

Rochdale Boroughwide Housing Limited
Report and Financial Statements

For the year ended 31st March 2016

Community Benefit Society
Registration No: 31452R.

Registered Housing Provider No: 4607.

LEGAL STATUS

The society 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.

ADMINISTRATIVE DETAILS

HCA registration number	4607
FCA Registration Number	31452R
Registered office	Sandbrook House, Sandbrook Way, Rochdale, OL11 1RY

Executives and advisors

Board

** Attendance figures are for Board, Committee and Subsidiary Board attendance.*

Council nominated Non-Executive Directors

Richard Farnell - is a trained journalist and communications professional. He was appointed Leader of Rochdale Council in May 2014 having previously served as leader in the 1980's. Previously Richard ran the press office for Liverpool City Council where he was an advisor to the directly-elected Mayor of Liverpool.

Attendance 50%

Sara Rowbotham (appointed June 2015) - became a qualified as a Social Worker in 1993 and specialised in care for people living with H.I.V. and young people's sexual health promotion. Amongst Councillor Rowbotham's responsibilities, she is Chair of the Health, Children and Care Overview and Scrutiny Committee. Councillor Rowbotham has been a strong campaigner for justice in the Rochdale grooming scandal, challenging authorities to do more.

Attendance 50%

John Blundell (retired June 2015) - is in the final year of studying for a degree in Economics at the University of Manchester. He has experience working in the Houses of Parliament for the Labour Member of Parliament for Rochdale, Simon Danczuk, and for the economics consultancy Volterra Partners. John was elected in May 2014 as the Labour councillor for Smallbridge and Firgrove. On the Council he is the Assistant Portfolio Holder for Regeneration.

Attendance 0%

Appointed Non-Executive Directors:

Philip Brown – is Professor of Social Change and Director of the Sustainable Housing & Urban Studies Unit (SHUSU) at the University of Salford. He has been at the University since 2005. His work focuses on addressing a range of societal issues by providing an evidence base for effective policy making at the local, regional, UK and European levels.

Attendance 75%

ADMINISTRATIVE DETAILS continued

Noel Chambers (Board Chair) - has worked in social housing for over 25 years for RSLs, mainstream and stock transfer, Council and ALMOs, working in Maintenance, Asset Management and Regeneration roles.

Attendance 88%

Angela Lomax (Chair of the HR and Governance Committee) - is a Director of the David Tolson Partnership. Previously a Director at Savills and Tribal Consulting. She has over 20 years' experience within the public and private sector, including working for Oldham Council, a North West based housing association and 3 years in a regulatory role with the Housing Corporation.

Attendance 100%

David Pringle (retired September 2015) - is Director of NOMA, the £800 million scheme that promises to redevelop 20 acres of Manchester city centre in to a truly mixed use district, incorporating office space, residential, retail and leisure facilities. David's team has already delivered phase one of NOMA: One Angel Square –The Co-operative Group's new head office and the most environmentally friendly large office space in Europe.

Attendance 50%

Lee Sugden (Chair of the Audit Committee , commenced 2nd term September 2015) - is Chief Executive of Salix Homes in Salford, Greater Manchester. After training as an accountant in the NHS, he chose a career in Housing 15 years ago. Lee champions delivering high value services through the most effective business systems.

Attendance 85%

Mark Thompson (Deputy Chair) - has been a Rochdale resident for 20 years and is active in local voluntary groups. A qualified town planner and housing specialist, Mark is committed to the regeneration of the Borough and to providing high quality affordable homes. Mark works for nearby Calderdale Council, leading on a range of environmental, housing and business development work.

Attendance 92%

Luen Thompson (appointed September 2015) - has a career spanning some 21 years in the voluntary sector with sector leading organisations such as NSPCC and Barnardo's where she has worked extensively on fundraising projects to support disadvantaged children and young people.

Attendance 100%

Executive Directors:

Gareth Swarbrick (Chief Executive) – has worked for Oldham Council and Rochdale Council for 15 years. He moved into housing management in 1990 and between 1996 and 2002 worked in Rochdale Council's Housing Strategy Unit. Gareth began working for RBH in 2002 and was appointed Chief Executive in December 2008 and from 2009 onwards led a process which culminated in the transformation of RBH into the UK's first tenant and employee-owned mutual housing society to which the Council transferred its 13,700 homes on 26 March 2012.

Attendance 100%

Nickie Hallard (Deputy Chief Executive) - joined RBH as Director of Resources in June 2009, having moved from Incommunities, Bradford's transfer housing association where she held the post of Financial Controller. Before moving into housing Nickie had a varied career in local government, retail and financial services.

Attendance 93%

ADMINISTRATIVE DETAILS continued

Co-opted to Committees:

James Bell - Originally from Northern Ireland, James achieved a BA Honours degree in Accounting and Finance from Newcastle University. After this James joined the graduate programme at Baker Tilly where he qualified as a Chartered Accountant. While at Baker Tilly the audits undertaken by James and his team covered a wide range of companies including construction, further education establishments and social housing providers.

Attendance 75%

Representative Body

Council Representatives

Sultan Ali (retired June 2015)

Susan Emmott (retired June 2015)

Amna Mir (June-August 2015)

Sameena Zaheer (appointed June 2015)

Peter Rush (appointed August 2015)

Tenant Management Organisation Appointed Representatives

Cloverhall TMO (position suspended 9th October 2015 following management agreement of termination)

Marlene Johnson – Turf Hill TMO (retired September 2015, replaced by Lynne Brosnan)

Lois Tinker – Hollin TMO

Tenant Representatives

Frank Altham (re-elected and commenced second term September 2015)

Anne Black

Lynne Brosnan (appointed Turf Hill TMO Representative September 2015, Chair of Representative Body)

Andrew Brown (filling vacancy from March 2015 until September 2015)

Peter Brown

Phillip Capper (resigned February 2016)

David Fenwick-Finn

Filza Fawad (elected September 2015, Resigned February 2016)

Kevin Greenan (filling vacancy from January 2015 until September 2015, filling vacancy from March 16 until September 2016)

Tony Heaford (elected and commenced 1st term September 2015)

Meg Holland

Patricia Hull (filling temporary position from September 2015 until September 2016)

Nicky Iginla (filling vacancy from February 2016 until September 2016)

Andrew Johnson (Deputy Chair)

Clive Jones (elected and commenced 1st term September 2015)

Andrew Littlewood (resigned August 2015)

Simon Longley (retired September 2015)

Sue O'Donovan (elected and commenced 1st term September 2015)

Pamela Radcliffe (elected and commenced 1st term September 2015)

Mary Tomlinson

Roger Trueman

Employee Representatives

Rebecca Ashworth

Phil Cole (retired September 2015)

Tony Dempsey

ADMINISTRATIVE DETAILS continued

Lesley Dobson (elected and commenced 1st term September 2015)
Stephen Edwards
Julie Greenwell
Steve Hindle (retired September 2015)
Mandy Lawrence
Sean Landsborough (elected and commenced 1st term September 2015)
Irena Wilkinson (retired September 2015)
Bramly Scott (elected and commenced 1st term September 2015)

Chief Executive

Gareth Swarbrick

Executive Management Team

Nickie Hallard – Deputy Chief Executive and Director of Resources
Clare Tostevin – Director of Communities
Cath Owston – Director of Customer Services

Secretary

Edward Carpenter

Bankers

Natwest,
11 Spring Gardens,
Manchester,
M2 1FB

Funders

RBS
3rd Floor, Kirkstane House,
139 Vincent Street,
Glasgow,
G2 5JF

Santander
2 Triton Square,
Regent's Place,
London,
NW1 3AN.

ADMINISTRATIVE DETAILS continued

Solicitors

RBH has its own legal team based in Sandbrook House

Trowers & Hamlins LLP,
Heron House,
Albert Square,
Manchester,
M2 5HD

Auditors

BDO LLP,
3 Hardman Street,
Spinningfields,
Manchester,
M3 3AT

Internal Auditors

RSM,
3 Hardman Street,
Manchester,
M3 3HF

INDEX

	Page
Chair's statement	8
Report of the board of management	10
Strategic report	19
Independent auditor's report to the members of Rochdale Boroughwide Housing Limited	36
Consolidated and company statement of comprehensive income	38
Consolidated and company statement of financial position	39
Consolidated and company statement of changes in equity	41
Consolidated statement of cash flows	43
Notes to the financial statements	44

CHAIR'S STATEMENT

2015/16 was RBH's fourth year as a mutual and a pivotal one for the social housing sector overall as we respond to the Government's major housing political policy changes and the challenges and opportunities resulting from increased devolution to Greater Manchester.

During this period we have been continuing to focus on our core priorities and delivering on offer document promises whilst taking action to ensure that we can remain a financially viable society in the future. We remain fully committed to mutuality and indeed consider this a real strength in terms of developing our response to current and future challenges. Our members have been actively engaged in reviewing our services and how these are delivered and their comments have informed our 'Facing the Future' action plan designed to deliver £6m of savings per annum from 2018-19.

This has not however stopped us from further developing and growing our business and we were very pleased to welcome the Grounds Maintenance service to RBH on 1st April 2015. This service had previously been delivered by the Council, with the transfer in-house coming as a result of strong feedback from tenants including at a previous Annual Members Meeting. We know this is a really important service for our tenants and are pleased that that we are now receiving positive initial feedback. The team are now an established part of RBH and continuously strive to deliver improvements.

During the year, we invested £25m to upgrade our tenants' homes, continuing our focus on the promises made in 2012. This means between 2012 and 2016, 5,279 homes have benefitted from new double glazing, over 6,850 homes have received new secure external doors, over 1,300 homes have received new kitchens, 2,338 new bathrooms have been fitted and 2,905 homes are now benefitting from new central heating systems. Feedback from tenants after the work has been completed has shown that 95% are either satisfied or very satisfied with the works.

RBH's commitment to build 79 new homes through the Homes and Communities Agency Affordable Homes Programme between now and March 2018 continues and work has started on site on 48 of those homes at Longridge Drive, Heywood, Queens Drive and Daventry Road, both in Kirkholt.

We are also delighted to have taken a big step forward in our plans to make Kirkholt an even better place to live, with the submission of our plans for the 'new Strand'. If approved this landmark development will provide a ground breaking new community hub building for the use of both RBH and the local community groups together with new high quality shops and flats. The new Strand is part of wider package of investment which RBH and Rochdale Council are funding together in Kirkholt which also includes the new homes on Daventry Road and Queens Road referred to above.

The year was not without its other challenges. At the end of April there was a large gas explosion at a block of flats on Crown Road in Heywood causing significant damage. The Incident Management Team formed immediately and worked through the night to take care of displaced families. Extensive work has been undertaken in the months following and it was pleasing to see the new tenants moving back in to the fully refurbished flats early in 2016.

CHAIR'S STATEMENT continued

On Boxing Day, large areas of Rochdale town centre and Littleborough were subject to extensive flooding. A major clear up followed with RBH employees working closely with Rochdale Council, other agencies and volunteers. A number of RBH homes were affected both by flooding and loss of power and water supplies. The main issue we still face is at Olive Standring Court (Independent Living Scheme) which was evacuated on 26th December and will remain closed for some time whilst refurbishment works, incorporating additional flood defence mechanisms are undertaken.

We were pleased to again be awarded Best Companies (One to Watch) status and remain keen to build on this. Having a good working environment attracts and retains high quality employees and this in turn enables us to work more effectively with our members and tenants to improve the quality of services that we offer. We also received recognition in several national awards and have no less than three schemes nominated for the "People's Design award" at the Rochdale Borough Design Awards 2016 including our Hare Hill Extra Care Scheme.

Of course in addition to all of this we and our tenants are dealing with the continued impacts of Welfare Reform. Whilst we have had some success in moving tenants impacted by the Bedroom Tax into smaller accommodation many remain 'under-occupying' and for some this continues to be difficult to manage. In addition the roll out of Universal Credit continues in Rochdale and so far we have 460 tenants now receiving their benefits payment directly. Early indications are, similar to the pathfinder organisations, in that we have seen a drop in rent collection rates to around 91%. Work continues to help support our tenants.

We continue to see that our mutual model, with tenants and employees working together, is making a difference and we are confident that we are well placed to face the current and future challenges. During the year we helped support Merthyr Valley Homes on their journey to establish a similar mutual to RBH in south Wales. Our culture continues to develop and we are working hard to ensure that we can all make a difference to the communities in which we live and work. As at the end of March we are proud that our membership had increased to nearly 4,900. We are obviously committed to growing this number further and to making membership and mutuality really matter.

We would like to extend our thanks to all of our members, our Representative Body members, our Board members, our employees, tenants and partners (in particular the Council) without whom there would be no mutual.

Noel Chambers

Chair

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31st MARCH 2016

NATURE OF BUSINESS

Activities

RBH's principal activity is the letting of social housing. RBH is a registered provider of social housing with the Homes and Communities Agency (HCA) and a Community Benefit Society. A stock transfer took place on 26th March 2012, whereby Rochdale Borough Council transferred 13,712 properties to RBH that were previously managed by the company. RBH became a mutual housing society, owned by its tenant and employee members, on 26th June 2013.

