading performance on our top five KPIs, independently accredited by HouseMark, at the same time as delivering our stretching WoW programme.

This report provides a summary of how in 2015/16 we achieved value for money while meeting our strategic objectives. Our full report is available on our website: **http://www.amicushorizon.org.uk/vfm-report**.

VFM through resident engagement

Our commitment to involvement enables us to design and refine services based on resident input. Our residents ensure we deliver high quality customer services at the same time as improving value for money – neither over nor under serving residents. Despite increasing commercial pressures and reduced regulatory imperatives, now more than ever we believe it is right to maintain our strong focus on resident involvement.

Delivering value for money from our assets

We have a well-developed methodology to understand our assets, establish their return and make informed decisions on how we can create capacity to build new homes. The simplest and most comparable means of determining the return on our social housing assets is reported surplus from social housing activities as a percentage of the opening balance historic cost of those assets. This ratio is helpful to consider trends, rather than to put particular focus on the absolute level of returns. Improvement in the ratio is driven by higher returns on existing stock and the net yield on new housing developments. At 31 March 2015 the gross cost of our assets was £1,441 million (31 March 2014: £1,414 million) and returns on social housing activities were £45.6m (2014/15: £42.5m). We reinvest our entire return back into new homes and services.

	2016	2015	2014	2013	2012
Return on assets	3.2%	3.0%	2.7%	2.2%	2.0%

Assessing our assets

We dispose of our poorly performing homes which are primarily in London. As part of our ongoing programme, in the period 2014-2018 we plan to dispose of around 250 properties as they become vacant. To date we've disposed of 113 properties.

In 2015/16 we increased the target substantially from £12.78m to £17.7m. We achieved 94% of target, selling 34 homes generating £16.5m gross sales receipts (£13.6m net) against a budget of £17.7m (£13.9m net). A buoyant housing market helped us with average sales prices at auction exceeding pre-auction valuations in most cases. Net proceeds support our development programme and improve the return on assets.

Business streams

The Strategic Board took the decision in November 2014 to wind down our temporary housing accommodation business (Avenue). We closed the Avenue operation in August 2015 and transferred 219 leased homes to Oak Housing – a for profit registered provider of temporary accommodation. This produced an annual saving of £432k. Remaining leases are now managed by the Homes & Communities team until the leases end. Being able to transfer the properties enabled the tenants to remain in situ so avoiding the need for eviction.

Development

Actions we took during 2015/16 to help improve value for money in our development programme included:

- Establishing new investment parameters for internal rate of return and cost to value at scheme and programme level
- Increasing the proportion of our development programme to be built for shared ownership, improving the return on investment
- Launching our Soft Landings framework for all new schemes. This framework helps to bridge the gap between initial build design and operational outcomes. Combined with our review of design standards this should help improve building design, better link development with our asset management strategy and help manage the significant upward pressure we are facing on costs in all regions.

Report of the board of management (continued)

Maintenance

Asset Management contributed £2.5m savings to the WoW programme target. A range of initiatives reduced cost whilst maintaining properties to a good standard and delivering excellent service to residents. Savings achieved include:

- £259k pa introducing an innovative 'value chain' model for delivering kitchen and bathroom replacements
- £100k pa on day to day and void repairs service
- £150k pa bringing some services in house
- £200k pa by signposting residents to local services eg handypersons, decorating and gardening.

Board approved our new Customer Experience 'Side by Side' statement in January 2016. This sets out our continuing commitment to excellent services and sets out our responsibilities and residents' responsibilities. In April 2016 we launched a new process for recharging residents for repairs which are their responsibility.

Procurement

We generated £1.2m (14%) efficiencies per annum for contracts tendered in 2015/16. That is despite seeing rising tender price indices of between 8% - 18% - an improvement on 2014/15 where we delivered 13% savings against a spend profile of £5.3m. Our mature procurement function looks to remove waste and redesign offers ahead of tendering. In the year ahead we are targeting further efficiencies of £1m and exploring tactics to address anticipated rises in responsive repairs and gas safety provisions. Examples of where savings were made in 2015/16 are set out in our full Value for Money report.

As accountable body for the South East Consortium, we enabled the consortium to introduce a new levy based income structure. This removes the significant financial barrier to new and existing members, opening up greater access for all to the collective purchasing efficiencies.

Ways of Working Programme – WoW

We launched the Ways of Working (WoW) Programme in 2013/14 with a target to identify £6.95m recurring savings by March 2016, so creating capacity to reinvest back into services and new homes. With the programme now complete we exceeded our target by £406k identifying £7.3m savings, of which £5.4m are realised. We also identified time savings which will in due course convert to cashable savings. The additional time created enables existing staff to take on more activities so reducing our need to recruit.

Although the WoW programme has come to an end we will continue to drive our cost base down and have a target to deliver a further £13.1m recurring savings by March 2021.

Benchmarking

We continue to be a member of the HouseMark benchmarking club and although their data is for 2014/15 it still provides an effective comparison of performance against our peers. Our Strategic Plan 2013/16 set a goal to be the Number 1 Large Landlord (over 10,000 homes) in the UK. In April 2016 we confirmed we'd achieved all our goals, delivering number 1 performance in the following KPIs, at the same time as completing our efficiency programme realising £5.4m recurring savings.

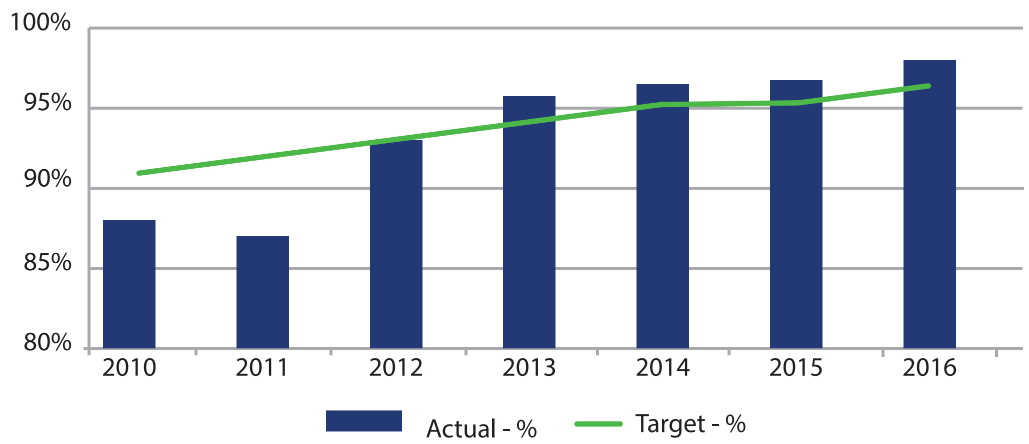
The data below demonstrates the benefits of the WoW programme to reduce costs, there are some areas where we still remain expensive compared to our g15 peers. We'll tackle these as part of our next round of efficiency savings.

Report of the board of management (continued)

Strategic KPIs	Actual 2014/15	Actual 2015/16	Trend 2015/16 vs 2014/15	National peer group (best) 2014/15
Resident Satisfaction	97.5%	**98.5%**	↑	97.5%
Relet times	12 days	**10 days**	↑	12 days
Satisfaction with handling anti-social behaviour	96.5%	**98.2%**	↑	100%
Satisfaction with repairs	98.0%	**98.8%**	↑	99.8%
Satisfaction with complaint handling	95.2%	**97.3%**	↑	97.5%

The following graphs show the trend in our performance for each of the above KPIs.

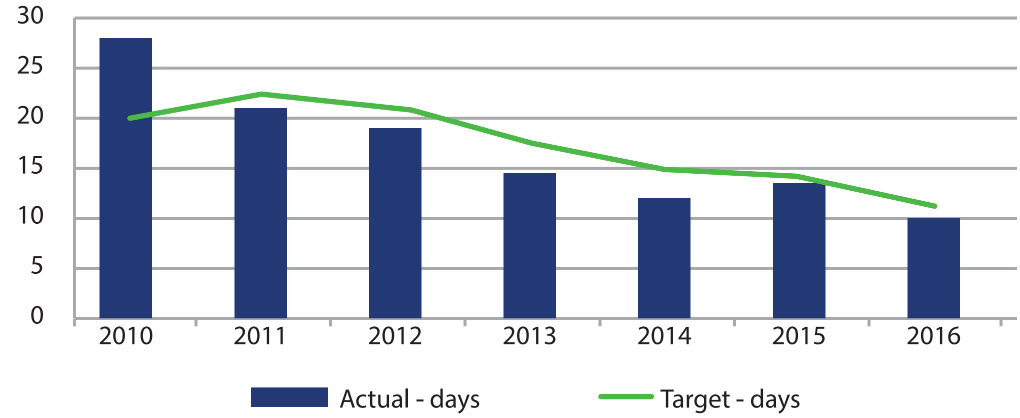
Resident Satisfaction



We've improved performance since 2010 and achieved 98.5% satisfaction in 2015/16 against our target of 96.4%. We believe unlocking the potential of our residents to be more independent and self-sufficient, will help maintain loyalty. Using lower cost online channels to receive the services residents want at a time to suit them we'll reduce our operating costs further.

Report of the board of management (continued)

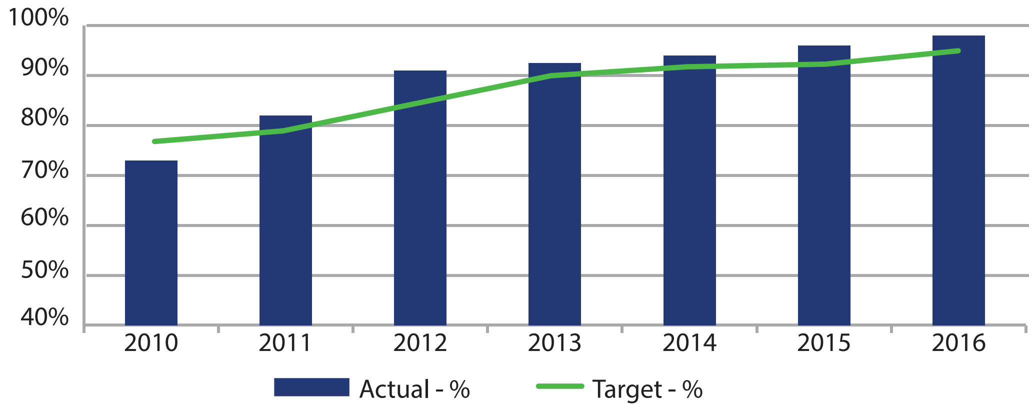
Relet times



We achieved 10.1 days relet time against a target of 11.5 days. We sustained our performance having dramatically reduced relet times from 29.2 days in 2010. We have reduced our void loss on general needs and older people's homes from £720k in 2014/15 to £644k in 2015/16 – a saving of £76k.

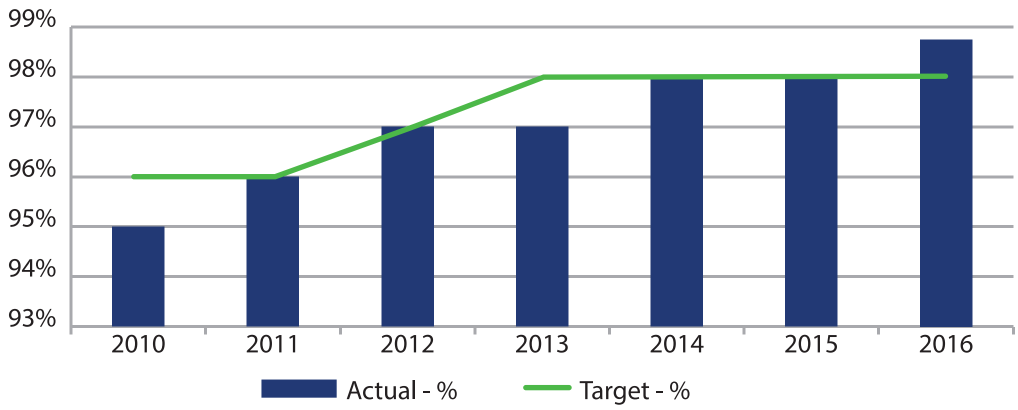
Satisfaction with handling anti-social behaviour

We achieved 98.2% satisfaction against a target of 95.9%. We have improved satisfaction whilst reducing cost. Spend on ASB activities was at £734k in 2014/15 and reduced to £633k in 2015/16 – a saving of £101k.



