ANNUAL REPORT & FINANCIAL STATEMENTS

- 2016 -

CONTENTS

BOARD, EXECUTIVE DIRECTORS & ADVISORS

Charitable Registered Society	30939R
Homes and Communities Agency registration number	L4279
Registered Office	8 Waldegrave Road Teddington Middlesex TW11 8GT
Board	Suzanne Avery (joined 14 July 2015) Angelika Chaffey, Vice Chair David Done Malcolm Levi Peter Marsh John Newbury, Chair Ian Nunn (joined 7 July 2015) Toby D'Olier Juliet Oram (left 14 July 2015) Catriona Simons (left 14 July 2015) Cllr Stephen Speak Nigel Taylor (joined 14 July 2015) Ursula Wyman (joined 14 July 2015)
Chief Executive & Secretary **Executive Directors**	David Done Philip Day (Executive Director of Finance) Amina Graham (Executive Director of Corporate Services) Sarah Thomas (Executive Director of Customer Service, left January 2016) Sharon Millard (Executive Director of Customer Service, joined February 2016)
Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
Legal Status	The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Community Agency (HCA) as a housing provider.

CHAIR'S REPORT

Over the last 12 months, and in common with all housing providers, the RHP Group has experienced a number of changes to its operating environment that have required a considered response by the Board. The Chancellor's budget in July, the subsequent Queen's Speech and the emerging Housing and Planning Act have all served to change the landscape within which our customers live and organisations such as ours operate. The clear challenge to housing associations is that they should do more to contribute to the provision of additional housing supply whilst at the same time becoming more efficient.

During the year we concluded our Governance Review that saw the transition from a traditional constituency based model for Board membership to one based on required skills and experience.

This allowed for the addition to the Board, a number of well qualified members who have added value to our response to the challenges and opportunities that these changes present.

The Group's strong financial position, high levels of customer satisfaction, leading levels of employee engagement and good levels of core performance have also meant that it was well positioned to respond positively to the external changes. The Board was able to resolve quickly that its 5 year strategy focusing on delivering 500 affordable homes by 2018 and being "One of the Best Service Providers in the UK and an Excellent Employer" continued to be relevant and re-affirmed its commitment to these objectives.

Our work during the year has focused upon developing ways to deliver better service levels to our customers but at a lower cost, while at the same time ensuring that we are making the best use of our assets to house those who need them most. Over recent years we have invested in technology which supports self-service both from a customer but also an employee perspective. This has proved very successful as evidenced by the fact that the majority of repair appointments are now booked by our customers online. The Board therefore decided that it would re-define the service offer to its customers to reflect a world of rapidly changing customer expectations around ease of contact and speed of response. From April 2016 we introduced RHPi which is a home contract and service offer for new customers. Key features of this new home contract include; a home refurbished to a high standard, 5 year fixed term tenancy, access to great online services, an essentials repair service and cashback at the end of the tenancy if the customer meets the conditions of the tenancy agreement and moves on to another home.

This new approach will reduce our operating costs by at least 15% over the next 5 years which will enable us to invest more into the provision of new affordable housing across West and South West London. We plan to invest over £250m over the next 8 years in the provision of new affordable homes. We also plan to maximise the impact of this investment in areas of huge demand for homes by offering home types and tenures that meet a range of acute local needs. This will be important for supporting the local and regional economy in the years ahead.

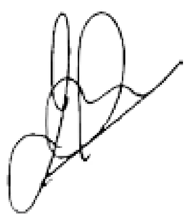
The speed with which we have been able to respond to the challenges and develop a new service offering has only been possible because of the strong foundations in place and the ideas and creativity and commitment demonstrated by our employees. Our core performance was strong for the year with customer satisfaction of over 82%, employee satisfaction of 97%, 58 new homes delivered and operating margins of 41% and an overall surplus of £11.9m achieved for the year.

We have welcomed 334 new customers, invested £17.1m into our existing homes to keep them in good condition and have supported 117 customers into work and training.

These strong levels of core performance have again been recognised externally. Our position in the UK Customer Satisfaction Index improved to No. 17, we achieved an Investors in People (IIP) Gold award and were recognised as IIP Gold Employer of the year, we retained our AA credit rating with Standard and Poors and recently were recently awarded the No 1 position in the Great Place to Work (Medium size) awards for 2015.