Group Structure

The RBH Group includes the following subsidiaries and joint ventures:

Safeguard Solutions Ltd (SSL) is a joint venture between RBH and Securecom (each having 50% shareholding), Company No. 06387991 which was incorporated on 2 October 2007 and commenced trading in 2009 with its main purpose being to provide security for our communities. SSL has its own auditors (Grant Thornton) and is managed by two directors, one from each of its controlling parties. RBH Director of Service for Communities, Clare Tostevin, is the RBH representative on the SSL Board.

RBH Professional Limited is a private company limited by shares with its own board of directors, set up to undertake trading activities outside of the new RBH's charitable objectives in order to generate additional income to support work in our communities. It was incorporated on 12 October 2011 (company number 07807329), and completed its first trading activity during 2013-14. The Board met once during the year. The company has not undertaken any projects in 2015-16. It was agreed by the Board at their meeting on 30th September 2015 that the company would cease trading during the 2015-16 financial year and become dormant.

RBH (Design and Build) Limited is a private company limited by shares with its own board of directors, undertaking the design and build of new homes for RBH Limited, including the 100 units that have secured HCA grant funding as part of the 2011 – 2015 Affordable Housing Programme. This subsidiary was incorporated on 23 December 2011 (company number 7891824). The Board met twice during the financial year.

All group companies have banking arrangements during the financial year with Natwest Bank. BDO are the external auditors of the group accounts. SSL bank with Barclays Bank and Grant Thornton are the company's external auditors. The accounts for SSL are publicly available. Separate accounts are submitted to Companies House for RBH Professional Limited and RBH (Design & Build) Limited.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31st MARCH 2016 continued

Description

The RBH Group has the following mix of homes in ownership and development:

	RBH Group		RBH Limited	
	2016	2015	2016	2015
Properties in development	48	9	48	9
General needs	12,501	12,643	12,501	12,643
Supported housing	954	902	954	902
Shared ownership	9	10	9	10
Non social housing	1	1	1	1
Total	13,513	13,565	13,513	13,565

All the stock is located in the borough of Rochdale. The stock is predominantly general needs and only 1% is considered not to be compliant with the Decent Homes Standard.

Regulation

In common with other Registered Providers, RBH are regulated by the social housing regulator (The Homes and Communities Agency - HCA). It is required to comply with the HCA's regulatory code. Capital grant is administered by a separate part of the HCA.

The Regulatory Framework is based on the principle of co-regulation. RBH's unique model is well placed to ensure that there is collective responsibility between its members and Board for the quality of service delivery and meeting the standards. The model is grounded in the principles of openness and accountability which enables co-regulation to genuinely operate in the interests of tenants.

RBH undertakes a quarterly self assessment of its own compliance with the 3 economic standards and the 4 consumer standards prescribed within the regulations. RBH's first regulatory assessment from the HCA was V2 and G1 however following a gas safety issue at Cloverhall the governance assessment has been reduced to G2. A detailed action plan has been put in place to address the issue and RBH hope that the Governance rating of G1 is restored soon.

Certification of Compliance with HCA Governance and Financial Viability Standard

The HCA regulatory framework released in April 2015, had the following new requirement:

2.8 Registered providers shall assess their compliance with the Governance and Financial Viability Standard at least once a year. Registered providers' boards shall certify in their annual accounts their compliance with this Governance and Financial Viability Standard.

The Board has undertaken this assessment and is satisfied that the Society is compliant with the HCA's Governance and Financial Viability Standard.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31st MARCH 2016 continued

Employment of Disabled Colleagues

RBH is an accredited 2 Ticks Positive About Disability employer. This accreditation is reviewed on an annual basis by Job Centre Plus to ensure that we are still meeting the criteria which require us to:

- (a) Guarantee an interview for all disabled applicants if they meet the essential requirements on the job profile;
- (b) Discuss with disabled employees on an annual basis how they can develop and use their abilities – this is undertaken at the Annual Performance Review which all employees are required to undertake;
- (c) Make every effort to retain an employee who becomes disabled – the Society has a Redeployment Policy in place that sets out the support that will be given to anyone who needs to be redeployed into an alternative role. The Society will also support phased return to work and will consider reasonable adjustments to existing roles to support a return to work;
- (d) Make employees aware of disability issues – equality and diversity awareness programmes are run and everyone is required to attend. This year a new working group has been established to increase the awareness of Dyslexia in the workplace;
- (e) Undertake an annual review with Job Centre Plus – this is normally undertaken in Autumn each year and RBH has been successful with each accreditation review that's been undertaken.

Employee Involvement

Employees are provided with regular updates on key information that impacts on the Society. Over the last 12 months members of the Executive Management Team have provided a number of briefings that all employees have attended in relation to the Facing the Future programme of work. Other mechanisms that are embedded within the Society for ensuring that all employees are aware of corporate issues include – monthly newsletter, team meetings, regular messages on the Intranet and circulation of key messages via the all user e-mail system.

Key changes to structures and policies are always subject to formal consultation with the trade unions at the Society's Consultation Group (SCG). This year in order to encourage greater participation in developing ideas and proposals all employees were encouraged to submit ideas and suggestions for the review of terms and conditions of employment as this was such a fundamental review. An employee work group was established to review these ideas and were then required to submit a range of proposals for senior management to review prior to decisions being taken as to what would be included in the final set of proposals that went for formal consultation with the SCG.

Key Performance Data is published on a monthly basis on the Society's intranet and includes corporate as well as locally agreed indicators.

A monthly financial update is included in the Society's Core Brief to increase a greater understanding of the Society's financial position.

REPORT OF THE BOARD OF MANAGEMENT FOR THE YEAR ENDED 31st MARCH 2016 continued

Equality and Diversity

RBH recognises that our members, tenants, employees, Representative Body members, Board members and partners come from many diverse backgrounds, bringing with them different experiences and needs.

We also recognise that some people experience discrimination, harassment and victimisation which can be as a result of, amongst other factors, their age, disability, ethnicity, race or national origin, gender, gender identity, sexual orientation, religion or belief. We also acknowledge that some people face multiple forms of discrimination.

We will work towards eliminating discrimination and promoting equality of opportunity. Our aim is that all members, tenants, employees, Representative Body members, Board Members and partners are valued and respected and their differences valued.

RBH VALUE FOR MONEY (VFM) SELF-ASSESSMENT 2015-16

Ensuring we maximise the value and quality of all our services is central to everything that we do at RBH. Since transfer in 2012, the Board has driven a process of significant re-structuring, taking £1.2M out of housing management costs and £3M out of our repairs costs, in order to improve our services and to make them more economic, effective and efficient. We are committed to ensuring that we continue to deliver further improvements to make the very best use of the income that we receive from tenants' rents and provide a high standard of service that meet their needs and priorities.

In 2015, in conjunction with the Representative Body we have developed our new VfM Strategy 2016-2019 which is set in the context of significant year on year reductions in income as a result of the July 2015 Budget (mainly through a 1% reduction in rents for the next 4 years but also from further welfare benefit changes). This has meant that substantial savings are required to ensure our ongoing viability, and has therefore placed an increased emphasis on our strategy for achieving value for money.

At RBH we see VfM as a balance of factors; all of which are important and all may be vital but in developing the new strategy our members rank them as follows:

1. Financial considerations
2. High quality homes, goods and services
3. Local social and economic benefits
4. Environmental issues

RBH VALUE FOR MONEY (VFM) SELF-ASSESSMENT 2015-16 continued

To support this, the 3 key objectives identified in the VfM Strategy, approved by the Board in March 2016 are:

- Cost reduction whilst maintaining quality
- Further embedding a VfM culture
- Maximising our return on assets

During 2015-16, in response to the Budget, RBH has established a programme of activity – ‘Facing the Future’ – which involves the delivery of £6.0M ongoing savings by April 2018. We have also made significant progress in implementing the action plan from our previous VfM Strategy. This includes the adoption of a lean thinking approach with a dedicated lead to co-ordinate a range of process efficiency reviews led by trained RBH change agents aimed at embedding lean systems thinking across the Society.

We have also continued to engage with the local community through the Our Place process and developed neighbourhood action plans, supported by successful participatory budgeting activity. Next year, we will introduce a process to enable customers to challenge and validate our VfM Self-Assessment.

In addition, internal and external service standards have been developed so that we can measure our performance to demonstrate VfM and we continue to subscribe to HouseMark’s benchmarking service and use STAR data to inform our VfM self-assessment. This information was used to identify priorities services for review.

Detailed analysis of net present value and sustainability indicators at neighbourhood level show our return on assets and these are used as part of our corporate planning process. Our refreshed Strategic Asset Management Strategy reflects the outcomes from our work on neighbourhood profiles and the changing operating environment since the introduction of welfare reform.

Our 2015-16 VfM Self-Assessment also sets out in detail our unit costs; how they compare to the overall sector, and the trends up to 2015-16 and for the next three years. This analysis shows that whilst our costs are currently higher than the average for the sector as a whole, we understand the reasons for this and we have plans in place to reduce them.

The Board have reviewed the comprehensive self-assessment of our overall approach to VfM and have concluded that RBH are compliant with the VfM Standard. The full self-assessment is available on the website at www.rbh.org.uk/value-for-money as well as a summary of the document.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Risk Management

The Directors acknowledge their ultimate responsibility for ensuring that the society has in place a framework for managing exposure to strategic and operational risks. RBH's Risk Management Strategy is designed to identify, analyse and treat all risks and lead to risk management being embedded into the RBH's culture. Regular reports on all significant risks faced by the society are received by the Audit Committee. The Board also receives a Risk report as a standing item at each meeting and this has recently changed from a 'for information', to a 'for consideration' item. The strategy is reviewed annually to ensure it remains fit for purpose.

Risk underpins the business planning process with a risk identification and analysis session being undertaken with all areas of the society. The output from these sessions is then used to challenge and update the existing risk registers. These are then reviewed and updated throughout the year by the Risk Group which meets on a quarterly basis. The Risk Group is attended by all Directors and Heads of Service, though all areas of the business are encouraged to review and challenge the registers.

April 2015 saw the commencement of our contract with our new internal auditors RSM (formerly Baker Tilly) and as a result of this we now have access to their online reporting tools, 4 Action and 4 Risk. The former has allowed all areas of the business to update and track internal audit recommendations whilst giving the senior management team far greater oversight of these in real time. This has saved a great deal of time as responsible officers can now update recommendations directly, and crucially RSM can then validate these remotely.

4 Risk has allowed us to pass ownership of the risk registers to the risk owners rather than having to maintain a central copy. Risk owners can then update these themselves, but crucially any changes can be tracked. We have also been able to set a prompt on the system so that all risk owners are required to review their risks on a monthly basis. This has enabled the Risk Team, and the Risk Group, to take more of an oversight role. Ensuring the reviews are taking place, but then also challenging the risk owners on their management of these risks.

4 Risk has also enabled RBH to combine our risk management and assurance tracking processes as the system allows us to give each control an assurance score. As a result the assurance map is now an integral part of the risk register.

Internal Control

It is also the Directors' responsibility to establish and maintain systems of internal control that are appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the society or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposal;
- preventing and/or detecting fraudulent activity;

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued

- ensuring safe working practices are in place and are being implemented;
- ensuring compliance with regulatory standards and statutory duties such as gas safety, data protection and asbestos legislation;
- our ability to maintain core business processes in the event of unforeseen circumstances.

Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss.

Key elements include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the society's assets;
- experienced and suitably qualified employees take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the Board and Management to monitor the key business risks and financial objectives and progress towards financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and significant variances from budgets are investigated as appropriate;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures through relevant committees comprising Board members and others;
- the Directors review reports from management, from internal auditors, from the external auditors and from their own Audit Committee to provide reasonable assurance that the control procedures are in place and are being followed. The Internal Auditors make regular reports to the Board via the Audit Committee;
- formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports;

RBH's comprehensive set of policies and procedures also includes data protection, whistle-blowing, health and safety, complaints handling and Register of Interests for Board members and employees.

All policies and procedures are monitored to ensure they are relevant and up to date and RBH employed RSM to be Internal Auditors during 2015-16, to test and highlight weaknesses in these. Any weakness that is highlighted is reported back to the Senior Management Team and the Audit Committee, and addressed accordingly. RSM's annual report for 2015-16 concluded that, based on the work completed, 'the organisation has an adequate and effective framework for risk management, governance and internal control. However, improvements are required to enhance the framework of risk management, governance and internal control to ensure that it remains adequate and effective'. To put this in context, this is the second most positive rating available from RSM.

During the year RSM also carried out a number of follow up audits and as a result they were able to verify that around 98.5% of the recommendations were completed within the timescale agreed.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL continued

Internal Audit

During 2015-16 our internal audit facility was provided by RSM. This was the first year of a 3 year contract. The Internal Audit function is outsourced for a number of reasons, most notably

- We can focus our attention on core business activities
- It is easier and more cost effective to buy in the services of an expert than it is to recruit and employ an expert.
- Specialist consultancy firms can give a range of skills that you won't find in one person. For example, you may not only need an accountant but also an information technology or human resources expert.
- By outsourcing the Audit Committee and Board can ensure independence and objectivity.
- The relationship can be easily monitored via a service level agreement.