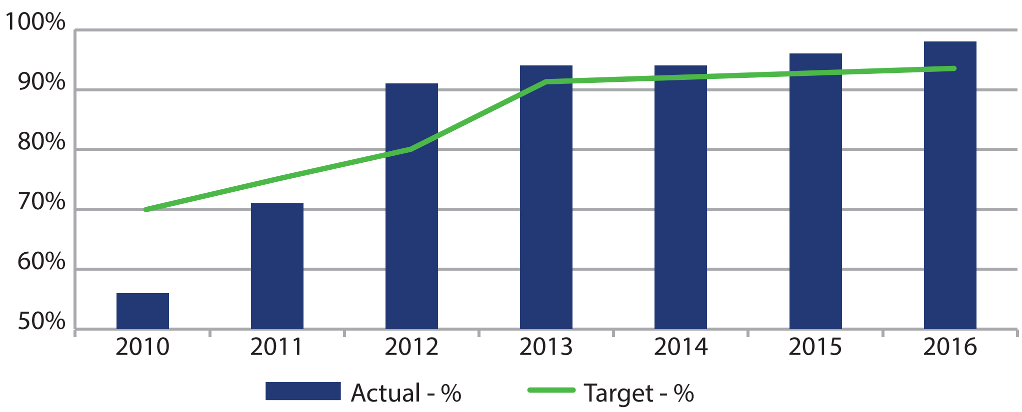
Report of the board of management (continued)

Satisfaction with repairs



We achieved 98.8% satisfaction against a target of 98%. We achieved more right first time repairs which not only helped increase satisfaction levels but helped reduce our repair costs. Cost per property across all types of maintenance stood at £2,275 compared to an average of £2,321 per property for our g15 peers.

Satisfaction with complaint handling



We achieved 97.3% against a target of 94%. We've maintained the trend of continuous improvement since 2010 from below 60% to 97.3% in 2016. Board approved a new complaints policy in 2016. The new process is more streamlined reducing the stages from three to two. We estimate this will save £56k per annum based on 2015/16 figures.

Report of the board of management (continued)

Financial performance

	2015/16	2014/15	2013/14	2012/13	2011/12
Interest cover including sales	252%	245%	208%	177%	176%
Interest cover excluding sales	193%	184%	175%	158%	147%
Operating margin	29%	27%	24%	20%	17%
Debt per unit	£27.7k	£26.1k	£26.8k	£26.8k	£26.8k
Cashflow from operations > net interest cost	✓	✓	✓	✓	✓

Our key financial indicators show continued improvement. We achieved an operating margin of 28.6% against our target of 25%, and although slightly below our peers we have significantly improved since 2009 when our margin stood at 16%. Our Strategic Plan goal is to achieve 30% by 2020 by which time we'll have absorbed the impact of four years of rent cuts, delivered our efficiency target of £13.1m and managed the impact of Universal Credit.

Key HouseMark financial benchmarking results are set out below.

HouseMark direct cost / home	G15 benchmark median 2014/15	Change: Better ✓ Worse ✗	AH 2014/15 quartile	AH 2014/15	AH 2013/14
Responsive & void repairs	£804	✓	Q3	**£805**	£842
Major & planned works	£1,470	✓	Median	**£1,470**	£1,698
Estate services	£188	✗	Median	**£188**	£152
Housing management	£350	✓	Q3	**£366**	£397
Tenancy management	£109	✓	Q1	**£103**	£127
Lettings management	£48	✗	Q3	**£55**	£43
Resident involvement	£35	✓	Q4	**£61**	£67
ASB	£50	✓	Q3	**£52**	£66
Rent collection & arrears	£79	✗	Q3	**£95**	£79
Overheads as % direct cost	25.56%	✓	Q2	**24.76%**	25.22%

Financial performance (continued)

Cost per property reduced from 2013/14 to 2014/15 in six out of nine areas. Overheads as a % of direct cost continues to fall. We are within 5% of median for all bar three measures: rent collection & arrears, lettings management and resident involvement. We will use this data to help inform the delivery of £13.1m efficiency savings by 2020/21. We achieved arrears of 3.07% at March 2016 - our best ever arrears performance on record and particularly pleasing given the challenges of welfare reform.

Our People

Improving efficiency and delivering better value for money is well embedded in our culture. We created the AH Academy bringing high quality training to our staff at the same time as delivering better value for money. Delivering more training in house and online enabled us to save £240k in 2015/16.

The number of staff has gradually reduced over the last five years as we have redesigned services, reinvested in front line services, increased mobile working for front line services, reduced temporary accommodation operations and exited from direct support services. Employee engagement, motivation and identification with our purpose remain strong.

Social value

Our Community Development performance has delivered great results in a challenging operating environment. Highlights include:

- 4,222 people on programmes (2016/17 target: 4,000+ people)
- 509 people progressed in to jobs or further training (2016/17 target: 350+ people)
- Over 30 supply chain businesses provided social value support equivalent to £1.2m
- 133 community volunteers helping run activities (2016/17 target: 150 community volunteers)
- 99% customer satisfaction achieved across the programmes.

We secured 87% of our income target for 2015/16 with £585k external co-investment funds. We've secured 73% of our annual forward new business target (£1m per annum). We await the outcome of 10 external funding proposals totalling £8m. The funding environment is challenging and we are cautious about future levels of match funding available. We plan to pilot crowd-sourcing funding for projects in 2016/17.

We use Social Impact Value (SIV) analysis to assess service impact and help determine where we should invest our resources. During 2015/16 we've sustained our community programmes' social impact value at £24m (for employment support and training activities). New projects started exceed our £1 investment: £9 impact value benchmark, the project average is running at £1:£12. The overall AH investment ratio is £1:£30.

Financial Inclusion, Income Collection and Digital Inclusion

The Financial Inclusion team has helped deliver value for money to the business and our residents as follows:

- Exceeded 100% cash collection for three years running
- Reduced evictions for the third year running
- Sourced £2.2m support funding for residents in 2015/16 and over £6m since 2012
- Saved £43k in eviction and court costs.

The Digital Inclusion team achieved the following in 2015/16:

- Completed 3,168 training session with customers
- Trained 100 Digital Champions
- Created 6 video tutorials to support customers to use our MyAccount service.

Financial Statements 2015/16

Report of the board of management (continued)

Sustainability

The Strategic Board approved our Energy and Environment Strategy (2015-2020) in July 2015.

In 2015/16 we secured £550k grant funding to support our affordable warmth programme. We have a further £600k of funding applications in progress.

During 2015/16 we:

- Delivered an energy efficiency grant funded programme retrofitting over 200 homes improving the homes to our minimum energy performance standard of SAP65
- Delivered 600 in-home energy advice visits. We're measuring the impact of these visits on residents' utility costs, rent arrears and maintenance cost for dealing with condensation and damp issues.

We await the results of a national study we took part in to understand the relationship between energy efficiency and rent arrears/void income loss so we can better target our investment.

Our commitment to providing value for money remains a core driver. We'll continue to improve performance, challenge cost and increase efficiency in 2016/17 whilst maintaining strong resident engagement to ensure we deliver the right services as efficiently as possible.

Value for Money Conclusions

Our priorities over the next year are to:

- Start to deliver our new Strategic Plan, unlocking the potential of our residents, staff and the business
- Continue to drive down cost through our programme to deliver £13.1m recurring savings by 2020/21
- Complete the realisation of savings from the WoW programme
- Progress our affordable warmth programme
- Continue to push forward with our digital enterprise agenda giving residents more flexibility and self-serve features and improving efficiency
- Maximise the return on our investment in Community Development activities, promoting programmes to return residents to work.

Compliance with Governance and Financial Viability Standard

The Homes and Communities Agency's (HCA) Governance and Financial Viability Standard (the Standard) was updated in April 2015. This was accompanied by a new Code of Practice, which 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.

Compliance with Governance and Financial Viability Standard (continued)

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. Compliance with the Regulator's revised Governance and Financial Viability Standard was reviewed by the Board on 20 July 2016. The Association complies in full with the Standard and is satisfied it has complied with all laws and regulations that are relevant.

In March 2015 the 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 23 September 2015. There are no areas where we are non-compliant.

Going Concern

The Strategic Board reviewed the budget for 2016/17 and thirty-year financial plan with cash flow forecasts. The Strategic Board has a reasonable expectation we have adequate resources to continue in operation for the foreseeable future. For this reason we continue to adopt the going concern basis in preparing our financial statements.

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 2016 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.

Report of the board of management (continued)

The Strategic Board and Executive Officers

We list our Strategic Board and Executive Officers on page 2. The Strategic Board and Executive Officers of the subsidiaries are shown in those entities' financial statements.

Each Strategic Board member holds one fully paid £1 share in AmicusHorizon Limited. The Executive Officers hold no interest in AmicusHorizon Limited's share capital. They do not have the legal status of directors, but act 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

There are no post balance sheet events.

Statement of the Strategic Board's financial responsibilities

The Co-operative and Community Benefit Societies Act 2014 and registered social housing law require the Strategic 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 Strategic 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 Strategic 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.

Anti-slavery statement

AmicusHorizon Limited confirms so far as we are aware, we have no acts of modern day slavery within our organisation. 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 will require suppliers to outline the controls they have in place. Imported products from sources outside the UK and EU are potentially more at risk for slavery/human trafficking issues
- Account Managers and Contracts Managers will continually monitor the level of management control required
- Procurement Team will report on this annually to our Strategic Executive Team.

Our full statement is reviewed annually by the Strategic 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 re-appoint BDO LLP as auditors will be proposed at the Annual General Meeting.

By order of the Board

Lord Charles Falconer
Chair of the Board of Management
20 July 2016

Financial Statements 2015/16

Strategic report

Strategic goals

Our mission is 'Making homes, helping people'. We focus 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 helps maintain a local presence and relentless focus on customer service. Our resident focus, strength as a large organisation and local authority partnership working help us deliver what matters most to residents locally. Our core values underpin our mission. They are Service, Trust, Accountability and Respect.

Our objectives to March 2016

We launched our three year strategic plan 'Take the Leap' 2013-16 in April 2013. It was an ambitious plan building on our previous achievements. We simplified our strategic performance reporting with fewer, more focused measures and targets, easily understood by staff, board and residents. Our goals and how we measured ourselves to March 2016 are below:

Strategic vision	How	Performance measure
Deliver top resident satisfaction	Delivering the best services Building the best reputation	Overall resident satisfaction
Deliver top KPI performance of any large Housing Association in the UK	Delivering the best homes Delivering the best support for residents Delivering greater productivity and efficiency	Repairs satisfaction Satisfaction with complaint handling Satisfaction with handling ASB Average re let times
Be a top employer across all sectors	Be the best employer	Achieve global recognition through the Great Places to Work Institute

The Strategic Board and Strategic Executive Team regularly monitored achievements against these objectives and external benchmarks. This includes the national upper quartile and the g15 group of the largest London associations. We report monthly to the Operational Performance Team and quarterly to the Strategic Board. A summary of performance is in the value for money section of this review.

Our objectives from April 2016 to March 2020

Our new strategy 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.

By 2020 we want:

- To be a top UK landlord as recommended by our residents
- 8 out of 10 residents to find it easy to get the help they need
- 70% of our residents using services online
- 9 out of 10 staff to say AmicusHorizon makes a positive difference
- 8 out of 10 staff to say they have the tools to deliver a great service
- To have a development programme of 2020 new homes
- To achieve an Operating Margin of at least 30%.

Our objectives from April 2016 to March 2020 (continued)

Moving more resident contact and services online is a key focus to give residents more flexibility and to improve efficiency. We want to make it easy for residents to get the service they need and easy for staff to deliver a great service. We'll respond to the UK housing crisis by providing good quality homes to people on a range of incomes. Our 'Unlocking Potential' Strategy will mean we will build substantially more homes beyond 2020.

Business model

We agreed a new financial plan in September 2015 to address the Government's 1% rent reduction policy and took the following actions:

- Revised our rent policy, including increasing discount rent to 80% of market rent
- Adjusted our development programme, increasing the number of low cost home ownership properties and reducing rented properties
- Increased our efficiency target by £10m to be delivered by 2020/21.

The plan sets out our financial goals and targets, building on our success of improving efficiency. Our model is based on:

- Focussing on core geographical business areas
- Focussing on our core business of social rented homes
- Driving out waste
- Making the best use of our homes through our disposals and replacement programme.

Our in-house development team delivers our new build programme. Along with West Kent Housing Association we operate a design and build contractor joint venture.