The continued positive feedback from our customers, employees, organisations from the wider business world and the financial markets demonstrates that we are committed to the right strategy and that there is something about the way in which RHP operates which differentiates it from others both within and outside of our sector.

I am confident that the RHP Group is very well positioned to meet the many challenges and grasp the opportunities that are ahead of us and on behalf of the Board would like to thank our employees and other stakeholders for their commitment, energy and great ideas as it is through their efforts that RHP has become such a successful organisation.



John Newbury
Group Chair

BOARD REPORT

OUR GROUP STRUCTURE

The RHP Group consists of 3 entities with RHP, the parent company, being a Registered Charitable Community Benefit Society and a provider of affordable housing. RHP has two subsidiaries; Co-op Homes (South) Ltd which is also a Registered Charitable Community Benefit Society and owns a small portfolio of homes and provides a comprehensive management service to Co-ops in London and the South East, and RHP Finance Plc which was established to raise funds from the capital markets for the Group.

WHERE WE OPERATE

RHP operates principally in the 3 London Boroughs of Richmond, Kingston and Hounslow in West and South West London, the map below illustrates the spread of our existing properties. Co-op Homes owns and manages properties across a wider area in London and the South-East. Going forward, as we introduce a predominantly digital service delivery model, we will explore development opportunities across a broader geographical area across West and South West London.

A SOCIAL BUSINESS

The RHP Group does not distribute its profits to shareholders, all surpluses from our core social housing activities are used to service debt, improve our reserves and provide capacity for us to build more new homes for current and future generations.

All profits that we make from commercial activities such as the letting of office space, shops and garages and surpluses from the sale of tranches of shared ownership properties are used to cross subsidise our development of new homes for rent which are let at sub-market levels.

WHAT WE DO

Our key activities focus upon West and South West London, providing housing for rent, principally for individuals and families who are unable to rent or buy on the open market, and providing supported housing for people who need additional housing related support. We have recently started building homes for intermediate home ownership as part of our ongoing development programme.

The Group owns or manages 9,838 properties, this includes 1,928 properties where a long lease has been sold and 35 shared ownership properties. The remainder of our properties are used to provide social housing.

The Group defines itself through its vision to deliver outstanding customer service, and we have continually improved and developed our strategies to achieve this since RHP was founded in 2000 following a stock transfer from the London Borough of Richmond upon Thames (LBRuT) and further following Co-op Homes joining the Group in 2005.

To support our ambitions to be an excellent organisation, RHP has a Board and leadership team that capitalises on a wealth of experience from both within and outside the housing sector, and drives a strong internal focus on governance and leadership. This is serving us well in delivering continued financial strength, exceptional customer service, and a strong reputation as a great employer. RHP's purpose is to provide decent quality affordable homes to people unable to rent or buy in the local private housing market; to deliver excellent housing services to our customers, and to support the development of strong, successful communities.

To support this, RHP has a compelling vision with simple goals that employees, customers and other stakeholders can relate to and feel ownership of:

"To be one of the best service providers in the country and an excellent employer."

Through the pursuit and delivery of these goals we aim to provide a customer and employee experience that people recommend and to achieve business growth enabling us to provide more homes and a wider range of services to match the needs and aspirations of existing and future customers. We measure our success by how our customers feel about our services and their homes and, in our ambition to be one of the best service providers in the UK, we compare ourselves to the best in the country, not just in the housing sector.

In 2013, the Board updated its five year strategy, building on our existing strategy and direction, which can be summarised by our four goals:

- To be one of the best service providers in the country.
- To be an excellent employer.
- To provide more good quality affordable homes meeting a variety of identified needs that cannot be met in the local private market.
- To manage our assets effectively.