External Audit

2015-16 was the third year of a 3 year contract with BDO LLP to provide audit services to the RBH Group in accordance with international standards in auditing (UK and Ireland). An extension of one year has been approved by the Representative body on 15 June 2016.

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the Group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association

STATEMENT OF THE BOARD'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS continued

and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.


The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Group's auditors are unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the Group's auditors are aware of that information.

The report of the Board of Management was approved on 17th September 2016 and signed on its behalf by:



Edward Carpenter
Secretary
17th September 2016



Noel Chambers
Chair of the Board
17th September 2016



Gareth Swarbrick
Chief Executive
17th September 2016

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016

Corporate objectives and strategy

RBH is owned and run by its members. Our Corporate Strategy is developed by tenant and employee members. During 2015-16 we delivered the first year of our corporate strategy 'Our Mutual Future 2015-18'.

We continue to build our values into our day to day work:

Responsibility – We take responsibility for, and answer for, our actions

Equity – We carry on our business in a way that is fair and unbiased

Democracy – We give our members a say in the way we run our business

Pioneering – We will seek to be a leader in the way we meet challenges and seek solutions

Openness & Honesty – We will share information, do what we say we will do and when we make a mistake we will own up to it

Caring – We will listen and respond to the needs of our members, tenants and employees

Championing – We will encourage members to take responsibility for our communities and work together to improve them.

Our vision for Our Mutual Future is

People succeeding together to offer great services and places to live and work.

The objectives of Our Mutual Future are:

Objective 1 – getting our core services right

Members are clearly telling us that we need to concentrate on getting our core services to be more effective.

During 2015-16 we have been developing new projects around customer experience, business intelligence and procuring a Customer Relations Management (CRM) system.

We opened our new customer service point, St Alban's House in June 2015, and launched our new website in October 2015. We have also been moving more services into the contact centre so we are able to operate a 'one call one number' telephone service.

We procured a new Business Intelligence system in August 2015 which we are now building in house. Our aim with this is to provide the business with the real time intelligence they need to make good evidence based decisions.

In March 2016 we went out to tender for the CRM. This will be a lengthy project, anticipated to take two years as we know we need to carry out a lot of transformational activity alongside building the system.

Objective 2 - Supporting People and Places

Our discussions with members confirmed that we identify ourselves as a society with a strong sense of 'place' and strong emphasis on 'people' rather than property. Our values mean that we care about others and members want us to support the vulnerable, create opportunities for the young and champion communities.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

During 2015-16 we have been remodelling a number of neighbourhoods which were adversely affected by Welfare Reform and the introduction of the Bedroom Tax. The Board approved demolition in Smallbridge and Angel Meadow.

Objective 3 - Membership and business resilience

The Board and the Representative Body are proud of our unique status as a mutual housing society and want us to realise the benefits of this.

Members we consulted told us that being a mutual with democratic values should mean greater engagement, with more opportunities to influence activity at a neighbourhood level. Business resilience is about how we maintain income streams to support our investment in neighbourhoods in a challenging time. There was common agreement that our approach needs to be underpinned by efficiency and effectiveness and getting services right is our first strategic objective. We also need to ensure that we achieve Value for Money in all that we do.

We have been delivering a series of projects which are designed to increase member engagement in neighbourhoods. These projects are to enhance our approach to neighbourhood action planning by working with the Chartered Institute of Housing to develop best practice in co producing plans with local members, to work in collaboration with members in 5 independent living schemes to carry out environmental improvements and to deliver community grants and Our Choice funding in a participative approach. 78% of our community budget is now spent based on member decisions.

Back in the summer of 2014 we had planned a work stream in the Corporate Strategy around business resilience. The Summer Budget of 2015 had a large impact on this activity as we had to adjust our spending plans dramatically. This work stream was moved into a programme we called Facing the Future which is reported on elsewhere in this document.

Our Mutual Future and action plan 2015-18 plus reports on progress in delivery are available from our Secretary on request.

Governance Arrangements

Since becoming mutual on 26th June 2013 the two bodies responsible for governance and strategic direction of the society are the Representative Body, comprised of 15 elected tenant members, 8 elected employee members, and up to a further 8 nominated Representatives and the Board of Directors, comprised of 8 Non-executive Directors and two Executive Directors (Chief Executive and the Director of Resources). Neither members of the Representative Body or the Non Executive members of Board are remunerated; however they are compensated for reasonable expenses incurred.

Whilst the Board is legally responsible for the overall control of the affairs of the society, including the monitoring of performance of all its functions and determination of resources to meet its financial and other obligations, the Representative Body is responsible for representing members and the wider interests of the community by offering a strategic framework for the Board to operate within and by holding the Non-executive Directors accountable.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

The Representatives and Board members of the society are set out on pages 2 to 5. This includes details of members' professional skills and experience, any additional responsibilities within their respective body and attendance.

The Board

The Board of RBH is committed to the delivery of high quality housing services to its customers, and RBH's aims and objectives embrace the key principles of good governance, i.e. openness, honesty, and responsibility. On 3rd June 2015 the Board adopted the National Housing Federation 2015 Code of Governance.

Both the Board and employee structures have been developed to ensure that there is an informed and effective decision making process within the society. The membership of the Board is listed at the start of these financial statements.

The key Board responsibilities include:

- having overall control of the affairs of the Society;
- monitoring the performance of all the Society's functions;
- determination of resources to meet the Society's financial and other obligations;
- living the values of the society.

The Board met 8 times in 2015-16 and held two joint sessions with the Representative Body.

Sitting on the Board is

	Meetings attended
Richard Farnell	4/8
Sara Rowbotham	4/8
John Blundell	0/0
Philip Brown	5/8
Noel Chambers (Board Chair)	7/8
Angela Lomax (HR & Governance Committee Chair)	8/8
David Pringle	2/3
Lee Sugden (Audit Committee Chair)	6/8
Mark Thompson (Deputy Chair)	7/8
Luen Thompson	5/5
Gareth Swarbrick (Chief Executive)	8/8
Nickie Hallard (Deputy Chief Executive)	8/8

In 2015-16 it made the following critical decisions:

- Approved £7 million for major regeneration programmes including the new build Strand Shopping and community area at the centre of RBH's biggest neighbourhood;
- In response to the Government's Summer Budget Announcements agreed critical changes to enable RBH's "Future Purpose" as agreed by the Representative Body;
- Adopted the NHF 2015 Code of Governance and agreed a fully reviewed governance framework compliant with the new HCA regulations.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Since 26th June 2013 two committees assist the Board; the Audit Committee and the HR & Governance Committee. Terms of reference for the committees were reviewed as part of the Mutual Governance Excellence Framework review in 2015-16.

Audit Committee

This committee provides the facility for Board members to meet the society's external auditors to discuss their report on the annual accounts and also to review the scope and results of the internal audit work programme. The committee also monitors and advises the Board on compliance with the society's Risk Management Strategy Action Plan and approves the write off of bad debts.

The committee must have a minimum of 3 Non-executive Directors members. Executive Directors cannot serve on the committee nor can the Chair of the Board.

The Audit Committee met 4 times in 2015-16.

Sitting on the Audit Committee is:

	Meetings Attended
• James Bell (co-optee)	3 / 4
• Angela Lomax	4 / 4
• Luen Thompson (appointed November 2015)	2 / 2
• John Blundell (retired June 2015)	0 / 1
• Lee Sugden (Chair)	4 / 4

Profiles of the Committee members can be found on pages 2 to 4.

The Audit Committee's responsibilities include:

- To agree and monitor a programme of internal audits for the society to ensure that internal controls management is aligned to key business processes and drives both service improvement and increased efficiency;
- To lead for the Board on all risk management issues including the regular review of the Risk Management Framework.

In 2015-16 it made the following critical decisions:

- Oversaw the development of the Society's Value For Money Statement;
- Oversaw the necessary adjustments to the Society's accounting practices in readiness for Financial Reporting Standard (FRS) 102 including a review of the method by which RBH values its housing stock;
- Received substantial assurance from internal auditors as to the performance of the Governance functions.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

HR and Governance (Remuneration) Committee

The HR and Governance Committee considers strategic employee matters and makes recommendations to the Board in respect of remuneration, variations to the authorised establishment and significant amendments to conditions of service. The committee also leads on governance to drive forward continuous improvement and maintain the highest standards of governance. The Committee maintains and reviews the Excellence Framework which is the suite of documents that supports our governance structure.

The committee must have a minimum of 3 members of which a minimum of 2 must be Non-executive Directors. Executive Directors cannot serve on the committee neither can the Chair of the Board.

The HR and Governance Committee met 4 times in 2015-16.

Sitting on the HR and Governance Committee:

	Meetings Attended
• Angela Lomax (Chair)	4 / 4
• David Pringle (retired September 2015)	0 / 0
• Mark Thompson	4 / 4
• Philip Brown	4 / 4
• Sara Rowbotham (appointed February 2016)	2 / 3

The HR and Governance Committee's responsibilities include:

- To consider employment issues within the parameters of the scheme of delegation relating to the Society;
- To lead for the Board on ensuring that the society maintains the highest standards of governance and learns from best practice from all sectors;
- To ensure that processes are in place to ensure adherence to regulatory requirements and to receive reports on all cases of non-compliance.

Profiles of the committee members can be found on pages 2 to 3.

In 2015-16 it made the following critical decisions:

- Approved the plans for changes to employee terms and conditions as well as employee structures as part of the Facing the Future programme;
- On the conclusion of an externally facilitated review, made a recommendation to the Board on Executive Management Team pay;
- Approved the new and reviewed documents which were part of the Mutual Governance Excellence Framework review.

To ensure the Board maintain sufficient oversight of committee business, a minimum of 3 Non-Executive Directors are required to sit on the HR and Governance and Audit Committees respectively. Minutes from committee meeting minutes are circulated with Board papers. Board

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

meetings require the verbal reporting in of key issues from committees, subsidiary boards and Representative Body meetings. This is an opportunity for the key business of those other meetings to be briefly summarised at Board.

Representative Body

The Representative Body forms part of RBH's governance structure along with the Board and is the elected body which represents members and the wider community in RBH's decision making process. The composition of the Representative Body is listed on pages 4 to 5.

The Representative Body met 11 times in 2015-16 and held two joint sessions with the Board.

The Representatives responsibilities include:

- Appointing and removing the Chair of the Board of Directors and the other Non-executive Directors;
- Approving the Society's corporate strategy and policy framework;
- Monitoring the performance of the Society and the Board of Directors against the corporate strategy;
- Establishing, maintaining and monitoring progress of the Membership Strategy.

In 2015-16 it made the following critical decisions:

- Approved the RBH Older Person's Strategy;
- In response to the Government's Summer Budget approved the RBH Future Purpose;
- Conducted a review of its engagement and representation of the membership;
- Appointed Luen Thompson to the Board of Directors and appointed Lee Sugden for a second three year term on the Board.

The Representative Body is accountable to the members of the society through the elections process. The second annual elections for the Representative Body were held from 16 July to 17 August 2015. Members from the tenant and employee constituencies voted with 20% and 59% turn out respectively and re-electing 1 tenant for a second term and electing 3 employees and 5 tenants as new Representatives.

During the 2015-16 period the Representative Body had 3 sub-groups. In addition there were a number of task and finish groups established around specific issues. All groups reported back to the Representative Body.

Communication and Engagement Working Group

The working group met 9 times in 2015-16. Following a review of its Terms of Reference, the Communication and Engagement Working Group's membership is open to all Representatives but as a minimum must have 1 Employee and 3 Tenant Representatives. Unless directly delegated responsibility by the Representative Body, the working group does not take decisions usually reserved for the Representative Body. Instead it progresses work between Representative Body meetings which is subsequently reported back to and decided on by the Representative Body.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

The Communication and Engagement Working Group's responsibilities include:

- To deliberate on matters relating to Representative Body external communications and engagement with stakeholders and to make recommendations to the Representative Body on such matters.
- To assist with the effective implementation of the Membership Strategy.
- To shape the delivery of the Annual Members Meeting and the RB's Annual Report to Members.

In 2015-16 it worked on the following important issues:

- Shaping the programme for the Annual Members' Meeting 2015,
- Identifying the content for the Representative Body's annual reports to members
- Oversight of the externally conducted Membership Engagement and Representation review and the implementation of its recommendations

Nomination Committee

The Nominations Committee including up to 4 Representatives and the Chair of the Board is constituted when it is necessary to assist the Representative Body in its duty of appointing Non-executive Directors. Following the retiring of David Pringle from the Board in September 2015, the Nominations Committee was formed. It recruited and selected Luen Thompson for appointment to the Board as a Non-executive Director. This was ultimately conducted by the Representative Body on 30th September 2015.

Our Mutual Future

The Our Mutual Future group held its first meeting in June 2015. The group's main objective is to monitor the delivery of the corporate strategy; Our Mutual Future and ensure that is on track. The group regularly reports back and provides assurance to the Representative Body.