We have made significant investment in recent years in how we deliver maintenance, ICT and process mapping improvement to better provide customers with a 'Right First Time' response. This has the added benefit of improving value for money.

Treasury management

We structure our loan portfolio to ensure large proportions of debt do not mature in the same year. This helps us minimise refinancing risk. At 31 March 2016 we had drawn £678.4m loans, £55m undrawn committed loan facilities and £102.7m cash and short term investments:

- £450m is from a syndicate of banks led by Barclays Bank plc. The syndicate lends to AmicusHorizon Group Financing Limited to on lend to AmicusHorizon Limited. The loans amortise to maturity, with final maturity in over thirty years
- £183m are 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 four to thirty-one years. £55m is undrawn. In February 2016 we repaid early a THFC loan for £8.5m which was due to mature in October 2016
- £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 and short term investments of £102.7m excluding £0.2m held by Affordable Housing Finance as a Liquidity Reserve, £0.25m held by Credit Suisse as collateral on derivatives and £5m held as sinking fund monies on behalf of leaseholders.

All drawn loans are secured against social housing assets. Of the £55m undrawn committed loan facilities at 31 March 2016 £30m was secured and available to draw at short notice. The remaining £25m undrawn was secured and available for drawdown from April 2016. Together with our available cash balance these funds are more than sufficient to meet our contractual development commitments.

Strategic report (continued)

Financial instruments

Our financial assets comprise trade receivables and cash and cash equivalents measured at historic 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 Strategic Board, through Finance Committee, reviews and agrees the policies to manage these risks.

Interest rate management

At 31 March 2016 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 11.8 years (target 8 – 12 years). Our weighted average cost of funds in 2015/16 was 4.68% (2014/15: 4.88%).

We have £317m nominal stand alone vanilla interest rate swaps and £161m nominal three month versus one month LIBOR basis swaps. At 31 March 2016 our mark to market exposure equalled £111.1m (31 March 2015 £106.9m). After deducting the unsecured threshold we have fully secured our position with property as collateral, with the exception of Credit Suisse. This is secured with a cash payment of £0.25m as they will not accept property as collateral.

All financial instruments are 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 can be considered hedges from an accounting perspective, the LIBOR basis swaps cannot. These instruments terminate in Autumn 2017.

The interest rate profile of the Group’s financial liabilities at 31 March 2016 was:

Floating rate financial liabilities	Fixed rate financial liabilities	Sinking and capital grant funds	Total
£105m	£574m	£11m	£690m

Compliance with loan covenants

The treasury team reports compliance with loan covenants quarterly to Finance Committee. We complied with our financial covenants in 2015/16 and have expectations of continuing compliance.

Asset valuations

Our borrowings are secured against our social housing assets. The assets are valued by RICS valuers to ensure we meet lenders’ asset cover requirements. We have 16,796 homes charged to our lenders with a given value for security purposes of about £1,186m. This excludes £32m security for £25m of our undrawn committed loan facility. The remainder of our homes are unencumbered.

Strategic report (continued)

Development and performance during the financial year

We completed 88 new homes in 2015/16, entered into build contracts on 385 homes and made a physical start on site for 313 homes.

We had a fantastic year delivering **all our Gold medal targets** and achieving our best ever results.

- Resident satisfaction is better than target (96.4%) at 98.5%
- Repair satisfaction is better than target (98%) at 98.8%
- Satisfaction with handling anti-social behaviour is better than target (95.9%) at 98.2%
- Satisfaction with complaint handling is better than target (94%) at 97.3%
- Average relet times is better than target (11.5) at 10.1 days.

Resident satisfaction improved noticeably over the three year plan from 95.3% in 2013 to 98.5% in 2016. This is the highest of any large social landlord in the UK.

Current rent arrears achieved target (3.21%) at 3.07%. This is our best ever arrears performance on record and particularly outstanding given the challenges we've faced on welfare reform.

Void rent loss for general needs and HOPs achieved target (0.56%) with 0.50%.

Vacant Homes for general needs and HOPs achieved target (0.24%) at 0.16%, which equals 34 empty homes.

Financial position at the year end

We are pleased to report continuing improvement in operating surplus to £49m, a £4.7m increase on 2014/15 (2014/15 £44m) as we drive our efficiency programme through the business. Our operating margin, which shows how much of our income is left after operating expenses, has increased from 27% to 29%. Our annual surplus before tax of £39m includes a £20m surplus on property disposals (2014/15 £19m). We must generate sufficient income to meet operating costs, loan interest payments and to invest in existing and new homes. For the fourth year running our surplus generated before sales is sufficient to cover interest costs.

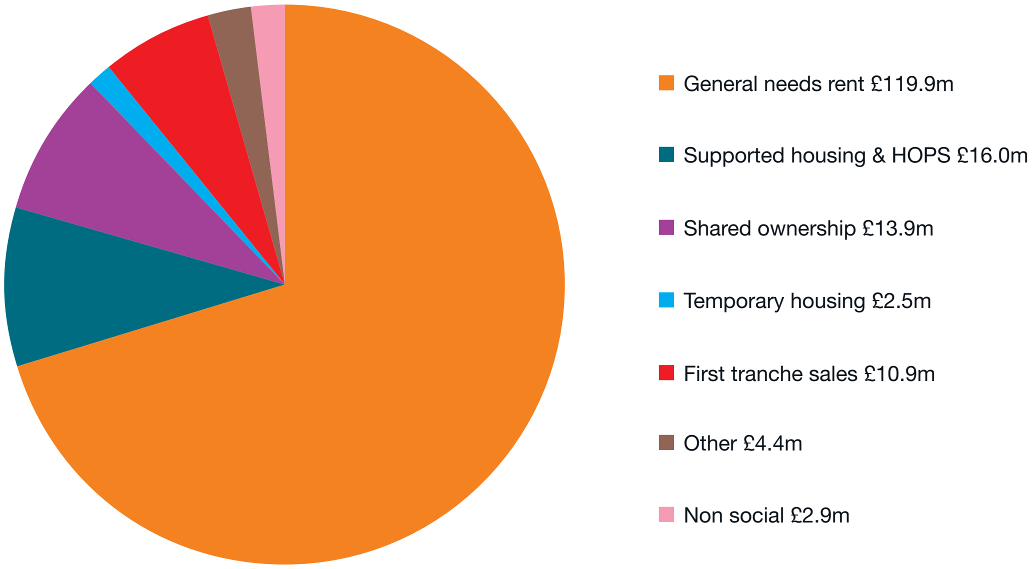
Results

	2015/16 £m	2014/15 £m	*2013/14 £m	*2012/13 £m	*2011/12 £m
Turnover	171	166	159	157	152
Cost of sale	(9)	(3)	(4)	(3)	(3)
Operating costs	(113)	(119)	(117)	(121)	(123)
Operating surplus	**49**	**44**	**38**	**33**	**26**
Surplus on disposal of fixed assets	20	19	10	15	8
Net interest payable	(32)	(32)	(31)	(30)	(28)
Fair value movements	2	2	-	-	-
Surplus for the year	**39**	**33**	**17**	**18**	**6**

*2013/14, 2012/13 and 2011/12 are not re-stated under FRS 102.

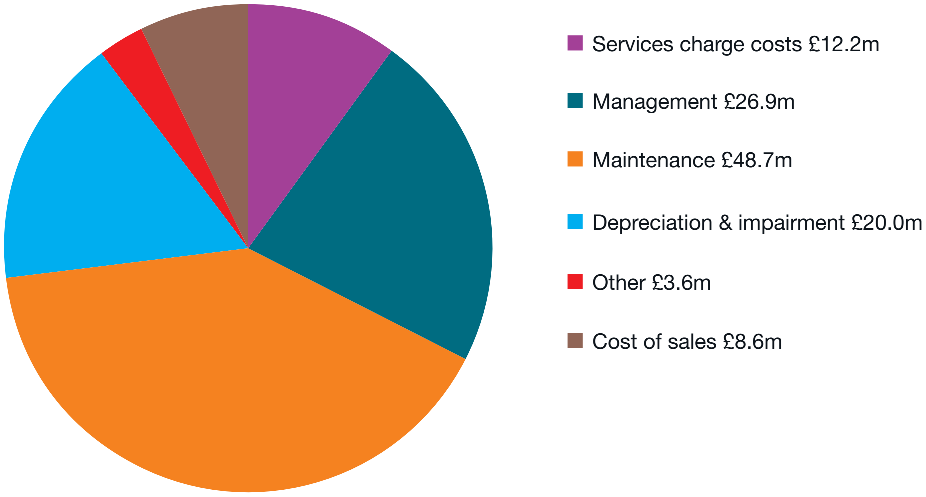
Strategic report (continued)

Analysis of turnover



- Turnover (excluding £10.9m first tranche shared ownership sales) decreased by 1.1% from £161.4m to £159.6m principally because of us exiting supported housing and reducing temporary social housing activities. 87% of total turnover is from rent and service charges with 98% generated from social housing activities
- First tranche sales – turnover increased from £4.3m to £10.9m in 2015/16
- Non social housing activities include community development, market and sub market renting and commercial units. Turnover decreased from £3.7m to £2.9m as we exited sub market renting during 2015/16
- General needs housing turnover increased by £4m (2.6%), reflecting the rent increase in year and conversions to affordable rent
- Supported housing and housing for older people turnover decreased by £1m (6.5%) reflecting the decrease in supporting people income
- Temporary social housing turnover decreased by £3.2m (56%) to £2.5m. We've been exiting this service since November 2014. We are managing just over 400 less temporary housing properties than last year
- Service charge income of £12.6m shows a surplus over costs of £0.4m
- We invested £48m in new and existing homes in 2015/16. This is 123% of our annual surplus of £39m.

Analysis of expenditure



Operating costs (excluding first tranche cost of sales £8.6m) decreased by 5% to £113m. 78% of our operational spend delivers housing management, maintenance and services. 98% of spend is focused on social housing activities. We reviewed our impairment provision in year and increased it by £1m. Our improvement in bad debts reflects continued improved cash collection and our successful management of the impact of welfare reform.

Surplus on disposal of 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 £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 in building new and improving existing homes.

Net interest payable at £32.3m is £0.6m higher than in 2014/15.

Balance sheet

*2013/14, 2012/13 and 2011/12 are not re-stated under FRS 102.

	2015/16 £m	2014/15 £m	2013/14* £m	2012/13* £m	2011/12* £m
Tangible fixed assets	1,284	1,268	695	659	642
Net current assets	87	45	47	15	19
Total assets less current liabilities	1,371	1,313	742	674	661
Long term liabilities and provisions	(1,313)	(1,291)	(675)	(619)	(626)
Net assets	58	22	67	55	35
Reserves	58	22	67	55	35

Strategic report (continued)

Balance sheet (continued)

Housing properties are held at historic cost, unamortised grant is held in creditors. The increased carrying cost reflects £26m investment in new homes and £16m spend on improvements and component replacements to existing homes. To date we have received £597m social housing and capital grant to support our development programmes.

Pensions - we participate in four defined benefit schemes – two local government pension schemes, the multi-employer Social Housing Pension Scheme (SHPS) and Horizon Housing Group scheme. All are in deficit and closed to new members. We now recognise a liability of £5.8m in relation to the SHPS scheme. 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 £25.9m (March 2015: £28.9m). We offer a personal pension plan to new staff which carries no deficit risk to us.

Homes	2015/16 £m	Funded by:	2015/16 £m
Property cost less depreciation and impairment	1,246	Loans (net of cash and short term investments)	569
		Unamortised grant	496
		Revenue reserves	166
		Other balances	15

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

Cash flow

	2015/16 £m	2014/15 £m
Cash generated from operations	53	55
Cashflow from investing activities	(49)	(29)
Cashflow from financing activities	(1)	(34)
Net change in cash	3	(8)

We have £53m cash and liquid resources and £55m short term investments at 31 March 2016. In 2015/16 we:

- Received £53m net cash inflow from operating activities
- Invested £48m in new and existing homes and £1m in other fixed assets
- Paid interest of £34m and put £45m on deposit
- Received loans of £45m and repaid loans and associated costs of £11m
- Received £4m social housing and other grants, received £29m from property sales and £11m from first tranche sales.