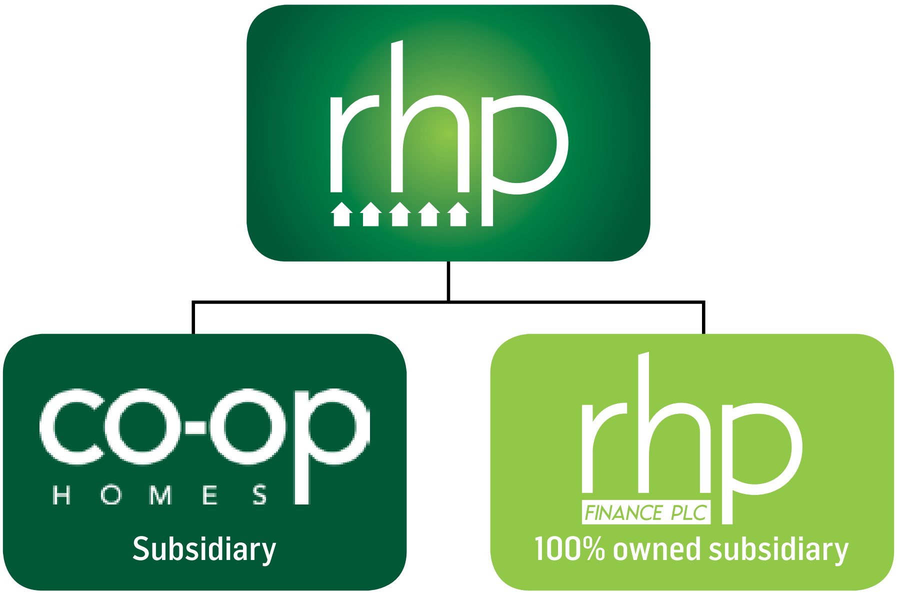
WHY WE DO IT

We operate in an area where there is a growing demand for our products and services. Demand outstrips supply across our operating area for all forms of housing to meet the needs of people from income groups ranging from £0 to £70,000. With population growth in Kingston, Richmond and Hounslow over the next 10 years expected to be amongst the largest in London we anticipate that demand for appropriate housing for households across this income range will grow further.

We therefore wish to use our financial strength to provide additional new affordable homes but also to provide exceptional levels of customer service which compare favourably with the best anywhere in the UK.

Over the last 5 years our focus on improving customer service and employee engagement has seen our core performance improve with top quartile levels now the norm. Levels of customer satisfaction remain consistently high and levels of employee engagement sustained at very high levels. We believe that this focus makes great business sense and we have seen our financial performance and resilience as an organisation improve over the same time period.

This focus has never been more important than over the last 12 months when the housing sector has experienced a period of change and challenge as the external policy environment has introduced a significantly increased level of uncertainty.



OUR OPERATING ENVIRONMENT

During the year a number of significant events have taken place which will impact upon the RHP Group, its customers, and potentially many of our stakeholders over the next 5 years.

In May, a Conservative Government was elected and the provisions of a Housing and Planning Bill were announced in the Queen's Speech. In the summer budget in July further changes were announced which would limit our ability to increase our rents and further impact upon the level of welfare spending. Later in the year, the Office for National Statistics (ONS) announced the results of a review of the status of housing associations concluding that given the level of support and links to central government that they should be re-classified as public sector bodies with housing association debt being shown on the Government balance sheet. Since this classification a number of de-regulatory measures were introduced into the draft Housing and Planning Bill aimed at ensuring that housing associations could be quickly classified as private bodies again.

- No. 17 position on UKCSI

- 41% operating margin

- No.1 in Dolphin Index for Innovation

- 97% employee satisfaction

The contents of the Housing and Planning Act have continued to change in recent months with it receiving Royal assent in May 2016. It contains a number of important provisions which impact upon the RHP Group:

- A 1% rent reduction is to be applied in each of the next 4 years, beginning in 2016/17, which reduces our anticipated income levels by £14.5m over the 4 year period.
- A voluntary Right to Buy arrangement will be extended to all housing association tenants.
- Welfare benefit caps will be reduced, payments to younger people will be restricted and mechanisms introduced to limit future increases in benefits.
- A renewed focus upon the development of new homes, with particular emphasis upon encouraging greater levels of home ownership.
- A number of de-regulatory measures aimed at providing housing associations with greater freedoms which include the removal of a regulatory consent regime for the disposal of social housing properties.

The Group's strategy over recent years has ensured that we are well placed to be able to respond to the challenges of rent reductions and the desire for many more new homes to be delivered. The RHP Group Board was clear that we would respond positively to this changing operating environment and agreed that we should retain our financial strength by reducing costs and maintaining our commitment to build 500 homes by 2018.

We have taken further steps as the year has progressed agreeing that a pilot of a new service offer, RHPi, to our new tenants be introduced from April 2016. This offer focuses on delivery of a better, more responsive, service to our customers at a lower cost to RHP. New tenants are provided with a great quality home for five years, supported by an essentials repair service, an extremely responsive online service delivery model, and an ability to earn £1,000 at the end of the 5 years if they are able to move on to another form of home and have met all of the conditions of their tenancy agreement.