RBH Membership

Members are separated into 2 constituencies: tenants and employees. Members have access to information, a voice in the Society and the opportunity to play a representative role in its governance.

	<i>Start of year</i>		<i>End of year</i>	
	<i>No.</i>	<i>%</i>	<i>No.</i>	<i>%</i>
<i>Tenant members</i>	3,688	20.1	<i>4,301</i>	<i>27.4</i>
<i>Employee members</i>	533	82.5	<i>555</i>	<i>87.4</i>

Remuneration

The Representative Body determined that Non-executive Directors do not currently receive a salary, but are allowed to claim expenses in line with the policy which is approved and reviewed annually by the Representative Body.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Executive Management Team

The Chief Executive, the Deputy Chief Executive (Director of Resources) and two other directors (who are not Board members) make up the society's Executive Management Team and act as executives within the authority delegated by the Board. The Executive Management Team is set out on page 5. Insurance policies are in place which indemnifies Board members and employees against liability when acting for the Society.

The Board's Non-executive Directors have responsibility for the remuneration of its executive members and appointing the Chief Executive. Terms and conditions and remuneration were reviewed by the HR and Governance Committee in 2015. Notice periods are four months for the Chief Executive and three months for directors.

The Executive Management Team as RBH employees are also members of the Greater Manchester Pension Fund, a defined benefit (final salary) pension scheme. They participate in the scheme on the same terms as other employees and the Society contributes to the scheme on behalf of its employees. Payments including pension contributions for the Executive Management Team members in the period to 31st March 2016 totalled £422k (period to 31st March 2015: £380k).

Other executive terms of employment are consistent with standard RBH contracts.

Further details of the Executive Management Team members' remuneration packages are included in note 11 to the audited financial statements.

Code of Governance

RBH has adopted the National Housing Federation's 2015 Code of Governance. This code was chosen as being the most relevant as it is tailored to the housing sector. During 2015-16 RBH complied with the provisions of the Code with the following exceptions:

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Provision	Explanation of non-compliance
B1 The core purpose of the board is to determine vision and strategy, direct, control, and scrutinise a society's affairs. Where the society has staff, operational management of the society must be delegated to them, and the board must hold them to account.	As a mutual the Representative Body is responsible for approving the Corporate Strategy once it has received the Board's approval. Reports are prepared for Board by the executive. During meetings, recommendations are scrutinised by Board members and where necessary challenged or rejected.
C6 The board of the parent organisation must approve the group's plans and budgets, and hold the subsidiary boards accountable for delivery of their objectives.	This is set out in the Intra Group Agreement. There was a delay in compliance with some aspects of the IGA within Design and Build which remained outstanding as at 31st March 2016. As at 6th July 2016 the residual matters have been addressed and we are now fully compliant.
D7 Where the society's constitution provides for one or more board members to be nominated or directly elected, the society must ensure that those coming forward bring skills and experience that meet the needs of the board, and that they are fully aware in advance of the responsibilities that they will undertake. New board members must not be appointed without undergoing a due selection and assessment process to establish their suitability.	RBH's rules were agreed at the time of the transfer with the Council. Under the current arrangements, the Council is responsible for nominating two members to the Board. We have spoken with the Council about the requirements of D7 and they have indicated that they will consider the skills and experience relevant to the needs of board but such nominees will not be subject to the same recruitment and selection process as other non-executive members of the Board. As such, RBH does not fully comply with this requirement. The nominated members arrangement will cease in 2017 when the Councils' right to have two reserved positions on the Board end (this is set out in our rules). In the interim period, the Council nominees will receive a full induction process to ensure that they are aware of the responsibilities they will undertake.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Employees

At the end of 2015-16 RBH employed 633 colleagues of which 346 were male and 287 were female.

During 2015-16 significant achievements that have had an impact on employees have included:

- (a) Supporting the Facing the Future restructure proposals to meet the budgetary challenges that have arisen following the Government's Summer Budget statement;
- (b) Revising terms and conditions of employment to meet the requirements of the Facing the Future work programme;
- (c) Reviewing and revising key policies and procedures including Code of Conduct, Whistleblowing, Homeworking, Holidays, and Facilities Agreement for Trade Union activities;
- (d) Developing and introducing a Shared Parental Leave policy;
- (e) Developing and introducing service standards for the HR and Learning Team to improve service delivery for our customers;
- (f) Introducing a new employee health care plan.

Significant developments and achievements in 2015-2016

- RBH's customer access point opened in June 2015. The Customer Experience, Home Choice, Better Living, New Tenants' and Homelessness teams are all based at St Alban's House offering a first point of contact resolution service for customers ranging from enquiries about becoming an RBH tenant to in-depth money advice.
- The Homelessness Service is now located at St Alban's House and by working effectively with other RBH teams and partners has continued to support homeless and vulnerable people in the borough, achieving 1897 homelessness preventions in 2015-16.
- RBH's Contact Centre continued to develop its One Call One Number approach meaning that RBH customers can have a range of enquiries, including repairs, neighbourhood housing and rents calls, dealt with in one call. In recognition of her work in driving this forward, RBH's Contact Centre Manager received a Highly Commended Award at the Call Northwest awards in October 2015.
- RBH continued to work hard to support tenants affected by the Government's welfare reform programme with the Better Living Team securing a total of £143K additional income for RBH tenants and £441K additional income toward rent payments. The Rent and Payments team achieved an excellent year end collection rate of 100.64%.
- RBH continued to address issues relating to demand for its homes, reducing the number of homes empty from 311 in March 2015 to 260 in March 2016.

Future developments as at 31st March 2016

- We will be investing in a Customer Relationship Management system to ensure that we can develop a single view of all our customers, enabling us to track contacts and resolve service requests more efficiently and effectively leading to fewer call backs from customers.
- We will continue to review our Independent Living and Supported Housing service to ensure that we have a resilient and robust strategy to meet the challenges posed by the withdrawal of Housing Support Grant and the possible introduction of a cap on benefits to the Local Housing Allowance (LHA) rate.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

- We will continue to work with all partners to ensure that major risks around welfare reform, particularly impacting those aged under 35, are managed. We will introduce an RBH Allocations and Transfer policy which will meet housing needs while ensuring that we continue to promote balanced and sustainable communities.

Operating Performance in the period

Performance is reported to the Board throughout the year.

Financial Review of the year

Financial Results for the year ended 31st March 2016

The RBH financial result for the year ended 31st March 2016 was an operating surplus of £16.5M. This figure reflects the impact of accounting for retirement benefits in accordance with Financial Reporting Standard (FRS) 102.

The operating surplus would be £18.5M were these items not applied.

	Group		RBH Limited	
	2016	2015	2016	2015
	£000	£000	£000	£000
Operating Surplus pre FRS 102 pensions adjustment	18,467	15,277	18,639	15,453
Less:				
FRS 102 pension past service cost	-	-	-	-
Other FRS 102 pension charges	(1,999)	(677)	(1,999)	(677)
Adjusted Operating Surplus	16,468	14,600	16,640	14,776

This RBH only surplus of £18.6M (before FRS 102 pension adjustments) is an improvement of £4.3M against the original budget and £3.6M against the Quarter 3 Forecast (Q3F). The most significant reason for the favourable variance against Q3F is a £1.5M under spend within the Improvement Programme. This underspend was due to the capitalisation of recoverable VAT in line with guidance from our external auditors. This had been forecast as revenue spend. With the inclusion of the capital element, the Improvement Programme was £380k underspent against the £26m Q3 Forecast. Further, there was also a £1.3M favourable variance on the income which was due to an improved position on bad debts.

The full statement of financial position is shown on page 39. The key highlight is the significant investment in our existing properties, together with new build development, funded partly through an increase in long term debt financing.

Pension costs

RBH has Admitted Body status in the Local Government Pension Scheme (LGPS), a defined benefit final salary pension scheme. The LGPS is a multi-employer scheme with more than one participating employer. The scheme is administered by Greater Manchester Pension Fund (GMPF). RBH contributed to the scheme on behalf of its members. The Admission Agreement allows RBH to nominate new employees to join the GMPF. In order to cover the liability in relation to these new employees, a bond is in place funded through RBH's loan facility.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Capital structure and treasury policy

The control of Treasury Management at RBH has three constituent parts: policy, strategy and procedures. These three strands are brought together to form a Treasury Management Manual, which details the controls employed and the procedures to be followed.

Responsibility for the implementation and monitoring of the Treasury Management Manual rests with the Director of Resources with overview by the Audit Committee.

The Treasury Strategy is reviewed annually in line with the Business Plan with an additional review halfway through the year.

RBH has a 10 year £100m syndicated loan facility provided by RBS and Santander at the time of transfer (with 6 years still to run). At the year end £60M was drawn with an additional £40M available. We are re-negotiating this facility during 2016-17. In addition to this, RBH has an extra £3.1M debt relating to former Brighter Horizons homes.

Financial risk management objectives and policies

Credit Risk

Income generated through rent and other charges is vital to the ability to deliver the promises contained within the Offer Document. RBH is committed to arrears prevention by working with members to promote a rent payment culture. The Income Recovery Team works closely with the Better Living Team and other agencies to help customers to sustain their tenancies.

Counterparty Risk

Surpluses are invested in approved UK institutions which fall within the scope of the Treasury Policy. Cash Balances at the year end were invested with NatWest Bank.

Interest Rate Risk

The Treasury Policy permits the use of interest rate derivatives to manage interest exposures other than on a stand alone basis. There are currently no derivatives in place, however at the year end all of the £60M was at a fixed rate under the loan facility.

Liquidity Risk

RBH seek to keep cash balances to a minimum with a balance of £8,002k at the year end (cash in transit of £473k gives the £8,475k shown in the statement of financial position). Cash balances for the Group at year end are £8,544k.

The £100M facility is fully secured and provides sufficient funds for the next 12 months from the date of signing these financial statements. This provides an undrawn facility of £40M alongside an overdraft facility of £500k.

Currency Risk

The association borrows only in sterling and so does not have any currency risk.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Business Plan

RBH produce an annual 30 year plan which requires the approval of the Board and our funders RBS and Santander. The 2016-17 Business Plan also forms our Financial Forecast Return to the HCA.

The main change to the 2016-17 Business Plan is the inclusion of savings targets as a result of the rent reduction announced by the Government in its Summer 2015 budget statement.

Going concern

After due consideration, the Board is confident that RBH has sufficient resources to continue to operate into the foreseeable future and it has therefore prepared these financial statements on a going concern basis.

Donations

The RBH (D & B) Board have agreed to make a Gift Aid charitable donation to RBH, representing its surplus for the year in 2015-16 of £86k.

RBH's Charity of the Year for the period to 31st March 2016 is Springhill Hospice with RBH making a donation of £5k.

Principal risks and uncertainties facing the society

RBH recognises that managing risk is a critical element in achieving its aims and objectives. The Risk Management Strategy and Policy is reviewed and approved on an annual basis by both the Audit Committee and the Board. This document sets out how RBH will identify, manage and monitor risks. The corporate risk register is reviewed on a quarterly basis by the Risk Group which is attended by the Deputy Chief Executive/Director of Resources and all Heads of Service. Risk management is now an established part of business planning process with risk identification and analysis sessions being carried out on an annual basis. In addition to helping embed risk management within the society and develop a culture of risk awareness, these sessions also allow employees from all areas of the business to feed into the process.

Our Risk maturity is also assessed on an annual basis as part of our Internal Audit programme and this has shown year on year improvement.

The most significant corporate risks, those with a residual risk score of 10 or above on a 5 by 5 matrix, are set out in the risk register below.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Reduced rent collection due to welfare reform (25)	Loss of rental income	<ul style="list-style-type: none"> • Commissioned work in partnership with Oldham and Bolton to understand the impact of further welfare changes. • Welfare Reform People group meets monthly. • Methods of payment review completed. • Peer Review completed by Wakefield District Housing in December 2015. Welfare Reform Steering group (people) agreed funding for system improvement work to be completed, specialising in universal credit collection. Work to start by end of June 2016. • Income and Rent Collection policy reviewed and approved by Executive Management Team in November 2015. • Specialist universal credit Officer in post to manage rent collection of universal credit claimants. Trial period to develop links with Department of Works and Pensions and Job Centre Plus. Use knowledge and lessons learned to develop Processes and procedures to minimise rent loss through universal credit. • Tenancy Policy approved in November 2015. Action plan to embed drafted and managed through Facing the Future project, Improving core services work stream. • Under occupation and door knocking campaign completed. • Monthly Under occupation reports received by RBH from Rochdale Borough Council ensuring up to date information. • Welfare Reform People and Place Steering Group meeting monthly reviewing impacts and delivering projects to mitigate the risk of changes where possible. • Monthly social landlord forum set up and lead by RBH including Department for Works and Pensions, Job Centre Plus and Housing Benefit. • In house IBS system data cleansing activity completed and Vulnerability Indicators updated. • Monthly reports from Rochdale Borough Council from July 14 detailing tenants in receipt of Discretionary Housing Payments.

STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Empty homes and associated increased rent loss as a result of housing benefit changes (25)	Increase in empty homes and impact on communities	<ul style="list-style-type: none"> • Reviewing market risk indicators every 6 months. • Continuing to identify opportunities with other Registered Providers to retain tenant numbers. • Project group established to understand the impact on rental income and empty homes for welfare reforms focussing on impact of Local Housing Allowance. • Implementation of tenancy policy action plan including shared tenancies. • Empty homes monitoring. • Benchmarking/sharing best practice with other registered social landlords. • Welfare Reform Group in place and meeting monthly to agree actions, monitor changing position and report back to Executive Management Team.
Breakdown of joint venture arrangements (16)	Breakdown in relationship results in failure of the venture.	<ul style="list-style-type: none"> • Legal advice obtained. • Obtained and retained all files from Eversheds relating to the pre contract period.
National Rent Policy change (15)	Reduction in income	<ul style="list-style-type: none"> • Plan agreed with Board for continuing viability within existing funding arrangements following Summer budget. • Planned programme of Value For Money savings. • Sensitivity analysis on business plan to identify the risk.
Funding cost adjustment (FCA) and re-financing result in an increase in lending costs beyond business plan assumptions (15)	Increased pressure on budgets and impact on delivery of services	<ul style="list-style-type: none"> • Treasury management framework in place. • Understanding of impact of any new banking regulation on funders' appetite for refinancing and established relationship with existing funders. • Access to external funding advisor and investigation of alternative funding sources. • Treasury options/potential to take advantage of any uplift in security value. • Monitoring of business plan with stress testing to model potential impact.
Notification from a regulator that we have failed to respond to a new or existing regulatory requirement (12)	A (proposed) change in regulatory requirements by the HCA or FCA creates an additional financial burden & / or restricts our activities.	<ul style="list-style-type: none"> • NROSH+ returns now tracked by 4action; each return has an inputter and an approver to ensure quality. • External horizon scanning including responding to consultation on changes. • Strategic Compliance Group established responsible for oversight of issues/risks. • Operational Group in place charged with delivering action plan. • External benchmarking; Value For Money self assessment and annual review of governance framework. • Stock reconciliation group established.

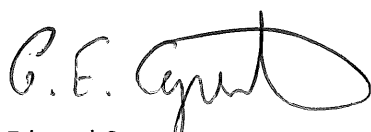
STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Pensions liability and ongoing commitments exceed business plan (12)	Increased pressure on budgets and impact on delivery of services	<ul style="list-style-type: none"> • VAT shelter proceeds outside of business plan from year 5. • Review pension arrangements to consider their long-terms sustainability, risk exposure and mitigation options.
Viability of extra care and Independent Living Schemes adversely impacted by welfare benefit changes and grant withdrawal (12)	Schemes no longer viable	<ul style="list-style-type: none"> • Service level agreement with Rochdale Borough Council. • Strategic liaison between RBH and Rochdale Borough Council.
Rent collection does not meet Business Plan assumptions (12)	Reduction in income and Business Plan is not met	<ul style="list-style-type: none"> • Close partnership working with Better Living Team to refer vulnerable non rent payers for additional support and income maximisation help. • Process mapping and officer re-patching work completed. • Specialised Rent Income Team in place including specialised rent income managers and use of rent collection system. • Wakefield District Housing peer review on rent collection systems undertaken. Action plan and system improvements being planned. • Monitoring at Executive Management Team meetings and Board. Stress testing of business plan completed periodically. Robust Assumptions for bad debt included. • On going management of emerging Housing Benefit issues/changes. • Review of former tenant arrears procedures and processes. • Key employee involved in rechargeable repairs review. • Court Team/Legal enforcement for non Payers. • Methods of Payment review undertaken. • Direct debit set up at sign up and promoted as preferred method of payment. This has resulted in our best figures for direct debit collection rate and take up.

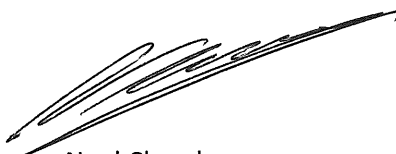
STRATEGIC REPORT FOR THE YEAR ENDED 31st MARCH 2016 continued

Risk Title and score	Possible Consequences/ Description	Current Controls
Failure in Safeguarding policies leading to abuse, harm or neglect (12)	Bad publicity, regulator involvement and possible civil claim, prosecution and serious case review	<ul style="list-style-type: none"> • Safeguarding Policy and procedure in place. • Rochdale Borough Council section 21 audits completed for both Adults and Children annually. • Safeguarding referral mechanisms in place. Monitored and reviewed by the Safeguarding Officer. • Implementation of strategy and action plan including clear communication of actions across departments. • Training action plan developed. Common assessment framework training already completed and refresher "alerter" training being rolled out to front line colleagues. • Nominated officers in each area. Refresher training being reviewed and rolled out for all Nominated Officers. • Safeguarding Co-ordinator in post for a temporary 12 month period. Sept 2015 - Sept 2016. • Membership on Rochdale Borough Councils safeguarding Adults and Childrens Boards. Senior management leads on both boards. • Effective use of customer intelligence.

The Board confirms that the form and content of this strategic report has been prepared in accordance with the 2014 SORP For Registered Social Housing Providers.



Edward Carpenter
Secretary
17th September 2016



Noel Chambers
Chair of the Board
17th September 2016



Gareth Swarbrick
Chief Executive
17th September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2016

We have audited the financial statements of Rochdale Boroughwide Housing Limited for the year ended 31 March 2016 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in equity, the consolidated cash flow statement 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 board and auditors

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 financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2016 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROCHDALE BOROUGHWIDE HOUSING LIMITED FOR THE YEAR ENDED 31 MARCH 2016 (continued)

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;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association 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
Manchester
United Kingdom

Date 23/9/2016

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

**CONSOLIDATED AND COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR
ENDED 31 MARCH 2016**

		RBH Group		RBH Limited	
	Note	Year ended 31/3/2016	Year ended 31/3/2015)	Year ended 31/3/2016	Year ended 31/3/2015
		£'000	£'000	£'000	£'000
Turnover	2, 3	58,315	56,465	58,509	56,635
Operating costs	2, 3	(41,847)	(41,865)	(41,869)	(41,859)
Operating surplus		16,468	14,600	16,640	14,776
Share of operating surplus in Joint Venture	29	288	250	-	-
Surplus on sale of properties	6	2,062	2,363	2,062	2,363
Surplus on ordinary activities before interest		18,818	17,213	18,702	17,139
Interest receivable	7	17	10	16	7
Interest payable and similar charges	8	(4,614)	(3,860)	(4,700)	(3,945)
Dividend received from Joint Venture	29	-	-	200	155
Other finance income/ (costs)	9	(619)	(283)	(619)	(283)
Surplus on ordinary activities before taxation	5	13,602	13,080	13,599	13,073
Taxation on surplus on ordinary activities	13	(58)	(51)	-	-
Surplus for the financial year		13,544	13,029	13,599	13,073
Actuarial gain relating to pension scheme	12	10,061	(11,540)	10,061	(11,540)
Total comprehensive income for the year		23,605	1,489	23,660	1,533

All amounts relate to continuing activities

The notes on pages 44 to 75 form part of these financial statements. There is no difference between the surplus recorded on an historical cost basis and that recorded in the statement of comprehensive income.

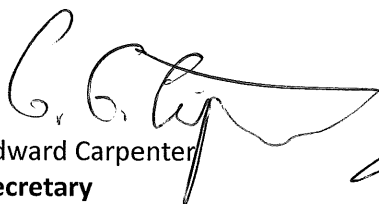
CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

	Note	RBH Group		RBH Limited	
		31/3/2016	31/3/2015	31/3/2016	31/3/2015
		£'000	£'000	£'000	£'000
Tangible fixed assets					
Housing properties – depreciated cost	14a,b	116,728	99,147	117,296	99,715
Other tangible fixed assets	14c	2,074	1,928	2,074	1,928
Investment in Joint Venture	29	114	83	-	-
Investment in subsidiary company	29	-	-	-	450
Total tangible fixed assets		118,916	101,158	119,370	102,093
Debtors: due in more than one year	18	471,829	489,352	471,829	489,352
Current assets					
Stock	17	380	401	380	401
Debtors	18	19,728	21,555	19,851	21,650
Cash at bank and in hand		8,544	3,084	8,475	2,638
Total Current assets		28,652	25,040	28,706	24,689
Creditors: amounts falling due within one year	19	(23,309)	(39,281)	(23,330)	(39,433)
Provisions for liabilities and charges	23	(740)	(553)	(740)	(553)
Net current liabilities		4,603	(14,794)	4,636	(15,297)
Total assets less current liabilities		595,348	575,716	595,835	576,148
Creditors: amounts falling due after more than one year	20	69,992	48,999	69,992	48,999
Refurbishment provision	22	471,829	489,352	471,829	489,352
Pension liability	12	10,916	18,359	10,916	18,359
Capital and reserves					
Pension reserve		(10,916)	(18,359)	(10,916)	(18,359)
Income and expenditure reserve		53,527	37,365	54,014	37,797
		595,348	575,716	595,835	576,148

CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2016

The notes on pages 44 to 75 form part of these financial statements.


The financial statements were approved and authorised for issue by the Board on 17th September 2016 and signed on it's behalf by:



Edward Carpenter
Secretary
17th September 2016



Noel Chambers
Chair of the Board
17th September 2016



Gareth Swarbrick
Chief Executive
17th September 2016

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

Group	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2015	37,365	(18,359)	19,006
Surplus for the year	13,544	-	13,544
Actuarial gain relating to pension scheme (note 12)	-	10,061	10,061
Other comprehensive income for the year	-	10,061	10,061
Transfer from Pension Reserve	2,618	(2,618)	-
At 31 March 2016	53,527	(10,916)	42,611

Group	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2014	23,376	(5,859)	17,517
Surplus for the year	13,029	-	13,029
Actuarial loss relating to pension scheme (note 12)	-	(11,540)	(11,540)
Other comprehensive income for the year	-	(11,540)	(11,540)
Transfer from Pension Reserve	960	(960)	-
At 31 March 2015	37,365	(18,359)	19,006

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2016

RBH Limited	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2015	37,797	(18,359)	19,438
Surplus for the year	13,599	-	13,599
Actuarial gain relating to pension scheme (note 12)	-	10,061	10,061
Other comprehensive income for the year	-	10,061	10,061
Transfer from Pension Reserve	2,618	(2,618)	-
At 31 March 2016	54,014	(10,916)	43,098

RBH Limited	Income and Expenditure Reserve	Pension Reserve	Total
	£'000	£'000	£'000
At 31st March 2014	23,764	(5,859)	17,905
Surplus for the year	13,073	-	13,073
Actuarial loss relating to pension scheme (note 12)	-	(11,540)	(11,540)
Other comprehensive income for the year	-	(11,540)	(11,540)
Transfer from Pension Reserve	960	(960)	-
At 31 March 2015	37,797	(18,359)	19,438

The notes on pages 44 to 75 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2016

	RBH Group	
Note	Year ended 31/3/2016 £'000	Year ended 31/3/2015 £'000
Cash flows from operating activities		
Profit before tax	13,602	13,080
Adjustments for non-cash items:		
(Profit)/ Loss on disposal of fixed asset	(2,062)	(2,363)
Depreciation of housing properties	2,156	1,157
Depreciation of other fixed assets	428	189
Decrease/(Increase) in Stocks	21	(148)
Decrease in Debtors	19,349	23,227
Decrease in Creditors	(21,536)	(20,255)
Finance (income)/ costs	619	283
Pension contributions	(2,790)	(2,597)
Pension current service cost	4,265	3,258
Pension settlements and curtailments	524	16
Interest received	(17)	(10)
Interest paid	4,614	3,860
Tax paid	(58)	(51)
Net cash generated from operating activities	19,115	19,646
Cash flow from investing activities		
Purchase of tangible fixed assets	(21,174)	(31,154)
Proceeds from sale of tangible fixed assets	2,894	2,593
Interest received	17	10
Net cash from investing activities	(18,263)	(28,551)
Cash flow from financing activities		
Interest paid	(4,614)	(3,860)
New secured loans	20,000	27,225
Repayment of borrowings	(10,778)	(13,500)
Net cash used in financing activities	4,608	9,865
Net change in cash and cash equivalents	5,460	960
Cash and cash equivalents at beginning of the year	3,084	2,124
Cash and cash equivalents at end of the year	8,544	3,084

NOTES TO THE FINANCIAL STATEMENTS

1 Principal Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Rochdale Boroughwide Housing (RBH) includes the Cooperative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015. Information on the impact of first-time adoption of FRS 102 is given in note 28.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Parent company disclosure exemptions

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

- No statement of cashflows has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole;
- Reduced disclosures around related party transactions entered into between two or more members of the group.

The following principal accounting policies have been applied:

Basis of Consolidation

The financial statements are group statements and have been prepared by consolidating the results of the subsidiary undertakings within the RBH Group. Intercompany transactions and balances between group companies are therefore eliminated in full. All financial statements are made up to 31 March 2016.