Strategic report (continued)

Key Financial Indictors	2015/16	2014/15	*2013/14	*2012/13	*2011/12
Number of homes in management excluding leaseholders	25,913	26,484	26,691	26,898	27,159
Interest cover (as per loan agreement)	274%	204%	208%	177%	171%
Earnings before interest tax depreciation and amortisation (EBITDA) per unit	£3,380	£3,024	£2,488	£2,404	£1,885
EBITDA including major repair improvements capitalised (MRI) per unit	£2,782	£2,465	£1,730	£1,753	£1,444
Net debt to Turnover	3.3	3.5	3.9	3.7	3.8
Operating margin	29%	27%	24%	21%	17%
Change in turnover	3%	4%	1%	3%	3%
Change in maintenance MRI	5%	(27)%	15%	47%	(26)%
Effective interest rate	4.7%	5.0%	4.9%	5.0%	4.6%

*2013/14, 2012/13 and 2011/12 are not re-stated under FRS 102.

Future prospects

Funding for new build social housing has changed and we expect little or no grant availability for rented homes in the future. We also know the Government favours home ownership and is making more grant funding available for low cost home ownership. In response we've taken a measured approach reviewing funding streams, increasing the number of new homes and developing 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 home ownership schemes as part of a programme of developing homes for people on a range of incomes.

We'll continue to work with residents, stakeholders, and Government to respond positively to the new challenges and the housing crisis. Our 'Unlocking Potential' Strategy will help us to maintain resident loyalty, ensure staff are productive and engaged, and drive greater efficiency. In doing this we will be able to build substantially more homes beyond 2020.

Government will extend Right to Buy (RTB) to housing associations with proceeds used to fund new homes. They are conducting pilots in 2016. Government 'Pay to Stay' proposals, where households earning over £30,000 (£40,000 in London) must pay market rent, will be voluntary for housing associations. We'll further consider the costs and benefits of this scheme during 2016.

The Government is pushing through significant change to welfare benefits. They will lower the benefit cap from £26,000 per year to £23,000 in London, and £20,000 elsewhere. There will be a lower cap for single people of £15,400 in London and £13,400 elsewhere. Some residents are affected by the removal of the spare bedroom subsidy (bedroom tax). The Department for Work and Pensions started the roll out of Universal Credit (UC) in February 2015. We'll continue to provide residents with help and support through the changes. Government is working out the finer details of the changes. We're tracking Government policy and regulation to make sure we respond effectively.

Strategic report (continued)

Future prospects (continued)

Discussions with Viridian Housing have reached a significant level of maturity. We'll commence resident consultation and lender discussion in Summer 2016. We continue to work with Southwark and London Diocesan Housing Association ("SLDHA") to implement a transfer of engagements this Summer, which will see SLDHA's homes, residents and staff joining AmicusHorizon. SLDHA has 277 homes and net assets of £10m.

The result of the EU Referendum was for the UK to vote 'leave'. It could take at least two years for the UK Government to negotiate our exit. That will create a period of uncertainty and potential instability for all businesses. At this stage it's too early to be able to draw any conclusions or consider what the financial effect might be. We'll be seeking to understand what the new economic and legislative landscape will look like.

Principal risks and uncertainties

If we are to develop our business we must expose ourselves to risk but in a controlled manner. We set and review our risk appetite annually with the annual budget and financial plan.

Over the last year we have continued to refresh our risk management framework. This guides how we identify, analyse, respond to, and report risks. We maintain a strategic risk register which the Strategic 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 organisation. We link the operational and strategic risks and report on risk causes as well as risk 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 department 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.

All risks are analysed across three areas (1) financial impact, (2) impact on service provision and, (3) legal regulatory and health & safety impact. We've agreed our risk appetite in relation to each of these areas as follows:

- Financial – We've set financial parameters for a minimum level of financial strength we must achieve and maintain. They are designed to ensure the long-term stability and strength of the business
- Legal and Regulatory - Failure to meet legal, health and safety legislation, contractual and regulatory requirements will have serious consequences for our business. We are risk intolerant in relation to these risks
- Service Provision – Our focus is on controlling risks. We have appetite for risk only if the potential benefits of action (financial and non-financial) outweigh the costs.

Principal risks and uncertainties (continued)

Our current strategic risks together with the potential impact are:

Risks	Impact
Financing risks	
Failure to respond appropriately to economic conditions	Poor resource management, cashflow management or lack of funding would all seriously impact our financial capacity and ability to meet ongoing obligations
Welfare benefit reform	Failure to respond to changes effectively weakens the financial plan and capacity to grow
Pensions	Increasing fund deficits and risk of triggering cessation debt could direct resources from key business priorities
Contractual partnerships and joint ventures	Risk of reputational damage, poor financial planning and potential financial loss
Legal & regulatory risks	
Legal & regulatory compliance failure	Failure might result in significant reputational damage and financial loss
Information and network security	Data is a critical asset to us, so unauthorised access, loss of data or breach of data protection laws could damage our reputation and impact our ability to deliver services
Relationship with government	Failure to maintain good relations with local and central government could impact our future financial capacity and our reputation.
Operational risks	
Failure to deliver development programme	Not properly managing scheme cost pressures or our increasing exposure to the housing market would put our strategic objective to grow plus funding lines at risk
Failure to deliver asset disposals target	Reduces our return on assets and reduces the cash available to support the development programme
Right to buy	If poorly implemented will reduce asset cover and net income
Rise in building and maintenance costs	If not properly managed would put upward pressure on budgets and could require us to defer our planned maintenance programme
Staff motivation	Poor staff management/motivation or loss of key staff jeopardises services and our ability to achieve our strategic plan
Partnership with Viridian Housing	Our focus on the proposed partnership, if not well managed, will create uncertainty and impact day to day performance
Board succession	If not properly managed, will leave a gulf in knowledge about our business and could destabilise our strategic direction

Strategic report (continued)

Principal risks and uncertainties (continued)

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

- Using prudent financial planning assumptions which are reviewed and signed off annually by the Strategic Board
- Pensions Task Group – a sub group of the Strategic Board oversees the pensions workplan
- Operating a targeted approach to income collection based on risk factors
- Maintaining relationships with Department for Works 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
- Regular performance monitoring 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
- Range of performance management tools in place including having a strong organisational development offer
- Right to buy working group established
- Prudent treasury strategy for managing liquidity and monitoring cash flow.

Our people

The Strategic Board

The Strategic Board has twelve Non Executive Directors of which four are resident Board members. At 31 March we had two vacancies. The Board is responsible for the strategic direction of the business. Either directly or through committees with delegated authority, the Strategic Board brings an independent view on all strategic issues. It also covers performance, resources and the control framework. The names of the non executive and executive directors at 20 July 2016 are on page 2. Strategic Board and committees are appraised annually, both individually and collectively.

Committees

The following are the principal committees supporting the Strategic Board:

Audit Committee

The Audit Committee has four non executive members who are also Strategic Board members. It is chaired by an independent Strategic Board member. Audit Committee meets regularly with senior management, external and internal auditors. It considers, amongst others, audit findings and the effectiveness of the internal controls system. Audit Committee receives control reports and recommendations to improve from internal and external audit. Executive Officers attend each meeting. The Committee meets privately with the internal and external auditors at least once a year.

Strategic report (continued)

Nominations & People Committee

The Nominations & People Committee has five non executive members and is chaired by an independent Strategic Board member. The Committee is a sounding board, providing an additional degree of scrutiny for the executive team. It approves our remuneration strategy, executives' remuneration and oversees the Strategic Board appraisal framework.

Finance Committee

The Finance Committee has seven non executive members with two from the Strategic Board. It is chaired by an independent Strategic Board member. The Committee is a sounding board, providing an additional degree of scrutiny for the executive team on financial performance, pensions and treasury.

Development Committee

The Committee has six non executive members with three from the Strategic Board. This Committee supports delivery of our development programme. The Committee recommends the development strategy to the Strategic Board, approves programme bids, monitors the development programme and advises the Strategic Board on development issues and new initiatives.

Customer Experience Committee

The Strategic Board set up this new Committee in 2015/16 to champion the implementation and extension of the organisation's digital agenda and channel shift. The Committee supports the development of cutting edge customer facing strategies and the implementation of the technology strategy. It's an advisory Committee and has no delegated authority. The Committee has six non executive members. Three members are independent non-executives, one is from our resident governance structure, and two members are on the Strategic Board. The Chair of the Committee observes the Strategic Board.

Residents

We firmly believe in putting residents at the heart of our organisation, in a position to influence and drive up service standards. 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 Strategic Board members are linked to an Area Panel.

In developing our resident governance structure we've 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 delegates day to day management to the Strategic Executive Team (SET). SET is supported by the Executive Management Team (EMT) in developing and co-ordinating our culture and values.

Employees

At 31 March 2016 we had 662 full time equivalent employees and an annual average of 679. Having great people on board is essential to us delivering our strategic objectives, they are our greatest 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 have 63 employees earning over £60,000.

Strategic report (continued)

Training

Over the last two years we established our Training Academy enabling us to bring a lot of our training in house. 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 2016 our people profile was: 19% black and minority ethnic, 69% women and 4% 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 were awarded the Two Ticks Disability logo. 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 Strategic Board by having a Non Executive Director as health and safety link on the Strategic Board and to the responsible executive management. The Health & Safety Committee meets at least four times a year and the Strategic 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 third 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) Silver rating in 2014. AmicusHorizon is now 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.

Approval

This Strategic Report was approved by order of the Board on 20 July 2016.

Alison Wignall
Secretary
20 July 2016

Independent auditor's report to the members of AmicusHorizon Limited

We have audited the accounts of AmicusHorizon Limited for the year ended 31 March 2016 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 Association's members, 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 Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the 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 Group and Association's affairs as at 31 March 2016 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.

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
Date: 25 July 2016

55 Baker Street
London
W1U 7EU

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

AmicusHorizon Limited
Statement of comprehensive income for the year ended 31 March 2016

		Group		Association	
		2016	2015	2016	2015
	Note	£'000	£'000	£'000	£'000
Turnover	3a	**170,515**	165,697	**170,183**	160,817
Cost of sales	3a	**(8,609)**	(3,067)	**(8,609)**	(3,067)
Operating expenditure	3a	**(113,203)**	(118,577)	**(112,599)**	(118,028)
Operating surplus		**48,703**	44,053	**48,975**	39,722
Gain on disposal of property	9	**19,626**	18,891	**18,787**	18,612
Interest receivable	10	**806**	541	**803**	538
Interest and financing costs	11	**(33,149)**	(32,259)	**(33,227)**	(32,289)
Movement in fair value of investment property	15	**3,586**	1,635	**3,586**	1,635
Movement in fair value of financial instruments	11	**(198)**	(224)	**(198)**	(224)
Movement in fair value of investments	16	**(1)**	23	**-**	-
Surplus before taxation		**39,373**	32,660	**38,726**	27,994
Taxation	12	**(133)**	2	**-**	-
Surplus for the year		**39,240**	32,662	**38,726**	27,994
Actuarial gain/(loss) in respect of pension schemes	34	**1,401**	(6,190)	**1,401**	(6,190)
Change in fair value of hedged financial instruments	11	**(4,040)**	(44,721)	**(4,040)**	(44,721)
Total comprehensive income for the year		**36,601**	(18,249)	**36,087**	(22,917)

All activities relate to continuing operations.

The notes on pages 37 to 85 form part of these financial statements.