The commitment to build new homes has also been revisited as the year has progressed with the Board agreeing to invest £250m over the next 8 years to deliver new affordable housing across West and South West London. This should support delivery of over 1,000 new homes.

In May 2016 Sadiq Khan was elected as the new London Mayor with housing being a priority issue in the election campaign. The new Mayor is likely to put renewed focus upon delivery of affordable housing for rent and on low cost home ownership products and we look forward to working with the new Mayor, the Greater London Authority (GLA) and our other partners to play a full part in the delivery of the new truly affordable homes that London needs.

The outcome of the EU referendum in June 2016 will inevitably lead to a period of economic uncertainty. Our strong liquidity levels and strong secure income stream positions the Group well to face the challenge ahead.

RISKS & UNCERTAINTY

RHP's Board, Executive Group and Management Team remain vigilant in assessing and mitigating our corporate risks, with a strong framework of management and control in place. This has been particularly important over the last year given the nature of the changes to our external operating environment and the challenges that this brings. The Group Audit Committee has a strong framework in place to monitor our corporate risks, ensuring that the Board obtains robust assurance that our risks are being managed and mitigated effectively, and that an appropriate framework is in place for doing so.

The Board has reviewed the key strategic risks which face the Group during the year and has grouped them under 9 key headings:

- Risk relating to the external political and policy environment.
- Asset related risks.
- Income related risks.
- Cost related risks.
- Reputational risks.
- Finance and funding risks.
- Health and safety related risks.
- Risks to our corporate culture and employee engagement levels.
- Data protection and information security risks.

In addition to the above, there are a number of inherent strategic risks within the Group that will always be prominent on our risk map, such as major fraud and the risk of ineffective governance.

The table on the next page outlines these risks in more detail and comments upon the major risk mitigation arrangements currently in place:

Risk Area	Comments and risk mitigation
External political and policy environment including the Housing and Planning Bill and the election of a new London Mayor	The Board receives briefings on the external policy environment at each of its meetings with the Development Committee considering how emerging policies might impact upon plans to deliver new homes. The impact of the various policy changes which include the 1% rent reductions, the extension of Right to Buy to all tenants, Pay to Stay and further changes to the welfare system have been considered as the Housing and Planning Bill has emerged. Immediate plans were made to reduce costs over the next 4 years to mitigate the impact of rent reductions. Now that the Housing and Planning Bill has received Royal Assent, the Board will consider the major areas of change during 2016/17, their likely impact upon the Group and take decisions accordingly. The recently appointed new London Mayor has housing at the top of his agenda, with more affordable housing a key priority, the Group will seek to engage with Local Authority partners to play a full part in delivery over the next 5 years.
Asset related risks including those related to the extended Right to Buy for Housing Associations	The Housing and Planning Act extends the Right to Buy to all housing association tenants which could lead to a greater level of property sales than has previously been the case. The location of the Group's properties in high value areas of London and the South East reduces the likely affordability of this scheme to our tenants and means that the increase in sales is expected to be relatively low. Uptake in the pilot schemes, which have been running since January 2016, has also been lower than expected which illustrates the affordability and funding constraints for individuals. As the detailed conditions of the scheme are introduced, the Board will consider the likely impact and will run further sensitivity analysis on its business plan. We have developed an "Assets and liabilities data room" and an Asset Appraisal Model which supports the effective management of our property assets. These link through to our asset management database which drives our 5 year investment programmes. These tools will be useful when determining how the Group might seek to derive benefit from the de-regulatory measures contained within the Housing and Planning Act to enhance our ability to provide new affordable homes. Any changes will be considered having given full consideration to the proposals and having sought appropriate legal and professional advice.
Income related risks including those associated with the 4 year rent reductions and the universal credit system.	The 1% per year rent reductions over the next 4 years, which were announced by the Chancellor in July 2015, will lead to RHP receiving £14.5 million less income than it had been expecting. This, coupled with the greater cashflow uncertainty resulting from payment of Universal Credit directly to tenants,means that a focus on cost reduction and liquidity management is of great importance to the Group. The Board has agreed cost reduction targets which will mitigate the reduction in income. These target a minimum 15% reduction in operating costs per property over the next 4 years and a reduction in planned capital expenditure of over £9 million over the same period. A robust process of cashflow forecasting is in place which covers the short, medium and long term in order that liquidity requirements can be actively managed. Our treasury management policy requires cash or available loan facilities to be in place 2 years in advance of anticipated need with cashflow forecasts being reported monthly to the Executive Group and quarterly to the Board. Over 30% of our tenants pay their rent by direct debit and we plan to increase this to 60% by the end of 2016/17 in order to increase the predictability of income flows into our business. We are also seeking to contact those tenants who are currently in receipt of full housing benefit in order to ensure that they are in a position to pay by direct debit at the point that they begin to receive Universal Credit directly.
Cost related risks including pension costs, differential inflation rates between costs and income and escalating development costs.	In light of the 1% rent reductions over the next 4 years, there is a real risk that our operating costs rise faster than our income, thus reducing our operating margins and our subsequent capacity to develop new homes. The Board has set a target to reduce operating costs per property by 15% over the next 4 years through the introduction of a new service model called RHPi, more effective procurement activities and a refocus on core housing activities. A risk exists that these targets are not achieved and so progress will be reported regularly to the Board through key performance indicators and management accounts. The Group elected to close the LGPS defined benefit pension scheme to future accrual with effect from 1 April 2016 using its office building as security in order to most effectively manage the scheme deficit in future years and the Group's liability in this regard. A CARE (career average related earnings) scheme within SHPS (Social Housing Pension Scheme) is still open to existing and new employees with employer contribution levels capped at 9.5%. The scheme is currently in deficit and the Board has agreed to review its Pension Strategy every 3 years, or sooner, as required. Costs of construction of new homes have continued to increase over the last 12 months and we have taken steps to mitigate this increase through the use of collaborative procurement framework agreements and will continue to explore the use of off-site manufacture of homes and a micro-home product as potential solutions to this problem during the coming year.