Turnover

Turnover comprises rental income receivable in the year, and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year; revenue grants receivable in the year including relating to a supporting people contract, and other income from operating activities.

Rental income is recognised from the point when properties under development reach practical and are formally let, income from the sales of properties is recognised at the point of legal completion of the sale.

1 Principal Accounting policies continued

Value added tax

The majority of group turnover relates to rental income which is exempt from VAT, however a small proportion of income is subject to VAT and this gives rise to small amount of VAT recovery.

The majority of RBH expenditure is subject to VAT, and will be shown gross where such VAT is not recoverable from HMRC.

In relation to the VAT Shelter, a provision is created which represents RBH's obligation to carry out refurbishment works which is set out in the Works Agreement with Rochdale Council. This will be written down as work to housing properties is actually undertaken. There is a corresponding long term debtor recognised on the statement of financial position which is written down in line with the provision.

Pensions

RBH is an admitted body within the Greater Manchester Pension Fund, a funded multi-employer defined benefit scheme. Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The net surplus or deficit is presented separately from other net assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the company.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are recognised as the benefits accrue. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of comprehensive income.

Fixed Assets and depreciation

Housing Properties

RBH Group Housing properties are properties available for rent and are valued under the historical cost basis, plus the cost of additions of components and improvements less depreciation.

Work to existing properties which is capable of generating increased future income, extending the useful life or otherwise add to the value of the property will be capitalised. There is a de-minimis limit for capitalisation of £2,000 with the exception of monitored alarm systems.

Capitalised interest

Finance costs are not capitalised. This is in accordance with RBH's Capitalisation Policy.

Development Costs

Development costs are capitalised as a fee percentage on works costs.

Donated Land

Land donated by local authorities and others is added to cost at the market value of the land at the time of donation. Where the donation is from a public body the difference between the value and cost is added to other grants, otherwise it is treated as income.

1 Principal Accounting policies continued

Assets under construction are stated at cost and transferred to completed properties when ready for letting.

General repairs

All other expenditure incurred in respect of general repairs to the housing stock will be charged to the statement of comprehensive income in the year it is incurred.

Depreciation

Major components of the housing properties are treated as separate assets and depreciated on a straight line basis over their expected useful economic lives at the following annual rates. Freehold land is not depreciated. Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Depreciation Rates

Component	Depreciation Period
Buildings (General)	100 years
Cladding	60 years
Roofs	50 years
Windows	40 years
Doors	40 years
Bathrooms	30 years
Lifts	30 years
Central heating distribution systems	30 years
Other heating systems	30 years
Rewires	30 years
Renewable energy	25 years
Kitchens	20 years
Boiler	15 years
Alarm systems	15 years

Depreciation begins from the month following installation, and a full months' depreciation will be charged in the month of disposal.

Other tangible fixed assets

Depreciation is calculated on a straight line basis on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

Asset	Depreciation period
Plant & Machinery	Various
Office furniture and equipment	3-5 years
Computer hardware and software	3-5 years
Vehicles	3-5 years

1 Principal Accounting policies continued

Impairment

Housing properties (because some components within this class of fixed asset having a UEL of over 50 years) will be reviewed for impairment on a yearly basis. Impairment is assessed primarily to the reports produced by RBH's independent valuation consultants, to determine possible impairment. There is also an assessment carried out by calculating the present value of future cash flows over a 30 year period. Other fixed assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down will be charged to the operating surplus.

Social Housing Grant and other government grants

Grants received in relation to assets are accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. The grant is carried as deferred income in the statement of financial position and released to turnover 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.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable 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 turnover in the statement of comprehensive income.

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.

Shared Ownership Properties

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to first tranche sales. The first tranche proportion is classed as a current asset and the remaining element is classed as a fixed asset and included in housing properties at cost less any provisions needed for depreciation or impairment and are valued at lower of cost and net realisable value.

Leased Assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value and are issued on a First in first out (FIFO) basis.

Taxation

No corporation tax is payable on the surpluses of charitable activities of RBH since transfer, as it has charitable status.

1 Principal Accounting policies continued

Joint ventures

An entity is treated as a joint venture where the group holds a long-term interest and shares control under a contractual arrangement. In the group accounts, interests in joint ventures are accounted for using the net equity method of accounting. The consolidated statement of comprehensive income indicates the group's share of the joint venture's pre-tax surplus or deficit plus the attributable tax payable of such undertakings based on audited financial statements. In the consolidated statement of financial position, the group's share of the identifiable gross assets (including any unamortised premium paid on acquisition) and its share of the gross liabilities attributable to the joint ventures are shown separately.

Definition of liquid resources

For the purposes of the statement of cashflows, liquid resources are defined as current asset investments and short term deposits.

Management charges

RBH Group subsidiary companies do not have any employees and therefore management charges are made on an arms length basis to them for services provided by RBH, in accordance with an Intra Group Agreement. Management charges consist mainly of Finance, IT, Legal and Company Secretarial services.

Sale of housing properties

The surplus or deficit arising from disposal of properties under the Preserved Right to Buy (PRTB) legislation and other property disposals are disclosed on the face of the statement of comprehensive income. The surplus or deficit is net of any sums payable to Rochdale Council under the terms of the Transfer Agreement.

Refurbishment Provision

Properties are acquired from local authorities for a consideration equivalent to their current market value plus the cost of bringing them into a good state of repair. Immediately prior to the transfer, the local authority contracts with the association to carry out these refurbishment works for a fixed sum, equal to the expected cost of the required work. The terms of the local authorities' undertaking to refurbish/repair the properties and the terms of the contract with the association are essentially similar; in particular, the price is fixed and no time limit imposed.

Subcontractors are subsequently employed to carry out the work over a number of years.

The underlying substance of the transactions is reflected on a gross basis; recognising the contractual position of the association which has both an asset for which it has paid (the local authorities' obligation to perform the refurbishment) and a legal obligation to complete the works under the refurbishment contract. These assets and liabilities are recognised in the statement of financial position within debtors and provisions respectively.

1 Principal Accounting policies continued

Bad debts and write offs

RBH make a prudent provision for bad debts on the basis of the age of the debt in accordance with the following tables as recommended by the Chartered Institute of Public Finance and Accountancy.

Current Tenants	Age of Debt	% Provision
	0-4 Weeks	0%
	4-13 Weeks	10%
	13-26 Weeks	25%
	26-39 Weeks	50%
	39-52 Weeks	75%
	52 > Weeks	95%
Former Tenants		
	All	99%

In addition, outstanding debts are reviewed on an individual basis and additional provisions to those shown in the above table are applied where appropriate. Any write offs, deemed to be uncollectable by the Income Recovery Team are approved by the Board.

Service charges

The majority of our services are defined as variable service charges. This means that charges raised reflect the cost of service delivery. RBH complies fully with the legislative regime controlling the imposition of service charges. RBH will limit the amount of any charge raised to costs which have been reasonably incurred as contained within the Landlord & Tenant Act 1985 Section 19.

However, Affordable Rents are set using a Fixed Service Charge Regime i.e. they increase by a percentage, which for RBH is CPI plus 1%.

RBH have an obligation for extensive consultation with tenants before major works or long term contracts are entered into. The regime is contained in the Landlord and Tenant Act 1985 Sections 18 to 30 (as amended) and Service Charges (Consultation Requirements) Regulations 2003.

Variable service charges are calculated annually on the basis of the previous years cost of service (April to March) plus estimates for some of the costs that RBH will not know. Once the financial year has ended, RBH will check the amount that was spent on delivering the service and adjust the following years charge with the surplus or deficit between the actual and estimated costs. The service charge calculation will be applied to rent accounts and charged over a 48-week period.

Loan finance issue costs

These are written off over 5 years, charged at a constant rate on the carrying amount. The life of the loan is 10 years. However there is a 5 year break for review.

1 Principal Accounting policies continued

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the statement of financial position date.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they 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 the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation 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.
- whether leases entered into by the group either as a lessor or a lessee are operating leases 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.
- the appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.
- the exemptions to be taken on transition to FRS102.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- the treatment of the loan agreement as basic with regard to FRS 102.

Other key sources of estimation uncertainty

- **Tangible fixed assets (see note 14)**
Tangible fixed assets, other than investment properties, are depreciated over their 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. 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.

- Rental and other trade receivables (debtors) (see 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.

2 Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

RBH Group (2016)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	54,919	(39,809)	15,110
Other social housing activities			
Support services	404	(1,107)	(703)
Garages	456	(1)	455
Shops	208	-	208
Homeless	1,294	(834)	460
United Utilities commission	895	-	895
Other	83	-	83
Non-social housing activities			
Leaseholders	23	(92)	(69)
Other	33	(4)	29
	58,315	(41,847)	16,468

RBH Group (2015)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	55,020	(40,677)	14,343
Other social housing activities			
Support services	636	(1,176)	(540)
Garages	428	-	428
Shops	205	-	205
Non-social housing activities			
Leaseholders	176	(12)	164
Other	-	-	-
	56,465	(41,865)	14,600

2 Particulars of turnover, cost of sales, operating costs and operating surplus

Continuing activities

RBH Limited (2016)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	55,113	(39,831)	15,282
Other social housing activities			
Support services	404	(1,107)	(703)
Garages	456	(1)	455
Shops	208	-	208
Homeless	1,294	(834)	460
United Utilities commission	895	-	895
Other	83	-	83
Non-social housing activities			
Leaseholders	23	(92)	(69)
Other	33	(4)	29
	58,509	(41,869)	16,640

RBH Limited (2015)	Turnover	Operating costs	Operating surplus
	£'000	£'000	£'000
Social housing lettings (Note 3)	55,190	(40,671)	14,519
Other social housing activities			
Support services	550	(1,176)	(626)
Garages	428	-	428
Shops	205	-	205
Other	86	-	86
Non-social housing activities			
Leaseholders	176	(12)	164
Other			
	56,635	(41,859)	14,776

3 Particulars of income and expenditure from social housing lettings

RBH Group (2016)	General needs	Supported housing	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
INCOME				
Rent receivable net of identifiable service charges	47,070	3,100	50,170	49,114
Service income	3,027	1,081	4,108	3,621
Amortised government grants	58	8	66	51
Other revenue grants	0	61	61	44
Other	514	-	514	2,190
Turnover from social housing lettings	50,669	4,250	54,919	55,020
EXPENDITURE				
Management	(14,429)	(2,169)	(16,598)	(16,901)
Service charge costs	(3,076)	(1,259)	(4,335)	(3,815)
Routine maintenance	(8,434)	(635)	(9,069)	(9,323)
Planned maintenance	(2,129)	(195)	(2,324)	(3,045)
Major repairs expenditure	(3,926)	(177)	(4,103)	(4,969)
Bad debts	(743)	(53)	(796)	(1,226)
Depreciation of housing properties	(2,302)	(282)	(2,584)	(1,398)
Operating costs on social housing lettings	(35,039)	(4,770)	(39,809)	(40,677)
Operating surplus on social housing lettings	15,630	(520)	15,110	14,343
Empty Homes losses	1,159	158	1,317	1,872
RBH Limited (2016)	General needs	Supported housing	2016 Total	2015 Total
	£'000	£'000	£'000	£'000
INCOME				
Rent receivable net of identifiable service charges	47,070	3,100	50,170	49,114
Service charge income	3,027	1,081	4,108	3,621
Amortised government grants	58	8	66	51
Other revenue grants	-	61	61	44
Other	708	-	708	2,360
Turnover from social housing lettings	50,863	4,250	55,113	55,190
EXPENDITURE				
Management	(14,451)	(2,169)	(16,620)	(16,895)
Service charge costs	(3,076)	(1,259)	(4,335)	(3,815)
Routine maintenance	(8,434)	(635)	(9,069)	(9,323)
Planned maintenance	(2,129)	(195)	(2,324)	(3,045)
Major repairs expenditure	(3,926)	(177)	(4,103)	(4,969)
Bad debts	(743)	(53)	(796)	(1,226)
Depreciation of housing properties	(2,302)	(282)	(2,584)	(1,398)
Impairment	-	-	-	-
Operating costs on social housing lettings	(35,061)	(4,770)	(39,831)	(40,671)
Operating surplus on social housing lettings	15,802	(520)	15,282	14,519
Empty Homes losses	1,159	158	1,317	1,872

There has been a reduction in other income in 2016 of £2.2m (2015:£1.3m) due to a change in categorisation of the RBH homeless contract and United Utilities income from 'social housing lettings income' to 'social housing other income' as shown by the increase in note 2.