AmicusHorizon Limited
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**

AmicusHorizon Limited
Statement of changes in reserves for the year ended 31 March 2015

Group	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Hedge reserve £'000	Total £'000
Balance as at 1 April 2014	101,132	189	921	477	(62,673)	**40,046**
Surplus for the year	32,633	-	29	-	-	**32,662**
Actuarial loss on defined benefit pension scheme	(6,190)	-	-	-	-	**(6,190)**
Change in fair value of hedged financial instruments	-	-	-	-	(44,721)	**(44,721)**
Reserves transfer	(99)	-	99	-	-	**-**
Reserves transfer	(96)	96	-	-	-	**-**
Deferred income	-	-	(90)	-	-	**(90)**
Balance as at 31 March 2015	**127,380**	**285**	**959**	**477**	**(107,394)**	**21,707**

Association	Income & expenditure reserve £'000	Designated reserve £'000	Restricted reserve £'000	Hedge reserve £'000	Total £'000
Balance as at 1 April 2014	103,225	169	175	(62,673)	**40,896**
Surplus for the year	27,994	-	-	-	**27,994**
Change in fair value of hedged financial instruments	-	-	-	(44,721)	**(44,721)**
Actuarial loss on defined benefit pension scheme	(6,190)	-	-	-	**(6,190)**
Reserves transfer	(42)	-	42	-	**-**
Deferred income	-	-	(90)	-	**(90)**
Balance as at 31 March 2015	**124,987**	**169**	**127**	**(107,394)**	**17,889**

AmicusHorizon

AmicusHorizon Limited
Balance sheet as at 31 March 2016

		Group		Association	
		2016	2015	2016	2015
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Tangible fixed assets - Housing properties	13	**1,245,549**	1,232,983	**1,238,519**	1,225,753
Other tangible fixed assets	14	**9,045**	9,625	**9,043**	9,620
Investment properties	15	**28,920**	25,373	**28,920**	25,373
Other investments	16	**185**	186	**13**	13
Total fixed assets		**1,283,699**	1,268,167	**1,276,495**	1,260,759
Current assets					
Properties held for sale	17	**7,366**	7,252	**7,366**	7,252
Trade and other debtors	18	**24,041**	21,650	**23,985**	21,576
Short term investments	19	**55,000**	10,000	**55,000**	10,000
Cash and cash equivalents	20	**53,242**	50,602	**52,493**	49,754
		139,649	89,504	**138,844**	88,582
Creditors: amounts falling due within one year	21	**(52,397)**	(44,353)	**(57,870)**	(49,120)
Net current assets		**87,252**	45,151	**80,974**	39,462
Total assets less current liabilities		**1,370,951**	1,313,318	**1,357,469**	1,300,221
Creditors:					
amounts falling due after more than one year	22	**(1,280,433)**	(1,257,199)	**(1,271,283)**	(1,247,920)
Provisions and other liabilities	28	**(6,360)**	(5,544)	**(6,360)**	(5,544)
Pension liabilities	34	**(25,892)**	(28,868)	**(25,892)**	(28,868)
Net assets		**58,266**	21,707	**53,934**	17,889
Capital and reserves					
Share capital – non equity		**-**	-	**-**	-
Income & expenditure reserve		**168,089**	127,380	**165,177**	124,987
Designated reserves		**306**	285	**169**	169
Restricted reserve		**828**	959	**22**	127
Revaluation reserve		**477**	477	**-**	-
Hedge reserve		**(111,434)**	(107,394)	**(111,434)**	(107,394)
Total reserves		**58,266**	21,707	**53,934**	17,889

The financial statements on pages 32 to 85 were approved by the Board and authorised for issue on 20 July 2016 and were signed on its behalf by:

Lord Falconer, Chairman   David Clifford, Board Member   Alison Wignall, Secretary

AmicusHorizon Limited
Consolidated statement of cash flows for the year ended 31 March 2016

	2016 £'000	2015 £'000
Cash flow from operating activities		
Surplus for the year	**39,240**	32,662
Adjustment for non- cash items:		
Depreciation & impairment	**21,703**	19,757
Amortisation of grant	**(4,939)**	(4,625)
Tax	**133**	(2)
Interest payable	**33,149**	32,259
Interest receivable	**(806)**	(541)
Surplus on disposal of fixed assets	**(19,626)**	(18,891)
Net fair value gains recognised in profit or loss	**(3,387)**	(1,434)
Difference between net pension expense and cash contribution	**(1,575)**	(1,458)
Decrease in stocks	**(2,325)**	(1,203)
Increase in trade and other debtors	**(2,391)**	(3,318)
(Decrease) / increase in trade and other creditors	**(7,347)**	2,191
Increase (decrease) / in provisions	**816**	(400)
Cash generated from operations	**52,645**	54,997
Tax paid	**-**	-
Net cash from operating activities	**52,645**	54,997
Cashflows from investing activities		
Purchase of property, plant and equipment	**(49,553)**	(72,587)
Proceeds from sale of property, plant and equipment	**28,929**	27,532
Initial receipts from shared ownership sales	**10,934**	4,270
Interest received	**806**	541
Amounts placed on deposits	**(45,000)**	-
Net capital grants received	**4,569**	11,564
Net cash from investing activities	**(49,315)**	(28,680)
Cashflows from financing activities		
Proceeds from long term borrowings	**45,100**	1,788
Interest paid	**(34,342)**	(34,027)
Other financing	**(42)**	(90)
Repayment of borrowing	**(11,406)**	(1,716)
Net cash used in financing activities	**(690)**	(34,045)
Net change in cash and cash equivalents	**2,640**	(7,728)
Cash and cash equivalents at start of year	**50,602**	58,330
Cash and cash equivalents at end of year	**53,242**	50,602

Legal status

The Association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Homes and Communities Agency as a social housing provider.

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.

This is the first year in which the financial statements have been prepared under FRS 102; information on the impact of first-time adoption is given in notes 35 and 36.

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.

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

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.

Investments in subsidiaries

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

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.

Management of units owned by others

Management fees receivable and expenses reimbursed are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

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

1 Accounting policies (continued)

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

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

Structure:

Houses general needs:	125 years	Houses shared ownership:	85 years
Flats general needs:	125 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.

1 Accounting policies (continued)

Impairment (continued)

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.

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

Shared ownership properties and staircasing (continued)

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 Whybrow Ltd to determine the fair value at 1 April 2014 and 31 March 2015 and Jones Lang LaSalle Ltd for the fair value at 31 March 2016. 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".

1 Accounting policies (continued)

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

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.

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.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

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 a leasehold interest in 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.

1 Accounting policies (continued)

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 use the money purchase (stakeholder) pension scheme for auto enrolment purposes.

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

1 Accounting policies (continued)

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.

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.

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
- 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 whether leases entered into by the Association either as lessor or lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- 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.

Other key 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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

2 Judgements in applying accounting policies and key sources of estimation uncertainty (continued)

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

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

Group	2016 Turnover £'000	2016 Cost of sales £'000	2016 Operating costs £'000	2016 Operating surplus/ (deficit) £'000	2015 Turnover £'000	2015 Cost of sales £'000	2015 Operating costs £'000	2015 Operating surplus/ (deficit) £'000
Social housing lettings (note 3b)	**156,312**	**-**	**(110,736)**	**45,576**	155,721	-	(113,225)	42,496
Other social housing activities								
First tranche sales	**10,934**	**(8,609)**	**-**	**2,325**	4,270	(3,067)	-	1,203
Supporting people	**363**	**-**	**(363)**	**-**	2,120	-	(2,120)	-
Gift aid	**8**	**-**	**-**	**8**	-	-	-	-
Other	**-**	**-**	**(349)**	**(349)**	-	-	(278)	(278)
	11,305	**(8,609)**	**(712)**	**1,984**	6,390	(3,067)	(2,398)	925
Non-social housing activities								
Community activities	**230**	**-**	**(296)**	**(66)**	602	-	(590)	12
Market & sub-market renting	**703**	**-**	**(475)**	**228**	1,254	-	(1,467)	(213)
Commercial renting	**1,628**	**-**	**(679)**	**949**	1,288	-	(557)	731
Other	**337**	**-**	**(305)**	**32**	442	-	(340)	102
	2,898	**-**	**(1,755)**	**1,143**	3,586	-	(2,954)	632
Total	**170,515**	**(8,609)**	**(113,203)**	**48,703**	165,697	(3,067)	(118,577)	44,053

Community activities for Fresh Visions and AmicusHorizon Ltd includes grant received from the Big Lottery Fund of £163,106 (2015: £370,391) and related expenditure of £136,025 (2015: £375,897) for the following:

	Grant £	Expenditure £
Motiv8 Lambeth	25,800	25,800
First step counselling	111,045	86,911
Community Artist / A Century On	-	5,768
Families on our Doorstep	26,261	17,546
	163,106	**136,025**

AmicusHorizon Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

Association	2016 Turnover £'000	2016 Cost of sales £'000	2016 Operating costs £'000	2016 Operating surplus/ (deficit) £'000	2015 Turnover £'000	2015 Cost of sales £'000	2015 Operating costs £'000	2015 Operating surplus/ (deficit) £'000
Social housing lettings (note 3b)	**155,401**	**-**	**(110,197)**	**45,204**	154,863	-	(112,774)	42,089
Other social housing activities								
First tranche sales	**10,934**	**(8,609)**	**-**	**2,325**	4,270	(3,067)	-	1,203
Supporting people	**363**	**-**	**(363)**	**-**	2,120	-	(2,120)	-
Services to group companies	**240**	**-**	**(240)**	**-**	242	-	(242)	-
Gift aid	**685**	**-**	**-**	**685**	(3,823)	-	-	(3,823)
Other	**-**	**-**	**(349)**	**(349)**	-	-	(278)	(278)
	12,222	**(8,609)**	**(952)**	**2,661**	2,809	(3,067)	(2,640)	(2,898)
Non-social housing activities								
Community activities	**230**	**-**	**(296)**	**(66)**	602	-	(590)	12
Market & sub-market renting	**703**	**-**	**(475)**	**228**	1,254	-	(1,467)	(213)
Commercial renting	**1,627**	**-**	**(679)**	**948**	1,289	-	(557)	732
	2,560	**-**	**(1,450)**	**1,110**	3,145	-	(2,614)	531
Total	**170,183**	**(8,609)**	**(112,599)**	**48,975**	160,817	(3,067)	(118,028)	39,722

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

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

Group	General needs housing £'000	Supported housing/ housing for older people £'000	Other £'000	Shared ownership £'000	Temporary social housing £'000	2016 Total £'000	2015 Total £'000
Rents receivable net of identifiable service charges	**111,246**	**11,475**	**3,226**	**8,741**	**2,162**	**136,850**	135,340
Service charges receivable	**3,990**	**3,671**	**725**	**4,143**	**40**	**12,569**	12,638
Charges for support services	**-**	**-**	**-**	**-**	**-**	**-**	617
Net rental income	**115,236**	**15,146**	**3,951**	**12,884**	**2,202**	**149,419**	148,595
Amortised government grant	**3,707**	**497**	**17**	**718**	**-**	**4,939**	4,625
Other revenue income	**963**	**9**	**379**	**264**	**339**	**1,954**	2,501
Turnover from social housing lettings	**119,906**	**15,652**	**4,347**	**13,866**	**2,541**	**156,312**	155,721
Expenditure on letting activities							
Management	**20,916**	**1,540**	**735**	**2,634**	**1,097**	**26,922**	27,748
Bad debts	**764**	**70**	**9**	**324**	**351**	**1,518**	1,383
Service charge costs	**4,999**	**3,221**	**588**	**3,382**	**46**	**12,236**	11,287
Routine maintenance	**22,820**	**879**	**426**	**14**	**301**	**24,440**	26,114
Planned maintenance	**18,950**	**467**	**220**	**2**	**38**	**19,677**	20,414
Major repairs	**4,221**	**289**	**49**	**-**	**(4)**	**4,555**	4,449
Impairment of housing properties	**(420)**	**1,344**	**-**	**32**	**-**	**956**	(133)
Depreciation of housing properties	**14,195**	**1,640**	**165**	**1,508**	**248**	**17,756**	16,722
Accelerated depreciation	**1,270**	**-**	**-**	**-**	**-**	**1,270**	1,655
Other costs	**6**	**-**	**18**	**7**	**1,375**	**1,406**	3,586
	87,721	**9,450**	**2,210**	**7,903**	**3,452**	**110,736**	113,225
Operating surplus/(deficit) on social housing lettings	**32,185**	**6,202**	**2,137**	**5,963**	**(911)**	**45,576**	42,496
Void losses	**(874)**	**(168)**	**(39)**	**(27)**	**(164)**	**(1,272)**	(1,752)

AmicusHorizon Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

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

Association	General needs housing £'000	Supported housing/ housing for older people £'000	Other £'000	Shared ownership £'000	Temporary social housing £'000	2016 Total £'000	2015 Total £'000
Rents receivable net of identifiable service charges	111,246	11,397	3,226	8,158	2,162	136,189	134,695
Service charges receivable	3,990	3,657	725	3,969	40	12,381	12,475
Charges for support services	-	-	-	-	-	-	617
Net rental income	115,236	15,054	3,951	12,127	2,202	148,570	147,787
Amortised government grant	3,707	497	17	653	-	4,874	4,579
Other revenue income	963	9	379	267	339	1,957	2,497
Turnover from social housing lettings	119,906	15,560	4,347	13,047	2,541	155,401	154,863
Expenditure on letting activities							
Management	20,916	1,527	735	2,403	1,097	26,678	27,502
Bad debts	764	70	9	328	351	1,522	1,379
Service charge costs	4,999	3,208	588	3,232	46	12,073	11,149
Routine maintenance	22,820	864	426	14	301	24,425	26,102
Planned maintenance	18,950	424	220	2	38	19,634	20,415
Major repairs	4,221	289	49	-	(4)	4,555	4,449
Impairment of housing properties	(420)	1,344	-	32	-	956	(133)
Depreciation of housing properties	14,195	1,632	165	1,445	248	17,685	16,671
Accelerated depreciation	1,270	-	-	-	-	1,270	1,655
Other costs	6	-	18	-	1,375	1,399	3,585
	87,721	9,358	2,210	7,456	3,452	110,197	112,774
Operating surplus/(deficit) on social housing lettings	32,185	6,202	2,137	5,591	(911)	45,204	42,089
Void losses	(874)	(167)	(39)	(13)	(164)	(1,257)	(1,752)