Reputational risk including those associated with the pilot of a new operating model, failure of a development scheme, or poorly managed stock investment programmes.	A significant health and safety failure, failure of a development scheme or adverse publicity regarding our new service offer could cause reputational damage to the RHP Group. As reported below, Health and Safety activities are managed very closely with assurance provided to the Executive Group and Board through a range of measures. Our development programme is managed by a skilled in-house team with the support of technical advisors as required. Procurement of contractors and consultants is robust and our internal audit programme covers an aspect of our development function each year. Progress with our development programme is reported to our Executive Group monthly and our Development Committee and Board on a quarterly basis. We have put in place a robust project management process to be used for the management of stock investment programmes; this includes appropriate customer engagement considerations. We anticipate that 300 new customers will receive our new service offer, RHPi, during 2016/17 and we will be collecting a range of performance metrics on a weekly basis in order to monitor performance. Performance will be shared with the Board and our stakeholders as the pilot proceeds in order that any changes required are made quickly.
Finance and funding risks including those associated with breaches of funder covenants.	Failure to comply with banking covenants for existing debt and an inability to be able to secure new funding well in advance of need are key risks for the Group. Our restructured debt portfolio and high cash balances ensure that we have sufficient liquidity at low rates of interest to deliver our development ambitions through to 2019. A funding strategy for beyond 2019 will be developed during 2016/17 as part of the Group's agreed Treasury Strategy. Our strong underlying credit rating and broader investor base now provide greater diversification of funding options for the organisation going forward. Compliance with funder covenants are closely monitored and are reported within the monthly management accounts. The outcome of the EU referendum is credit negative for the UK and the housing association sector. The Board will receive economic analysis following the outcome of the referendum and will take this into account as it develops its future funding strategy during 2016/17
Health and safety related risks.	We ensure the safety of our customers and our employees through a rigorous process of health and safety management and training. We have a dedicated health and safety team in place which provides guidance and support to the Group. An employee Health and Safety Committee meets quarterly with the Management Team and Executive Group receiving a quarterly report, the Risk Committee receiving a report at each of its meetings and the Board receiving an annual report. A comprehensive rolling cycle of statutory servicing takes place using appropriately accredited contractors with performance tracked through our performance reporting framework on a monthly basis. Our procurement processes ensure that all contractors demonstrate competence in Health and Safety practices before appointment. Our internal audit programme covers key areas each year where we have a duty of care to our customers including fire and gas safety, water testing, asbestos recording and handling, safety on construction sites and electrical safety.
Risks to our corporate culture and employee engagement levels.	We regularly test levels of employee engagement through an annual employee engagement survey and more frequent pulse checks. The results of these are then used to inform our activities aimed at protecting and enhancing our corporate culture and employee engagement levels. Our learning and development activities and approach to recruitment aim to develop talent internally with opportunities created to enable professional and personal development. The clear "golden thread" from our strategic goals, annual priorities and individual objectives ensures that all employees have a clear connection with what the organisation is trying to achieve. Our individual and corporate bonus arrangement is clearly linked to achievement of both individual and corporate objectives.
Data protection and IT security risks.	Regular third party penetration testing of our networks is performed and reported to the Group Audit Committee. A framework of service level agreements is in place with key suppliers and system providers to ensure there is an appropriate response in the event of failure of any part of our network. A robust business continuity plan is in place which is regularly tested. Regular training on data protection is provided to employees and managers with specific focus on those areas where personal customer and employee data is held.