4 Accommodation in management and development

At the end of the year accommodation in management for each class of accommodation for the RBH Group was as follows:

	31/3/2016	31/3/2015
Social housing		
Under development	48	9
General housing	12,501	12,643
Supported housing and housing for older people	954	902
Shared ownership	9	10
Total owned (RBH Limited)	13,512	13,564
Managed for others	13	11
Total owned and managed	13,525	13,575
Non- social housing		
Owned	1	1

5 Surplus on ordinary activities before taxation

The operating surplus is arrived at after charging:

	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Depreciation of housing properties	2,156	1,157	2,156	1,157
Depreciation of other tangible fixed assets	428	189	428	189
Restructuring costs	312	538	312	538
Operating lease rentals				
- Plant and machinery	-	-	-	-
- Premises leases	550	528	550	528
- Vehicles	565	573	565	573
Auditors' remuneration (including VAT)				
- External auditors – in their capacity as auditors	29	27	25	22
- External auditors – for other services	5	16	5	10
- Internal auditors	72	71	72	71

6 Surplus on sale of fixed assets - housing properties

	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Disposal proceeds	4,118	3,920	4,118	3,920
Cost of sales	(832)	(229)	(832)	(229)
Claw back costs to Rochdale Council	(1,224)	(1,328)	(1,224)	(1,328)
Surplus	2,062	2,363	2,062	2,363

7 Interest receivable and other income

	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Interest receivable on short term deposits	17	10	16	7

8 Interest payable and similar charges

	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Interest payable on long term loans	3,177	1,868	3,177	1,868
Loans and bank overdrafts	185	419	185	419
Loan Finance issue costs	314	314	314	314
Other finance costs	938	1,259	1,024	1,344
Total	4,614	3,860	4,700	3,945

9 Other Finance income/ (costs)

	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Interest income on plan assets	3,234	3,805	3,234	3,805
Interest cost on obligations	(3,853)	(4,088)	(3,853)	(4,088)
Pension finance (costs)	(619)	(283)	(619)	(283)

10 Employees

Average monthly number of employees expressed as full time equivalents:

Employee Numbers:	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
Housing management	229	186	229	186
Housing maintenance	257	263	257	263
Administrative and Clerical	124	133	124	133
Total	610	582	610	582

Full time equivalents are calculated based on a standard working week of 36.25 hours.

Employee costs:	RBH Group		RBH Limited	
	Year ended 31/3/2016	Year ended 31/3/2015	Year ended 31/3/2016	Year ended 31/3/2015
	£000	£000	£000	£000
Wages and salaries	15,389	14,333	15,389	14,333
Social security costs	1,057	999	1,057	999
Other pension costs	2,548	2,385	2,548	2,385
Total	18,994	17,717	18,994	17,717

The society's employees are members of the Greater Manchester Pension Fund. Further information on the scheme is in note 12.

11 Board members and executive directors

The remuneration paid to the Board members and executive directors of RBH (including the Executive Management Team) was

	Year ended 31/3/2016	Period ended 31/3/2015
	£000	£000
Aggregate emoluments payable to Executive Management Team (including pension contributions)	422	380
Pension contributions in the year amounted to:	64	58

None of the board members received emoluments. Expenses paid to board members in total were £4k (2015:£2k).

The emoluments of the directors include £121k (Chief Executive – the highest paid director) and £86k (Deputy Chief Executive and Director of Resources), excluding pension contributions (2015: £121k and £85k respectively). The pension contributions for the Chief Executive as the highest paid director are £22k (2015: £22k).

The Chief Executive is a normal member of the Greater Manchester Pension Fund. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The society does not make any further contribution to an individual pension arrangement for the Chief Executive.

The remuneration paid to employees (including executive management) earning over £60,000 upwards:

	Year ended 31/3/2016	Year ended 31/3/2015
Including pension contributions	No.	No.
£60k - £70k	2	3
£70k - £80k	-	-
£80k - £90k	1	2
£90k - £100k	1	-
£100k - £110k	1	1
£110k - £120k	-	-
£120k - £130k	-	-
£130k - £140k	-	-
£140k - £150k	1	1

12 Greater Manchester Pension Fund (Group and RBH Limited)

RBH participates in the Greater Manchester Local Government Pension Scheme (LGPS), a multi-employer funded defined benefit scheme where contributions payable are held in a trust separately for RBH.

Valuations are performed by a qualified actuary, using the projected unit credit method as required by Accounting Standards. The results of the last formal actuarial valuation have been projected forward from this point using approximate methods.

RBH is an Admitted Body and has an Admission Agreement with Greater Manchester Pension Fund in its own right. The employers' contributions to Pension Fund for the period ended 31st March 2016 were £2.790M (period to 31st March 2015: £2.597M).

Financial assumptions

	31 March 2016	31 March 2015
	%per annum	%per annum
Discount rate	3.5	3.2
Future salary increases	3.5	3.6
Future pension increases	2.2	2.4
Expected return on assets	3.5	3.2

Mortality assumptions

Life expectancy is based on the funds VitaCurves with future improvements in line with the CMI 2010 model assuming the current rate of improvements has peaked and will converge to a long term rate of 1.25%.

Under the mortality assumptions used, the future life expectancy at the age of 65 is as follows:

	2016	2015
Current Pensioners	No. of years	No. of years
Males	21.4	21.4
Females	24.0	24.0
Future Pensioners		
Males	24.0	24.0
Females	26.6	26.6

Commutation

An allowance is included for future retirements to elect to take 55% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 80% of the maximum tax-free cash for post-April 2008 service.

12 Greater Manchester Pension Fund continued

Analysis of the amount charged/(credited) to the statement of comprehensive income:

Year ended 31 March	2016	2015
	£000	£000
Expected return on employer assets	(3,234)	(3,805)
Interest cost	3,853	4,088
Total (credited)/charged to other finance (income)/costs	619	283
Current service cost	4,265	3,258
Past service cost	-	-
Losses on Curtailments and Settlements	524	16
Total charged to administrative expenses	4,789	3,274
Total charge recorded in the statement of comprehensive income	5,408	3,557

Analysis of remeasurements recognised in other comprehensive income

Year ended 31 March	2016	2015
	£000	£000
Actual return less expected return on pension scheme assets	(3,825)	5,932
Experience gains and losses arising on the scheme liabilities	961	572
Changes in assumptions underlying the present value of the schemes liabilities	12,925	(18,044)
Actuarial (loss)/gain recognised in other comprehensive income	10,061	(11,540)
Cumulative Actuarial Gains and Losses	(3,134)	(13,195)

Amounts recognised in the statement of financial position

Net pension liability at 31 March	2016	2015
	£000	£000
Present value of funded liabilities	101,351	100,200
Fair value of employer assets (bid value)	(112,267)	(118,559)
Net (liability) recognised in the statement of financial position	(10,916)	(18,359)

Reconciliation of defined benefit obligation

	2016	2015
	£000	£000
Opening defined benefit obligation	118,559	92,312
Current service cost	4,265	3,258
Interest cost	3,853	4,088
Contributions by members	934	883
Actuarial gains	(13,886)	17,472
Past service cost	-	-
Losses on Curtailments	524	16
Liabilities assumed in a business combination	-	2,197
Estimated Benefits paid	(1,982)	(1,667)
Closing defined benefit obligation	112,267	118,559

The service cost figures includes an allowance for administration expenses of 0.2% of payroll.

12 Greater Manchester Pension Fund continued

Reconciliation of fair value of employer assets

	2016	2015
	£000	£000
Opening fair value of employer assets	100,200	86,453
Expected return on assets	3,234	3,805
Contribution by members	934	883
Contribution by employer	2,790	2,597
Actuarial gains/(losses)	(3,825)	6,481
Assets acquired in a business combination	-	1,648
Benefits paid	(1,982)	(1,667)
Closing fair value of employer assets	101,351	100,200

Major categories of plan assets as a percentage of total plan assets

	2016	2015
Equities	73%	73%
Bonds	17%	17%
Properties	6%	6%
Cash	4%	4%

Amounts for the current and previous four accounting periods

	2016	2015	2014	2013	2012
	£000	£000	£000	£000	£000
Fair value of employer assets	101,351	100,200	86,453	81,431	69,504
Present value of defined benefit obligation	(112,267)	(118,559)	(92,312)	(85,014)	(69,412)
(Deficit)/Surplus on scheme	(10,916)	(18,359)	(5,859)	(3,583)	92
Experience (losses)/Gains on assets	(3,825)	6,481	(530)	5,870	4,959
Experience (losses)/Gains on liabilities	961	572	(1,575)	65	(68)

Sensitivity analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at year ended 31 March 2016	Approximate % Increase to employer liability	Approximate monetary amount £000
0.5% decrease in real discount rate	12%	13,977
1 year increase in member life expectancy	3%	3,368
0.5% increase in salary increase rate	5%	5,059
0.5% increase in pension increase rate	8%	8,659

12 Greater Manchester Pension Fund continued

Projected pension expense for the year ended 31 March 2017

	Year ended 31/03/2017 £000	Year ended 31/03/2017 % of pay
Projected current service cost	(3,619)	(24.8%)
Expected return on employer assets	3,576	24.5%
Interest on obligation	(3,975)	(27.2%)
Total	(4,018)	(27.5%)

Employer's contributions for the year ended 31 March 2017 are estimated to be approximately £2,629,000.

13 Taxation (Group)

	Year ended 31/03/2016 £000	Year ended 31/03/2015 £000
Current tax	£000	£000
UK corporation tax on surplus for the year	-	-
Share of JV taxation charge	58	51
Total tax charge	58	51

The group did not incur a tax charge in the year as RBH Limited has been granted exemption from taxation under Section 505 of the Income and Corporation Taxes Act 1988 because of its charitable status. Trading subsidiaries paid gift aid to RBH Limited in the current and prior year to eliminate any taxable profits.

14a Tangible fixed assets - properties (RBH Group)

	Held for Letting £'000			Shared Ownership £'000			Non-Social Properties	TOTAL
	Under		Total	Under		Total		
	Completed	Construction		Completed	Construction			
COST								
At 1 April 2015	84,934	16,200	101,134	82	-	82	23	101,239
Additions	4	3,209	3,213	-	-	-	-	3,213
Capitalisation of Components	-	17,355	17,355	-	-	-	2	17,357
Disposals	(862)	-	(862)	(2)	-	(2)	-	(864)
Transfers	31,847	(31,847)	-	-	-	-	-	-
At 31 March 2016	115,923	4,917	120,840	80	-	80	25	120,945
DEPRECIATION								
At 1 April 2015	2,090	-	2,090	1	-	1	1	2,092
Charge for the Year	2,156	-	2,156	-	-	-	1	2,157
Disposals	(32)	-	(32)	-	-	-	-	(32)
31st March 2016	4,214	-	4,214	1	-	1	2	4,217
NET BOOK VALUE								
At 31/03/2016	111,709	4,917	116,626	79	-	79	23	116,728
At 31/03/2015	82,844	16,200	99,044	81	-	81	22	99,147

The group considers each separate housing property scheme in its fixed asset register to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS 102 and SORP 2014.

During the current year, the group and association have recognised an impairment loss of £NIL (2015: £NIL) in respect of general needs housing stock. On 8 July 2015, the Summer Budget included the announcement that the Government will reduce rents in Social Housing in England by 1% a year for the next four years from April 2016. The Government indicated that this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. As such this triggered an indicator of impairment and a full review was performed for March 2016. The impairment review was carried out in line with the key judgements disclosed in Note 1.

14b Tangible fixed assets - properties (RBH)

	Held for Letting £'000			Shared Ownership £'000			Non-Social Properties	TOTAL
	Under		Total	Under		Total		
	Completed	Construction		Completed	Construction			
COST								
At 1 April 2015	85,063	16,708	101,771	82	-	82	23	101,876
Additions	4	3,209	3,213	-	-	-	-	3,213
Capitalisation of Components	-	17,355	17,355	-	-	-	2	17,357
Disposals	(862)	-	(862)	(2)	-	(2)	-	(864)
Transfers	31,847	(31,847)	-	-	-	-	-	-
At 31 March 2016	116,052	5,425	121,477	80	-	80	25	121,582
DEPRECIATION								
At 1 April 2015 (Restated)	2,160	-	2,160	-	-	-	1	2,161
Charge for the Year	2,156	-	2,156	-	-	-	1	2,157
Disposals	(32)	-	(32)	-	-	-	-	(32)
31st March 2016	4,284	-	4,284	-	-	-	2	4,286
NET BOOK VALUE								
At 31/03/2016	111,768	5,425	117,193	80	-	80	23	117,296
At 31/03/2015 (Restated)	82,903	16,708	99,611	82	-	82	22	99,715

14c Tangible fixed assets – other (RBH Group and RBH Limited)

	Offices £'000	Plant & Machinery £'000	Fixtures & Fittings £'000	IT Systems £'000	F&F & IT Assets under Construction £'000	Land £'000	TOTAL £'000
COST							
At 1 April 2015	-	-	164	1,024	1,066	200	2,454
Additions	776	151	-	713	(1,066)	-	574
Disposals	-	-	-	-	-	-	-
At 31 March 2016	776	151	164	1,737	-	200	3,028
DEPRECIATION							
At 1 April 2015	-	-	59	467	-	-	526
Charge for the Year	89	33	29	277	-	-	428
31st March 2016	89	33	88	744	-	-	954
NET BOOK VALUE							
At 31/03/2016	687	118	76	993	-	200	2,074
At 31/03/2015	-	-	105	557	1,066	200	1,928

15 Improvements to Housing Properties

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
Improvements to existing properties capitalised	17,357	23,464	17,357	23,464
Major repairs expenditure to statement of comprehensive income	4,103	4,969	4,103	4,969
	21,460	28,433	21,460	28,433

16 Capital commitments

	at 31/3/2016	at 31/3/2015
Capital expenditure	£000	£000
Expenditure contracted for but not provided in the accounts	3,237	1,155
Expenditure authorised by the board, but not contracted	-	-
	3,237	1,155
RBH expects these to be financed by:		
SHG	-	-
Committed Loan Facilities	3,237	1,155
	3,237	1,155

17 Stock

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
Materials in stock	380	401	380	401

The replacement cost of stock is not materially different from the carrying value of stock in both the current and prior year.