4 Units of housing stock

	Group		Association	
	2016 Number	**2015 Number**	**2016 Number**	**2015 Number**
General needs housing				
- Social rent	**18,333**	18,748	**18,311**	18,726
- Affordable rent	**2,149**	1,704	**2,149**	1,704
Housing for Older Persons (HOPS)				
- Social rent	**1,358**	1,385	**1,358**	1,385
- Affordable rent	**37**	36	**37**	36
Supported housing	**182**	198	**182**	198
Permanent housing units and bed spaces St Martins	**473**	472	**473**	472
Temporary housing units	**135**	546	**135**	546
Low cost home ownership	**2,651**	2,762	**2,447**	2,555
Total social housing units owned	**25,318**	25,851	**25,092**	25,622
Non social housing				
Market rent	**44**	44	**44**	44
Managed for others	**1**	1	**1**	1
Total managed	**25,363**	25,896	**25,137**	25,667
Units managed by other associations	**550**	588	**550**	588
Total owned and managed	**25,913**	26,484	**25,687**	26,255

	Group		Association	
	2016 Number	**2015 Number**	**2016 Number**	**2015 Number**
Leaseholders	**1,480**	1,386	**1,408**	1,313
Units under construction	**249**	229	**249**	229

We own an average 61% equity in shared ownership properties.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

5 Surplus for the year

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Operating surplus is stated after charging/(crediting):				
Grant amortised	**(4,939)**	(4,624)	**(4,874)**	(4,790)
Depreciation – housing properties	**17,756**	16,647	**17,685**	16,594
Accelerated depreciation on replaced components	**1,270**	1,655	**1,270**	1,655
Depreciation – other fixed assets	**1,795**	1,592	**1,792**	1,589
Impairment of housing properties	**956**	(133)	**956**	(133)
Operating lease charges:				
- Land & building	**316**	402	**316**	402
- Other	**319**	309	**319**	309
Auditors' remuneration:				
- in respect of audit services	**76**	76	**67**	67
- in respect of audit-related services	**3**	3	**3**	3
- in respect of other services	**13**	13	**10**	10
Defined benefit scheme pension contributions (note 34)	**3,534**	3,500	**3,534**	3,500
Defined contribution scheme pension cost	**1,326**	1,419	**1,326**	1,419

6 Employees

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Staff costs (including directors) consist of:				
Wages and salaries	**23,965**	26,541	**23,515**	26,130
Social security costs	**2,242**	2,481	**2,223**	2,466
Pension costs	**4,312**	2,845	**4,312**	2,836
Redundancy costs	**46**	319	**46**	319
	30,565	32,186	**30,096**	31,751

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	
	2016	**2015**	**2016**	**2015**
	FTE	**FTE**	**FTE**	**FTE**
Administration	**147**	157	**147**	157
Development	**30**	31	**30**	31
Housing, support and care	**502**	593	**502**	593
	679	781	**679**	781

7 Directors' and senior executive remuneration

The key management personnel are defined as the members of the board of management, the Chief Executive and the Strategic Executive Team disclosed on page 2.

	2016 £'000	2015 £'000
The emoluments of the 5 (2015: 5) Executive Officers were:		
Executive directors' emoluments (excluding pension)	**783**	720
Pension contributions	**73**	69
The Group Chief Executive was the highest paid director in 2015/16; total remuneration (excluding pension contributions) for the year	**208**	197

The Chief Executive is a member of the AmicusHorizon money purchase pension scheme and a contribution of £16,413 (2015: £17,093) 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 2016	Employees 2015
£60,000 - £70,000	**28**	24
£70,001 - £80,000	**7**	6
£80,001 - £90,000	**12**	10
£90,001 - £100,000	**5**	8
£100,001 - £110,000	**5**	2
£110,001 - £120,000	**1**	1
£120,001 - £130,000	**-**	1
£130,001 - £140,000	**-**	2
£140,001 - £150,000	**1**	-
£150,001 - £160,000	**2**	-
£180,001 - £190,000	**1**	1
£210,001 - £220,000	**-**	1
£220,001 - £230,000	**1**	-
	63	56

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

8 Board members

The table below shows the salaries paid to non-executive Board members and expenses incurred during the discharge of their duties during 2015/16:

Board member	Group Board	Committees	CPHA	AHGF	AHF	Expenses £	Total 2016 £	2015 £
Lord Falconer of Thoroton	✓	✓	✓			-	19,335	19,030
Steve Douglas	✓	✓				-	17,323	12,474
Beverley Spear	✓	✓	✓			248	7,649	11,049
Neil Robertson	✓	✓				1,480	12,392	12,585
David Oliver	✓			✓		287	11,199	11,112
Linda Seddon (resigned Feb 16)	✓		✓			1,645	8,427	8,929
Michael Davis	✓	✓	✓			717	8,119	8,135
Paul Crouch	✓	✓	✓			731	8,132	8,144
Bianca Layne (resigned Jan 16)	✓					-	6,163	7,283
Andrew Wiseman	✓	✓				-	7,401	7,283
David Clifford	✓	✓		✓	✓	-	10,912	3,560
Nick Stephenson	✓	✓				121	6,680	-
Paul Casey		✓				266	1,813	1,855
Andrew Croucher (resigned Mar 16)		✓				-	1,547	1,638
Darryl Hogan		✓				136	1,683	1,642
Ian Jones		✓				-	771	1,523
Simon Porter (resigned Oct 15)		✓				-	858	1,523
Chu Ofili (resigned Sep 15)			✓			-	875	-

8 Board members (continued)

Board member	Group Board	Committees	CPHA	AHGF	AHF	Expenses £	Total 2016 £	2015 £
Dominic Gibb				✓		-	1,547	1,023
Stephen Leung				✓		73	1,620	1,523
Christopher Blease				✓		-	1,547	1,523
Hilke Farina (appointed May 15)				✓		156	1,576	-
Simon Wilcox (appointed May 15)				✓		257	1,677	-
Dixit Vishal		✓				134	2,018	-
Neil Ferguson		✓				-	824	-
Melanie Johnson		✓				59	318	-
Geanna Bray			✓			-	259	-
Peter Cruttenden	✓	✓		✓	✓	-	-	8,400
Maria Akkermans		✓				-	-	1,542
Siraj Kottegoda				✓		-	-	953
Sandra Lawman		✓				-	-	1,319
Nicholas Pizey		✓				-	-	1,523
Michael John Whatford		✓				-	-	1,268
Beth Williams	✓					-	-	4,233

The Fresh Visions People Limited board members are unpaid. The total payments to Board and Committee members in 2015/16 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

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

9 Surplus on disposal of fixed assets

Group	Staircasing £'000	Right to buy £'000	Other properties £'000	Other fixed assets £'000	2016 Total £'000	2015 Total £'000
Disposal proceeds	11,831	1,812	16,552	-	**30,195**	28,966
Cost of disposals	(6,385)	(1,063)	(2,923)	(17)	**(10,388)**	(10,075)
Disposal proceeds fund	-	(181)	-	-	**(181)**	-
	5,446	**568**	**13,629**	**(17)**	**19,626**	18,891

Association	Staircasing £'000	Right to buy £'000	Other properties £'000	Other fixed assets £'000	2016 Total £'000	2015 Total £'000
Disposal proceeds	10,816	1,812	16,552	-	**29,180**	28,613
Cost of disposals	(6,209)	(1,063)	(2,923)	(17)	**(10,212)**	(10,001)
Disposal proceeds fund	-	(181)	-	-	**(181)**	-
	4,607	**568**	**13,629**	**(17)**	**18,787**	18,612

10 Interest receivable and income from investments

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Bank and deposit interest	**441**	283	**440**	257
Investment income	**365**	258	**363**	281
	806	541	**803**	538

11 Interest and financing costs

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Bank loans and overdrafts	**19,603**	19,948	-	-
Loans from group undertakings	**-**	-	**27,438**	27,856
Other loans	**12,525**	12,032	**4,769**	4,155
Recycled capital grant fund	**36**	23	**36**	23
Other interest payable	**778**	884	**777**	883
Net interest on pension funds	**1,011**	1,183	**1,011**	1,183
	33,953	34,070	**34,031**	34,100
Interest capitalised on construction of housing properties	**(804)**	(1,811)	**(804)**	(1,811)
	33,149	32,259	**33,227**	32,289
Other financing costs through income and expenditure				
Loss on basis swap derivative instruments	**198**	224	**198**	224
Other financing costs through other comprehensive income				
Loss on hedged derivative instrument	**4,040**	44,721	**4,040**	44,721

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 charges of £9,707 for AHF plc and £122,981 for CPHA (2015: AHF plc charge £6,162 and CPHA credit £8,062).

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

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

	Housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Cost					
At 1 April 2015	1,229,938	18,239	189,675	3,639	**1,441,491**
Additions during year	299	17,860	332	7,134	**25,625**
Component replacements	16,354	-	-	-	**16,354**
Transfer to current assets	-	-	(985)	(619)	**(1,604)**
Transfer on completion	16,453	(16,453)	3,140	(3,140)	**-**
Transfer between tenures	(299)	(1,407)	299	1,407	**-**
Transfer from investment property	31	-	-	-	**31**
Disposals - property	(4,613)	-	(5,844)	-	**(10,457)**
Disposals - components	(6,928)	-	-	-	**(6,928)**
At 31 March 2016	**1,251,235**	**18,239**	**186,617**	**8,421**	**1,464,512**
Depreciation					
At 1 April 2015	196,016	-	11,296	-	**207,312**
Charge for year	16,175	-	1,507	-	**17,682**
Accelerated depreciation	1,270	-	-	-	**1,270**
Disposals during year	(8,913)	-	(540)	-	**(9,453)**
Transfer between tenures	(16)	-	16	-	**-**
At 31 March 2016	**204,532**	**-**	**12,279**	**-**	**216,811**
Provision for impairment					
At 1 April 2015	543	-	653	-	**1,196**
Charge for year	924	-	32	-	**956**
At 31 March 2016	**1,467**	**-**	**685**	**-**	**2,152**
Net book value					
At 31 March 2016	**1,045,236**	**18,239**	**173,653**	**8,421**	**1,245,549**
At 31 March 2015	1,033,379	18,239	177,726	3,639	1,232,983

The cost of land included in the above not subject to depreciation is £389m (2015: £390m). The net book value of leasehold land and buildings included above is £29m (2015: £30m). Additions to housing properties in the course of construction during the year included capitalised interest of £0.8m (2015: £1.8m) at an average interest rate during the year of 4.68% (2015: 5.19%). The total expenditure on works to existing properties during the year was £40.6m (2015: £40m), of which £16.3m (2015: £15.4m) was capitalised as component replacements, the remainder was expensed.