HOW DID WE DO LAST YEAR?

The year to 31 March 2016 was the third of our 5 year Strategy and saw us continue to make excellent progress towards achieving the ambitious targets which were set in 2013. Set out below is a summary of performance in each of the 4 key strategy areas for the year.

a) To be one of the best service providers in the country

Customer Satisfaction	2016	2015	Direction
UKCSI Score	75.6	73.7	↑
Customers who think RHP is easy to do business with	74.4%	76.5%	↓
Tenant satisfaction	82.8%	82.3%	↑
Homeowner satisfaction	64%	67.3%	↓
% of very satisfied tenants	45.6%	47.2%	↓
% of very satisfied homeowners	20.7%	19.3%	↑
Current tenant rent arrears	£79.0k increase	£12.2k reduction	↓
Empty home re-let time	14 days	15 days	↑
% Repairs done within target time	99.2%	99.3%	↓
% Repairs appointments booked online	78%	50%	↑
Outstanding gas safety inspections	0	1	↑

During the year our core performance remained strong with targets met or exceeded in all areas except rent arrears and the proportion of our tenants telling us that they are very satified with our service.

Headline satisfaction levels remained strong during the year with our UKCSI score increasing and our position improving to 17 with us being ranked first for the friendliness of our people. We are putting increasing emphasis on ensuring that RHP is easy to do business with. A key area of focus over the coming year will be on making changes to our service delivery mechanisms which make it even easier and faster for our customers to transact with us “anytime, anywhere and on any device”.

Significantly increasing the proportion of our tenants and leaseholders who are very satisfied with RHP continues to represent a challenge with the level for tenants falling slightly and the level for homeowners showing slight year-on-year improvement.

A key focus during the year was on getting a greater proportion of repairs booked online using our web and mobile sites and this proved successful as over 78% of all repair appointments were booked online by the end of the year, an increase from 50% at the start of the year.

The launch of our new web and mobile site in March 2016 will facilitate continued improvments during the forthcoming year. The new site is focused upon service delivery rather than a corporate information platform as it is our belief that people will increasingly want to engage with RHP at a time and in a way which is convenient to them.

b) To be an excellent employer

Customer Satisfaction	2016	2015	Direction
Employee satisfaction	97%	97%	↔
% of very satisfied employees	71%	75%	↓
Average days lost due to sickness	1.03%	1.2%	↑
Voluntary staff turnover	9.9%	7.4%	↑
Number of customers into work and training	117	114	↑

We have consolidated our position as an excellent employer during 2015/16 with 97% of our employees telling us that they were satisfied with RHP as an employer and 71% saying that they were very satisfied. Despite the slight fall in the proportion of our employees who are very satisfied, these are leading levels of employee engagement across any business in the UK and really contribute to us being able to deliver excellent levels of performance and customer service.

It was pleasing to be recognised as IIP Gold Employer of the year in July 2015, the best medium sized workplace in the UK in the Great Place to Work Awards in April 2016 and to achieve the No 1 position on the Dolphin Innovation Index for housing associations, published in Inside Housing.

This positive culture within the organisation has contributed strongly to the effective response to the changes within our operating environment through the design and implementation of RHPi.

In our 5 year Strategy we recognised the impact that helping our customers into work and training would have both for them individually and us as a business as it protects and enhances the ability of our customers to pay their rent. It is therefore very pleasing that we have helped another 117 customers in this regard during the year.

c) To build more good quality affordable homes

Customer Satisfaction	2016	2015	Direction
New homes completed during the year	58	97	N/A
No. of homes completed or in contract towards our 500 home target	273	173	↑

Our profile as a developing housing provider has continued to grow over the last 12 months with 58 new homes completed and the construction of a further 90 starting on site.