18 Debtors

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
Due within one year				
Rent and service charges arrears	8,271	10,772	8,271	10,772
Less: provision for bad and doubtful debts	(6,528)	(8,310)	(6,528)	(8,310)
	1,743	2,462	1,743	2,462
Social housing grants receivable	-	574	-	574
Other debtors	353	672	476	757
Taxation - VAT	142	659	142	659
Short-term refurbishment obligation (note 22)	16,869	16,703	16,869	16,703
Prepayments and accrued income	621	485	621	495
	19,728	21,555	19,851	21,650
Due in more than one year				
Refurbishment obligation (Note 22)	471,829	489,352	471,829	489,352
Total debtors	491,557	510,907	491,680	511,002

19 Creditors: Due within one year

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
Loans and overdrafts	97	11,093	97	11,093
Trade Creditors	2,819	3,912	2,483	3,900
Rent and service charges received in advance	4	827	4	827
Taxation and social security	702	312	717	324
Deferred capital grant (Note 21)	70	51	70	51
Accruals and deferred income	2,748	6,383	3,090	6,535
Short term refurbishment provision	16,869	16,703	16,869	16,703
Amounts owed to Group Companies	-	-	-	-
Total	23,309	39,281	23,330	39,433

20 Creditors: Amounts falling due after more than one year

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
Due after more than one year				
Loans repayable on maturity:				
Due between two and five years	-	-	-	-
Due in five years or more	60,000	40,000	60,000	40,000
Loans repayable by instalments:				
Due between one and two years	104	201	104	201
Due between two and five years	342	342	342	342
Due in five years or more	2,520	2,520	2,520	2,520
	2,966	3,063	2,966	3,063
	62,966	43,063	62,966	43,063
Loan arrangement fees	(314)	(628)	(314)	(628)
Total loans	62,652	42,435	62,652	42,435
Deferred capital grant (Note 21)	7,340	6,564	7,340	6,564
Total	69,992	48,999	69,992	48,999

Loans are secured by specific charges on the housing properties of the group. The loans bear interest at fixed rates ranging from 5.74% to 6.3% or at variable rates calculated at a margin above the London Inter Bank Offer Rate.

21 Deferred Capital Grant

	RBH Group		RBH Limited	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015
	£'000	£'000	£'000	£'000
At 1 April	6,616	5,667	6,616	5,667
Grants received during the year	860	1,000	860	1,000
Released to income during the year	(66)	(51)	(66)	(51)
At 31 March	7,410	6,616	7,410	6,616

22 Refurbishment Provision

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£000	£000	£000	£000
At 1 April	506,055	529,519	506,055	529,519
Expended	(17,357)	(23,464)	(17,357)	(23,464)
Balance at 31st March	488,698	506,055	488,698	506,055
Short-term	16,869	16,703	16,869	16,703
Long-term	471,829	489,352	471,829	489,352
	488,698	506,055	488,698	506,055

This provision represents RBH's liability to carry out refurbishment works included in the Works Agreement with Rochdale Council. It will be written off when the work to housing properties is actually undertaken. This is also recognised as a debtor (see note 19).

23 Provision for liabilities

	RBH Group and RBH Limited	
	31/3/2016	31/3/2015
	£000	£000
At beginning of the period	553	145
Amounts provided during the year	449	547
Utilised during the year	(262)	(139)
Released in year	-	-
Provisions at end of the period	740	553

At 31st March 2016 the provision for re-structuring costs stood at £607k. The provision for potential pension costs associated with new employees with past service being admitted to the fund at £60k and the provision for liabilities against Annual Leave and Work Life Balance at £73k. It is expected that all costs will be paid out during 2016-17.

24 Financial instruments

The RBH Group and RBH Limited financial instruments may be analysed as follows:

	RBH Group		RBH Limited	
	31/3/2016	31/3/2015	31/3/2016	31/3/2015
	£'000	£'000	£'000	£'000
Financial assets				
Financial assets measured at historical cost				
Trade receivables	1,743	2,462	1,743	2,462
Other receivables	974	1,731	1,097	1,826
Cash and cash equivalents	8,544	3,084	8,475	2,638
Total financial assets	11,261	7,277	11,315	6,926
Financial liabilities				
Financial liabilities measured at amortised cost				
Loans payable	62,652	42,435	62,652	42,435
Financial liabilities measured at historical cost				
Trade creditors	2,819	3,912	2,483	3,900
Other creditors	2,748	6,383	3,090	6,535
Total financial liabilities at historical cost	5,567	10,295	5,573	10,435

25 Leasing commitments

At the end of the year RBH (Group and Ltd) had minimum lease payments under non-cancellable operating leases as set out below:

	Year ended 31/3/2016	Period ended 31/3/2015
	£000	£000
Land and buildings amounts payable:		
Not later than 1 year	542	510
Later than 1 year and not later than 5 years	2,140	1,847
Later than 5 years	1,092	1,187
	3,774	3,544
Other amounts payable:		
Not later than 1 year	400	564
Later than 1 year and not later than 5 years	1,026	722
Later than 5 years	-	-
	1,426	1,286

26 Reserves

Income and Expenditure Reserve

The Income and Expenditure Reserve includes the accumulated profits and losses arising from the statement of comprehensive income and certain items from the Statement of Changes in Equity attributable to equity shareholders net of distributions.

Pension Reserve

The Pension Reserve includes the accumulated actuarial gains and losses from the defined benefit scheme net of any amounts transferred to the income and expenditure reserve.

27 Contingent liabilities

Equal Pay Claims

The one claim reported in last year's accounts in respect of equal pay, (following the Single Status Agreement introduced in 1997 by the National Joint Council for Local Government Services to bring together manual and white collar employees under one set of Terms and Conditions of employment) has now been settled.

There are no other contingent liabilities at 31 March 2016.

28 Related parties

All transactions with group subsidiaries are calculated in line with the Group Transfer Pricing Policy and are therefore on an arms length basis.

Executive and Senior Management - Chief Executive, Gareth Swarbrick is a director of Rochdale Housing Initiative, a housing partnership company which brings together registered providers of social housing in the borough and RBH Professional Limited (for which he receives no remuneration). Cath Owston (Director of Customer Services) is a director of RBH Design and Build Limited (for which he receives no remuneration).

Non-executive Directors - Mark Thompson and Lee Sugden are directors of RBH Professional Limited. David Pringle (a Non-executive Director) was a director of RBH Design and Build until his retirement in September 2015. His place as a director has been taken by Lee Sugden.

In 2015-16, RBH paid David Tolson Partnership (DTP) £12k for treasury management services. Board member Angela Lomax is an employee of DTP. Legal advice has been sought on two occasions to ensure that there is no conflict of interest on the Board's business. It was concluded that any conflicts should be dealt with on an item by item basis. If there is a specific Board item where DTP is being discussed then Angela Lomax declares an interest and is asked to leave the meeting in order to avoid any conflicts of interests.

Representative Body - As set out in the rules of RBH, being an employee or tenant of RBH does not represent an interest in itself for business of the Representative Body. This includes those nominated from the tenant management organisations.

Related parties transactions

The following transactions took place between the group and its joint venture and associated companies during the year:

	Year ended 31/03/2016	Period ended 31/03/2015
	£000	£000
Net loan movements advances/(repayments)	0	0
Sales of goods and services	1,246	1,448
Purchases of goods and services	(3,003)	(2,544)
Management fees received	0	0
Dividends received	200	155
	(1,557)	(941)

The following receivable balances relating to joint ventures and associated undertakings were included in the consolidated statement of financial position:

	At 31/03/2016	At 31/03/2015
	£000	£000
Loans	-	-
Amounts owed to SSL	(247)	(351)
Amounts owed by SSL	116	144
Management fees	-	-
	(131)	(207)

Transactions with non-regulated entities

The association provides management services, other services and loans to its subsidiaries. The association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

	Management charges		Other charges	
	2016	2015	2016	2015
Payable to association from subsidiaries:	£'000	£'000	£'000	£'000
RBH Professional	10	10	-	-
RBH (Design & Build)	97	75	2,566	6,339
	107	85	2,566	6,339

Payable by association to subsidiaries:	Management charges		Other charges	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
RBH Professional	-	-	-	-
RBH (Design & Build)	-	-	2,752	6,503
	-	-	2,752	6,503

At its Board meeting in September 2015 the RBH Professional Ltd Board agreed that the company would cease trading during the 2015-16 financial year and become dormant. A transfer of the cash reserves amounting to £423,335 was transferred to RBH on the 12th November 2015.

Intra-group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management fee is calculated on a department basis, with varying methods of allocation. The costs are apportioned as follows:

Department	By Reference to
Finance	Employee Time
Human Resources	Employee Time
Information Technology	Employee Time
Governance	Fixed Sum
Legal	Fixed Sum

Other Intra Group Charges

Other intra-group charges which are payable to the association from subsidiaries relate to employee recharges and gift aid payments.

29 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which RBH Limited's interest at the year end is 20% or more are as follows:

Name	Country of incorporation or registration	Proportion of voting rights and ordinary share capital held	Nature of business
RBH Professional	England	100%	Management Services
RBH (Design & Build)	England	100%	Construction
<i>Joint ventures</i>			
Safeguard Solutions Limited	England	50%	Security systems

At its Board meeting in September 2015 the RBH Professional Ltd Board agreed that the company would cease trading during the 2015-16 financial year and become dormant. A transfer of the cash

reserves amounting to £423,335 was transferred to RBH on the 12th November 2015. The share capital within the company was subsequently reduced to £1 at the year end with the investment held in RBH Limited's financial statements similarly being reduced to £1. The company is now dormant and accounts will be filed in subsequent years to reflect its appropriate trading status.

Investment in RBH professional Limited

RBH Limited	2016	2015
	£'000	£'000
Cost		
At 1 st April 2015 and 31 st March 2016	-	450

RBH Limited had the following aggregate interests in joint ventures:	Safeguard Solutions Limited	
	2016	2015
	£'000	£'000
<i>Share of assets:</i>		
Share of fixed assets	23	4
Share of current assets	462	498
	485	502
<i>Share of liabilities:</i>		
Due within one year	371	419
Share of net assets	114	83

In the year to 31 March 2016 Safeguard Solutions Limited recorded Turnover of £3.4m (RBH share £1.7m; 2015: £1.5m), made a profit before tax of £576k (RBH share £288k; 2015: £250k), £460k after tax (RBH share £230k; 2015: £199k), paid dividends of £400k (2015: £310k) and had reserves of £227k (2015: £167k) of which 50% is accounted for in the consolidated accounts representing the group's share of results and net assets.

30 First time adoption of FRS 102

Group	Note	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Reserves as at 31 March 2015
		£000	£000	£000
As previously stated under former UK GAAP		17,517	1,489	19,006
Transitional adjustments:				
SHG to be classed as deferred income	A	111	51	163
Housing properties under depreciation	A	(111)	(51)	(163)
Change to measurement of net finance cost on defined benefit pension schemes	B	-	1,415	1,415
Change to actuarial valuation	B	-	(1,415)	(1,415)
As stated in accordance with FRS 102		17,517	1,489	19,006

Rochdale Boroughwide Housing
Report and Financial Statements
For the year ended 31 March 2016

RBH Limited	Note	Reserves as at 1 April 2014	Surplus for year ended 31 March 2015	Reserves as at 31 March 2015
		£000	£000	£000
As previously stated under former UK GAAP		17,905	1,533	19,438
Transitional adjustments:				
SHG to be classed as deferred income	A	111	51	163
Housing properties under depreciation	A	(111)	(51)	(163)
Change to measurement of net finance cost on defined benefit pension schemes	B	-	1,415	1,415
Change to actuarial valuation	B	-	(1,415)	(1,415)
As stated in accordance with FRS 102		17,905	1,533	19,438

- A. Social Housing Grant and other capital grant can no longer be offset against housing property within fixed assets and under section 24 of FRS 102. Therefore these have been reclassified to deferred capital grant liabilities which will be amortised on a systematic basis in line with the 'accruals 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 31 March 2015 balance sheet is the movement of £6,778k social housing grant (relating to assets where the deemed cost option has been applied) from fixed assets to creditors (split between short and long term creditors). In addition, depreciation charged on the Social Housing Grant is now amortised to turnover meaning that £163k was moved from depreciation to reserves. This amount was mirrored by the same charge to depreciation to reflect the housing properties without the grant. Movements to the long term creditor grants during 2014/15 are shown in note 20.

- B. FRS 102 requires the recognition in profit or loss 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 a reduction in actuarial losses which are presented within other comprehensive income.