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

	Housing properties held for letting £'000	Housing properties for letting under construction £'000	Completed shared ownership properties £'000	Shared ownership properties under construction £'000	Total housing properties £'000
Cost					
At 1 April 2015	1,229,401	18,239	181,892	3,639	**1,433,171**
Additions during year	299	17,860	332	7,134	**25,625**
Component replacements	16,344	-	-	-	**16,344**
Transfer to current assets	-	-	(985)	(619)	**(1,604)**
Transfer on completion	16,453	(16,453)	3,140	(3,140)	**-**
Transfer between tenures	(299)	(1,407)	299	1,407	**-**
Transfer from investment property	31	-	-	-	**31**
Disposals - property	(4,613)	-	(5,669)	-	**(10,282)**
Disposals - components	(6,928)	-	-	-	**(6,928)**
At 31 March 2016	**1,250,688**	**18,239**	**179,009**	**8,421**	**1,456,357**
Depreciation					
At 1 April 2015	196,009	-	10,213	-	**206,222**
Charge for year	16,167	-	1,445	-	**17,612**
Accelerated depreciation	1,270	-	-	-	**1,270**
Disposals during year	(8,913)	-	(505)	-	**(9,418)**
Transfer between tenures	(16)	-	16	-	**-**
At 31 March 2016	**204,517**	**-**	**11,169**	**-**	**215,686**
Provision for impairment					
At 1 April 2015	543	-	653	-	**1,196**
Charged for year	924	-	32	-	**956**
At 31 March 2016	**1,467**	**-**	**685**	**-**	**2,152**
Net book value					
At 31 March 2016	**1,044,704**	**18,239**	**167,155**	**8,421**	**1,238,519**
At 31 March 2015	1,032,849	18,239	171,026	3,639	1,225,753

The cost of land included in the above not subject to depreciation is £387m (2015: £388m). The net book value of leasehold land and buildings included above is £28m (2015: £29m). Additions to housing properties in the course of construction during the year included capitalised interest of £0.8m (2015: £1.8m) at an average interest rate during the year of 4.68% (2015: 5.19%). The total expenditure on works to existing properties during the year was £41m (2015: £40m), of which £16.3m (2015: £15.4m) was capitalised as component replacements, the remainder was expensed.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

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 2015	10,388	7,470	6,837	95	**24,790**
Reclassification of cost	(26)	-	-	-	**(26)**
Additions during year	3	165	1,051	10	**1,229**
Disposal during year	(30)	(8)	-	-	**(38)**
At 31 March 2016	**10,335**	**7,627**	**7,888**	**105**	**25,955**
Depreciation					
At 1 April 2015	3,468	6,225	5,388	84	**15,165**
Reclassification of depreciation	(29)	-	-	-	**(29)**
Charge for year	336	477	972	10	**1,795**
Disposal during year	(13)	(8)	-	-	**(21)**
At 31 March 2016	**3,762**	**6,694**	**6,360**	**94**	**16,910**
Net book value					
At 31 March 2016	**6,573**	**933**	**1,528**	**11**	**9,045**
At 31 March 2015	6,920	1,245	1,449	11	9,625

The cost of freehold land and buildings included in the above is £5.8m (2015: £6.1m). The cost of leasehold buildings included in the above is £0.8m (2015: £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 2015	10,388	7,464	6,837	81	**24,770**
Reclassification of cost	(26)	-	-	-	**(26)**
Additions during year	3	165	1,051	10	**1,229**
Disposal during year	(30)	(8)	-	-	**(38)**
At 31 March 2016	**10,335**	**7,621**	**7,888**	**91**	**25,935**
Depreciation					
At 1 April 2015	3,468	6,219	5,388	75	**15,150**
Reclassification of depreciation	(29)	-	-	-	**(29)**
Charge for year	336	477	972	7	**1,792**
Disposal during year	(13)	(8)	-	-	**(21)**
At 31 March 2016	**3,762**	**6,688**	**6,360**	**82**	**16,892**
Net book value					
At 31 March 2016	**6,573**	**933**	**1,528**	**9**	**9,043**
At 31 March 2015	6,920	1,245	1,449	6	9,620

The cost of freehold land and buildings included in the above is £5.8m (2015: £6.1m). The cost of leasehold buildings included in the above is £0.8m (2015: £0.8m).

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

15 Investment properties

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
At 1 April 2015	**25,373**	22,089	**25,373**	22,089
Transfers in	**170**	1,799	**170**	1,799
Tenure change	**(209)**	(150)	**(209)**	(150)
Revaluation in year	**3,586**	1,635	**3,586**	1,635
At 31 March 2016	**28,920**	25,373	**28,920**	25,373

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 £3.6m (2015: £1.6m) has been credited to the statement of comprehensive income for the year.

16 Investments

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Investments				
At 1 April 2015	**186**	163	**13**	13
Revaluation in year	**(1)**	23	**-**	-
At 31 March 2016	**185**	186	**13**	13

The historic cost equivalents are not disclosed as the information to make the disclosure is not available.

The investments are invested in the Charity Investment Fund (COIF).

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

17 Properties for sale

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
1st Tranche sales				
Completed	**650**	5,232	**650**	5,232
Under construction	**6,716**	2,020	**6,716**	2,020
	7,366	7,252	**7,366**	7,252

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	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Due within one year				
Rental and service charge arrears	**6,212**	6,426	**6,170**	6,376
Provision for doubtful debts	**(954)**	(1,007)	**(935)**	(983)
	5,258	5,419	**5,235**	5,393
Social housing grant receivable	**3,142**	950	**3,142**	950
Trade debtors	**1,038**	885	**1,038**	853
Other debtors	**2,332**	2,287	**2,301**	2,283
Amounts owed by subsidiary undertakings	**-**	-	**19**	12
Prepayments and accrued income	**2,369**	2,614	**2,362**	2,606
	14,139	12,155	**14,097**	12,097
Due after more than one year				
Leaseback schemes	**3,393**	3,467	**3,393**	3,467
Service charge debtor	**6,261**	6,028	**6,247**	6,012
Liquidity fund	**248**	-	**248**	-
	9,902	9,495	**9,888**	9,479
Total debtors	**24,041**	21,650	**23,985**	21,576

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

19 Short term investments

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Money market funds	**55,000**	10,000	**55,000**	10,000

£55m (2015: £10m) is invested in 4 (2015: 3) fixed term deposits not accessible within 3 months.

20 Cash and cash equivalents

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Cash and cash equivalents	**53,242**	50,602	**52,493**	49,754
	53,242	50,602	**52,493**	49,754

Total group cash and short term investment balances of £108.2m (2015: £60.6m) include £5m (2015: £5.4m) held in separate accounts for sinking funds on behalf of leaseholders.

21 Creditors: amounts falling due within one year

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Corporation tax	**271**	138	**-**	-
Deferred capital grant (note 23)	**4,986**	4,940	**4,921**	4,874
Interest payable	**2,806**	3,231	**2,806**	3,231
Loan repayments (note 26)	**12,246**	1,911	**12,246**	1,911
Taxation and social security	**323**	342	**323**	342
Rent paid in advance	**4,864**	4,777	**4,840**	4,755
Trade creditors	**1,888**	5,011	**1,888**	5,010
Other creditors and accruals	**16,776**	21,027	**16,756**	21,019
Service charge creditors	**5,069**	2,388	**5,069**	2,388
Handback creditor	**266**	273	**266**	273
Amounts due to subsidiary undertakings	**-**	-	**5,914**	5,025
Disposal proceed fund (note 25)	**306**	98	**305**	98
Recycled capital grant fund (note 24)	**2,596**	217	**2,536**	194
	52,397	44,353	**57,870**	49,120

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

22 Creditors: amounts falling due after more than one year

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Loans & borrowings (note 26)	**665,315**	641,956	**660,988**	637,549
Derivative financial instruments	**111,139**	106,902	**111,139**	106,902
Lease premium grant subsidy	**526**	624	**526**	624
Service charge creditor	**4,524**	7,144	**4,185**	6,846
Deferred capital grant (note 23)	**491,023**	494,063	**486,712**	489,605
Recycled capital grant fund (note 24)	**7,359**	5,802	**7,186**	5,686
Disposal proceeds fund (note 25)	**428**	589	**428**	589
Other creditors	**119**	119	**119**	119
	1,280,433	1,257,199	**1,271,283**	1,247,920

23 Social housing grant received

	Group		Association	
Total Social Housing Grant received or receivable to date is as follows:	**2016 £'000**	**2015 £'000**	**2016 £'000**	**2015 £'000**
Capital grant – housing properties	**496,009**	499,003	**491,633**	494,479
Recycled capital grant fund	**9,955**	6,019	**9,722**	5,880
Disposals proceeds fund	**733**	687	**733**	687
Revenue grant – statement of comprehensive income	**4,939**	4,624	**4,874**	4,579
Revenue grant cumulative amortised	**85,740**	82,123	**84,581**	80,996
	597,376	592,456	**591,543**	586,621

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

24 Recycled Capital Grant Fund (RCGF)

	Group		Association	
	HCA £'000	GLA £'000	HCA £'000	GLA £'000
At 1 April 2015	1,050	4,968	1,050	4,830
Grants recycled	589	3,633	589	3,516
Transferred from other Group members	-	-	-	23
Interest accrued	6	30	6	30
New developments and repairs to existing properties	(50)	(272)	(50)	(272)
At 31 March 2016	**1,595**	**8,359**	**1,595**	**8,127**
Amount due for repayment				
Within one year	364	2,231	364	2,172
Within 2 to 3 years	1,231	6,128	1,231	5,955
	1,595	**8,359**	**1,595**	**8,127**

25 Disposal Proceeds Fund (DPF)

	Group		Association	
	HCA £'000	GLA £'000	HCA £'000	GLA £'000
At 1 April 2015	-	687	-	687
Grants recycled	102	79	102	79
New developments and repairs to existing properties	-	(135)	-	(135)
At 31 March 2016	**102**	**631**	**102**	**631**
Amount due for repayment				
Within one year	-	305	-	305
Within 2 to 3 years	102	326	102	326
	102	**631**	**102**	**631**

26 Loans and borrowings

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Housing loans are repayable:				
Within one year	**12,246**	1,911	**12,246**	1,911
One to two years	**12,409**	20,663	**12,409**	20,663
Two to five years	**66,879**	58,369	**66,879**	58,369
More than five years	**436,979**	413,064	**436,979**	413,064
Deferred financing costs	**(2,186)**	(1,450)	**(2,186)**	(1,450)
	526,327	492,557	**526,327**	492,557
Loans repayable by instalments, some of which fall due to be repaid in more than five years:				
Loans	**520,073**	485,333	**520,073**	485,333
Index linked loans	**8,440**	8,674	**8,440**	8,674
Deferred financing costs	**(2,186)**	(1,450)	**(2,186)**	(1,450)
	526,327	492,557	**526,327**	492,557

	Group		Association	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Housing loans:				
Loans and debentures	**519,878**	485,115	**69,878**	35,115
Index linked loans	**8,440**	8,674	**8,440**	8,674
Deferred interest loans	**91**	99	**91**	99
Loan premiums	**104**	119	**104**	119
Deferred financing costs	**(2,186)**	(1,450)	**(2,186)**	(1,450)
Net housing loans due within one year and after more than one year	**526,327**	492,557	**76,327**	42,557
Inter company loan	**-**	-	**596,907**	596,903
Bond	**150,000**	150,000	**-**	-
Bond premium	**4,327**	4,407	**-**	-
Bond set up costs	**(3,093)**	(3,097)	**-**	-
Net bond balance	**151,234**	151,310	**-**	-
Net borrowings	**677,561**	643,867	**673,234**	639,460

26 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 £423.7m, £317m is hedged by swaps which have been fixed for periods ranging from one to thirty-one years. In total the Group has £583.4m loan facilities (excluding the bond). This includes undrawn committed loan facilities of £55m, of which £30m 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 £678.4m (2015: £680.8m). 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 £111.4m (2015: £106.7m). 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 £4.0m (2015: £44.7m) has been recognised in other comprehensive income in the year and £0.2m has been recognised within surplus for the year (2015: £0.3m). 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 £12.4m (2015: £12.3m).

At 31 March 2016 15,649 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)). 1,146 homes and one of our offices, Grosvenor House 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:

	2016 £'000	2015 £'000
Fixed rate	**423,554**	453,378
Index linked	**8,440**	9,944
Floating rate	**96,415**	30,566
	528,409	493,888

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 £5,279k (2015: £4,547k) capitalised and net of amortisation.

26 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.

27 Financial instruments

The Group's financial instruments are analysed as follows:

Group	**2016 £'000**	**2015 £'000**
Financial assets measured at historic or amortised cost		
- Trade receivables	**1,038**	885
- Other receivables	**9,115**	6,704
- Investments in subsidiaries and joint ventures	**185**	186
- Net rental and service charge debtors	**11,519**	11,447
- Investments in short term deposits	**55,000**	10,000
- Cash and cash equivalents	**53,242**	50,602
Financial assets measured at fair value through profit or loss		
- Derivative financial instruments	**294**	492
Financial liabilities measured at amortised cost		
- Loans payable	**(677,561)**	(643,687)
Financial liabilities measured at historic cost		
- Trade creditors	**(1,889)**	(5,011)
- Other creditors	**(31,618)**	(35,727)
Derivative financial instruments designated as cash flow hedges of variable interest rate risk	**(111,434)**	(107,394)

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

28 Provisions and other liabilities

Group and Association	**2016 £'000**	**2015 £'000**
SHPS pension liability		
At 1 April	**4,600**	4,999
Unwinding of the discount factor (interest expense)	**142**	155
Deficit contributions paid	**(577)**	(554)
Remeasurements - amendments to the contribution schedule	**1,596**	-
At 31 March	**5,761**	4,600
Handback provision for temporary housing accommodation		
At 1 April	**944**	1,395
Utilised in year	**(345)**	(451)
At 31 March	**599**	944

29 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 £14.8m grant (2015: £14.8m) relating to stock swaps which would be repayable to the grant provider in the event that this stock is disposed.