Whilst the absolute number of homes completed fell year-on-year this is a function of the stage of the schemes within the development cycle and the number exceeded our target for the year.

We have successfully secured funding from the GLA to support the redevelopment of homes and improvement of green space in Butts Farm in Hounslow. This scheme will replace 49 properties which are not suitable for letting with 99 new homes for affordable rent and shared ownership. This scheme is scheduled to begin in the summer of 2016.

We have continued to secure opportunities across our 3 core boroughs of Richmond, Kingston and Hounslow including a number of properties acquired through S106 arrangements which will create a pipeline of new affordable homes through to 2018 and beyond.

We continue to explore opportunities on land that we already own, with 27 of 58 new homes completed during the year and we have plans in place to deliver at least 31 more.

We also continue to work with the London Borough of Richmond upon Thames (LBRuT) to explore the possibility of a regeneration scheme using RHP and Council owned land in Ham. This would replace the existing homes which were built in the 1960's making best use of the land to provide high quality replacement housing and much needed additional affordable housing in the borough.

d) To manage our assets effectively

Customer Satisfaction	2016	2015	Direction
% Homes meeting Decent Home Standard	100%	100%	↔
Amount invested during the year on our existing homes	£16.6m	£16.2m	↑
No. of homes where cyclical decorations were completed	1,083	1,234	↑
Number of extensions and conversions completed	12	6	↑

We recognise that keeping our property assets well maintained will not only help to preserve their value and extend their life but also contribute to customer satisfaction levels. During the year we have invested £16.6m keeping our homes in a good state of repair, replacing components and making improvements to the external fabric of the properties.

Our properties have a value of nearly £600m in their existing use of nearly £600m and these properties are used to secure debt which we used initially to acquire and invest in our existing homes and over the last 5 years has been focused on the development of new affordable homes.

We have rolling programmes of stock investment and cyclical decoration in place which are regularly communicated to customers. These programmes have helped to ensure that all of our homes continue to meet and exceed the Decent Homes Standard.

During the year we have secured £508k of external grant funding from the GLA and LBRuT which has allowed us to undertake extension works to 14 of our properties to alleviate overcrowding and at the year-end, 11 of these extensions had been completed.

- **£21.7m operating surplus**
- **£12.7m total comprehensive income**

BOARD REPORT | FINANCIAL REVIEW

The Board is pleased to report very strong financial performance for the Group in the year to 31 March 2016.

The year to 31 March 2016 sees the introduction of the requirement for the Group to report its financial results under the new UK Accounting framework as prescribed by FRS102.

The results for the prior year to 31 March 2015 have been restated accordingly and the financial statements therefore include additional disclosures which aim to explain the changes.

STATEMENT OF COMPREHENSIVE INCOME

A surplus of £11.9m has been achieved which represents a 22% overall margin. RHP's subsidiary, Co-op Homes (South) Limited contributed £0.8m to this overall surplus.

Underlying operating performance was strong with the operating surplus improving year-on-year by £1.6m to £21.7m and the operating margin of 41% (2015: 38%) represents the Group's best result over the past 5 years.

Our EBITDA-MRI margin, which measures our profitability after taking into account major repairs expenditure, is an important financial measure and we achieved 37% of turnover demonstrating that the core business is performing strongly and can comfortably cover the level of investment required to keep our homes in good condition and invest in the development of new homes.

Group turnover from social housing lettings rose by £1.5m to £48.8m, largely due to increased rents and service charges reflecting growth in property numbers as newly developed properties are let and inflation linked rent increases in line with the rent standard set out by the HCA, the social housing regulator.

The operating surplus we have generated from these activities has increased by £2.6m to £21.4m with operating costs associated with social housing lettings reducing by £1.1m year-on-year.

At Group level, our operating costs fell by £0.3m reflecting a reduction in the cost of maintenance works to our properties. Management and service related costs were held as part of our focus on cost control.

At Group and company level, the operating cost per unit (excluding depreciation) of £3,372 and £3,702 respectively for the year compares favourably with averages for housing providers, although one of our key priorities over the coming 3 years is to see year-on-year improvement through a reduction in core operating costs and an increase in the number of homes under management.

The level of interest payable by the Group increased by £2.4m reflecting the £140m bond issue which took place in February 2015 which increased net debt levels of the Group by £80m.