30 Non-equity share capital

Association	**2016 £'000**	**2015 £'000**
At 1 April	**106**	109
Issued in year	**4**	1
Cancelled in year	**(21)**	(4)
At 31 March	**89**	106

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.

31 Capital commitments

Commitments for expenditure on developments	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Capital expenditure contracted for but not provided for in the financial statements	**65,843**	41,511	**65,843**	41,511
Capital expenditure which has been authorised by the Board but not yet contracted for	**58,296**	15,765	**58,296**	15,765

The amount contracted for at 31 March 2016 will be funded from grants approved by the Homes and Communities Agency (16%) or will be financed from property sales (20%) 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	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Capital expenditure – contracted for but not provided for in the financial statements	**15,872**	16,956	**15,872**	16,956
Capital expenditure – replacement components authorised by the Board but not yet contracted for	**590**	602	**590**	602

The amount contracted for at 31 March 2016 will be funded by cash generated from the business.

AmicusHorizon Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

32 Commitments under operating leases

At 31 March 2016 the Group and Association had total commitments under non-cancellable operating leases as follows:

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Land and buildings				
Leases expiring within one year	**9**	702	**9**	702
Two to five years	**1,502**	1,066	**1,482**	1,029
Over five years	**1,282**	1,697	**1,282**	1,697
	2,793	3,465	**2,773**	3,428
Other				
Leases expiring within one year	**-**	7	**-**	7
Two to five years	**272**	369	**272**	369
	272	376	**272**	376
Total	**3,065**	3,841	**3,045**	3,804

33 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 34.

The Strategic Board includes two resident members who hold tenancy agreements on normal terms and cannot use their position to their advantage. There were 62 shareholders, 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:

	2016 £'000	**2015 £'000**
Payment in advance from previous year	**7**	7
Charges in year	**(336)**	(329)
Payments in year	**338**	330
Adjustments in year	**-**	(1)
Payments in advance at end of year	**9**	7

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.

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

33 Related party disclosures (continued)

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:

	2016 £'000	**2015 £'000**
Net sales and purchases of goods and services	**7,449**	16,456
Debtors due to Ink	**1,542**	3,262
Creditor due from Ink	**500**	2,370
Administration fees	**392**	149

AHL provides central management services to its subsidiaries. The quantum of the 2015/16 charges applied for these services to each subsidiary is as follows:

	2016 £'000	**2015 £'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

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

Name of undertaking	**Nature of transaction**	**£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 £19.6m (2015: AHF plc £7.9m and AHGFL £19.9m). The amounts paid to AHGFL includes amounts of £11.7m (2015: £12.3m) which relate to payments in relation to derivative financial instruments for which AHL has responsibility.

34 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:

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 2023:	£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)

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Notes to the financial statements for the year ended 31 March 2016 (continued)

34 Pension commitments (continued)

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 as a finance cost.

Triennial valuations

The triennial valuations were last undertaken as at 31 March 2013 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.

Split of plan assets

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

	Range	
Year Ended	**31 March 2016**	**31 March 2015**
Equities	**67.0% - 77.3%**	57.4% - 78.0%
Gilts	**1.0% - 10.0%**	1.0%
Bonds	**11.0% - 16.0%**	9.0% - 36.6%
Property	**12.0% - 15.0%**	4.9% - 13.0%
Target return portfolio	**4.0%**	4.0%
Cash	**0.4% - 3.0%**	1.1% - 3.0%

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 - 22.9 years**	**23.0 - 25.3 years**
Future pensioners	**22.3 - 25.2 years**	**24.5 - 27.7 years**

Financial assumptions

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

	Range	
	31 March 2016	**31 March 2015**
Rate of general long term increase in salaries	**4.0% - 4.3%**	4.0% - 4.1%
Rate of increase in pension payment	**2.1% - 3.1%**	2.1% - 2.3%
Discount rate	**3.3% - 3.5%**	3.1% - 3.2%
Inflation assumption (CPI)	**2.2% - 2.5%**	2.2% - 2.3%

34 Pension commitments (continued)

Balance sheet

Year ended	31 March 2016 £'000	31 March 2015 £'000
Fair value of employer assets	**78,515**	78,234
Present value of funded liabilities	**(104,017)**	(106,701)
	(25,502)	(28,467)
Present value of unfunded liabilities	**(390)**	(401)
Net liability	**(25,892)**	(28,868)

Funding position at 31 March

	31 March 2016 £'000	31 March 2015 £'000
Share of assets	**78,515**	78,234
Estimated liabilities	**(104,407)**	(107,102)
Net deficit	**(25,892)**	(28,868)

Experience gains/(losses) on scheme assets and liabilities

	31 March 2016 £'000	31 March 2015 £'000
Assets	**(2,562)**	5,551
Liabilities	**(1,432)**	819

Analysis of amounts charged to operating surplus for each year ended 31 March

	31 March 2016 £'000	31 March 2015 £'000
Current service cost	**782**	707
Total operating charge	**782**	707

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

34 Pension commitments (continued)

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

	31 March 2016 £'000	31 March 2015 £'000
Net charge	**869**	985

Analysis of amount recognised in the Statement of Comprehensive Income for each year ended 31 March

	31 March 2016 £'000	31 March 2015 £'000
Actual return less expected return on pension schemes	**(2,562)**	5,551
Experience gains and losses on the scheme liabilities	**(1,432)**	819
Changes in underlying assumptions	**5,395**	(12,560)
Total actuarial gains/(losses)	**1,401**	(6,190)

Analysis of movement in surplus during each year to 31 March

	31 March 2016 £'000	31 March 2015 £'000
Deficit at the beginning of the year	**(28,868)**	(24,136)
Total contributions	**3,534**	3,500
Service cost	**(784)**	(707)
Other finance costs	**(1,175)**	(1,335)
Actuarial gains/(losses)	**1,401**	(6,190)
Deficit at the end of the year	**(25,892)**	(28,868)

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Notes to the financial statements for the year ended 31 March 2016 (continued)

34 Pension commitments (continued)

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

	31 March 2016 £'000	31 March 2015 £'000
Opening fair value of assets	**78,234**	68,735
Expected return on assets	**2,480**	2,987
Actuarial (losses)/gains on assets	**(2,562)**	5,551
Contributions by the employer	**3,534**	3,500
Contributions by the participants	**195**	227
Administration expense	**(6)**	-
Net benefits paid out	**(3,360)**	(2,766)
Closing fair value of assets	**78,515**	78,234

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

	31 March 2016 £'000	31 March 2015 £'000
Opening present value of liabilities	**107,102**	92,871
Service costs	**782**	707
Interest cost	**3,349**	4,012
Change in assumptions	**502**	-
Contributions by participants	**195**	227
Actuarial (losses)/gains on liabilities	**(4,465)**	11,741
Net benefits paid out	**(3,060)**	(2,466)
Loss on curtailments	**2**	10
Closing present value of liabilities	**104,407**	107,102

AmicusHorizon Limited
Notes to the financial statements for the year ended 31 March 2016 (continued)

35 First time adoption of FRS 102

Group	**Income & expenditure reserve**		
	As at 1 April 2014 £'000	**Surplus for year ended 31 March 2015 £'000**	**As at 31 March 2015 £'000**
As previously stated under former UK GAAP	**66,321**	**22,847**	**89,168**
Transitional adjustments			
Net impact of depreciation	(9,916)	(2,718)	(12,634)
Net impact of grant amortisation	35,489	4,625	40,114
Financial instruments at fair value	717	(224)	493
Investment property recognition	9,988	1,635	11,623
Finance leases	2,500	-	2,500
Other	(3,967)	83	(3,884)
As stated in accordance with FRS 102	**101,132**	**26,248**	**127,380**

Association	**Income & expenditure reserve**		
	As at 1 April 2014 £'000	**Surplus for year ended 31 March 2015 £'000**	**As at 31 March 2015 £'000**
As previously stated under former UK GAAP	**68,624**	**18,364**	**86,988**
Transitional adjustments			
Net impact of depreciation	(9,315)	(2,682)	(11,997)
Net impact of grant amortisation	34,682	4,579	39,261
Financial instruments at fair value	717	(224)	493
Investment property recognition	9,988	1,635	11,623
Finance leases	2,500	-	2,500
Other	(3,971)	90	(3,881)
As stated in accordance with FRS 102	**103,225**	**21,762**	**124,987**

35 First time adoption of FRS 102 (continued)

Group only	Revaluation reserve		
	As at 1 April 2014 £'000	Surplus for year ended 31 March 2015 £'000	As at 31 March 2015 £'000
As previously stated under former UK GAAP	-	-	-
Transitional adjustments			
Deemed cost adjustment in subsidiaries	477	-	477
As stated in accordance with FRS 102	**477**	**-**	**477**

Group	Hedge reserve		
	As at 1 April 2014 £'000	Deficit for year ended 31 March 2015 £'000	As at 31 March 2015 £'000
As previously stated under former UK GAAP	-	-	-
Transitional adjustments			
Financial instruments at fair value	(62,673)	(44,721)	(107,394)
As stated in accordance with FRS 102	**(62,673)**	**(44,721)**	**(107,394)**

Association	Hedge reserve		
	As at 1 April 2014 £'000	Deficit for year ended 31 March 2015 £'000	As at 31 March 2015 £'000
As previously stated under former UK GAAP	-	-	-
Transitional adjustments			
Financial instruments at fair value	(62,673)	(44,721)	(107,394)
As stated in accordance with FRS 102	**(62,673)**	**(44,721)**	**(107,394)**

AmicusHorizon Limited

Notes to the financial statements for the year ended 31 March 2016 (continued)

35 First time adoption of FRS 102 (continued)

Group only	Restricted reserve		
	As at 1 April 2014 £'000	Surplus for year ended 31 March 2015 £'000	As at 31 March 2015 £'000
As previously stated under former UK GAAP	**921**	**42**	**963**
Transitional adjustments			
Net impact of depreciation	(5)	-	(5)
As stated in accordance with FRS 102	**916**	**42**	**958**

36 Transition to FRS 102

Explanation of changes to previously reported profit and equity:

a. Section 16 of FRS 102 requires property previously held as housing properties but meeting the definition of an Investment property prescribed in 16.2 and 16.3 to be separately disclosed and subsequently measured at fair value. Any gains and losses to be recognised through the statement of comprehensive income with no depreciation charge.

   This has the effect of moving property with a value of £13.8m re-valued to £23.8m into the investment property category at 1 April 2014. Net additions of £1.6m and a fair value increase of £1.6m recognised for the year ended 1 March 2015.

b. Social Housing Grant can no longer be offset against housing property within fixed assets. Under section 24 of FRS 102, where properties are held at deemed cost, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the accrual model with the grant amortised over the life of the structure and components of the property.

   Grants relating to revenue are recognised in income and expenditure 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 current assets or liabilities. The effect on the 1 April 2014 balance sheet is the movement of £0.5m social housing grant (relating to revenue grants) to reserves and £23.5m (relating to assets held at historic cost) to long term creditors. Movements to the long term creditor grants during 2014/15 are shown in note 23.

c. Section 7 of FRS 102 requires cash and cash equivalents in the Group's consolidated balance sheet to consist of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less. The effect of this is the 1 April 2014 opening cash holdings increase by £37m and in 2014/15 the cash and cash equivalents increase by £34m.

d. Section 12 of FRS 102 requires derivative instruments to be measured at fair value with any gains or losses going through surplus and deficit.

   Section 12 of FRS 102 also allows for the cumulative change in fair value of hedged financial instruments to be recognised within other comprehensive income to the extent that the hedging arrangements are effective. For the 1 April 2014 opening balance sheet, the fair value adjustment increased long term creditors by £62m, subsequently reducing reserves by £62m.

   For the 31 March 2015 balance sheet, the fair value adjustment increased long term creditors by £44.9m. £44.7m was recognised within other comprehensive income relating to the change in fair value of hedged derivative instruments. £0.2m relating to basis swaps was recognised in income and expenditure.

e. FRS 102 requires the recognition in income or expenditure of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.

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