A reduction in the fair value of £0.7m (2015:£2.7m) associated with the £25m cancellable element of our Dexia loan facility has been recognised in both the prior year and current year financial results as required by FRS102. This movement reflects the fact that prevailing interest rates are significantly lower than the fixed rate agreed on these loans.

The movement in the fair value of investment properties, which represents the proportion of our head office building which is commercially let as office accommodation to other organisations and our small portfolio of shops, will now be reflected within our Statement of Comprehensive Income on an annual basis. The movement represents the uplift in value from historic cost at the point FRS102 was applied, and the value has not changed significantly over the last year.

We have accounted for our Dexia loan (not including the cancellables) as basic financial instruments. This is on the basis that we consider any fixed rate debt with two-way early redemption indemnity clauses to be held for the long term as per treasury strategy and be non-speculative.

STATEMENT OF FINANCIAL POSITION

Our statement of financial position is strong which reflects sound long term investment decisions, the considered approach to growth in recent years, the focus on delivering excellent levels of core performance and the operation of a robust risk management framework.

The Group now owns and manages 7,910 homes with the value of the Group's housing properties at historic cost increasing by £15m over the last year to £268m. £10.8m was spent on the development of new affordable housing with £9.6m invested in capital works to our existing properties. The estimated Existing Use Value for Social Housing (EUV-SH) of these homes is now nearly £0.6bn.

Our track record of strong financial and operational performance and our positive response to the external operating environment has been reflected in our strong underlying credit rating with Standard and Poor's and a top V1 viability rating with our regulator the HCA. These ratings continue to provide endorsement of our approach to business and a great platform for us to plan ahead to deliver a greater programme of new homes over the coming years.

At the end of the year, the Group had cash balances of £69.8m of which £60.5m is deposited with various counterparties with deposits of no more than 95 days' notice.

The Group had outstanding debt of £234m, a reduction of £14m over the year as some of our Dexia facility was repaid as planned using proceeds from our bond issue. We have two fully secured undrawn revolving credit facilities totalling £40m which together with our available cash balances provide good liquidity levels with which to support our development aspirations through to 2018.

We have reviewed the value of our properties and fixed assets, and considered any changes in the economic environment, their projected income or any other influences which might affect their carrying value, and have processed any impairment charges through our income statement.

GROUP FINANCIAL RESULTS – 5 YEAR SUMMARY

The tables on the next page provide a 5 year summary of results for the RHP Group with the results for 2012-2014 being in accordance with old UK GAAP and those for 2015 and 2016 being in accordance with FRS102. Note 39 of the financial statements explain the adjustments made in converting to FRS102.

- 78% of repairs appointments booked online

- 14 days to re-let an empty home

GROUP FINANCIAL RESULTS – 5 YEAR SUMMARY

Statement of comprehensive income (£'000)	2016 FRS102	2015 Restated FRS102	2014 Old UK GAAP	2013 Old UK GAAP	2012 Old UK GAAP
Turnover	53,496	52,806	47,967	45,201	41,700
Operating costs and cost of sales	(31,816)	(32,748)	(31,430)	(28,478)	(26,524)
Operating surplus	**21,680**	**20,058**	**16,536**	**16,723**	**15,176**
Net interest charge	(9,175)	(7,196)	(6,020)	(6,272)	(6,288)
Gain on sale of PPE/Surplus on disposal of assets	101	220	179	189	26
Movements in fair value	(668)	161	-	-	-
Actuarial gain/ loss on pensions	731	(850)	-	-	-
Total comprehensive income	**12,669**	**12,393**	**10,586**	**10,528**	**8,916**

Statement of financial position (£'000)	2016 FRS102	2015 Restated FRS102	2014 Old UK GAAP	2013 Old UK GAAP	2012 Old UK GAAP
Housing Properties at cost less depreciation	267,710	252,392	227, 077	195,596	184,095
Social housing and other grants	-	-	(26,783)	(23,297)	(21,494)
Investment properties, other tangible and intangible fixed assets	15,190	15,200	13,750	13,695	13,782
Net current assets	46,950	61,527	7,586	9,017	8,093
Total assets less current liabilities	**329,850**	**329,199**	**221,630**	**195,011**	**184,476**
Debt due after 1 year	251,391	262,773	164,228	148,246	148,230
Provision for liabilities	3,147	2,772	-	-	-
Net pension liability	3,850	4,781	3,359	3,818	3,019
Net assets	**71,462**	**58,793**	**54,043**	**42,947**	**33,227**
Income & expenditure reserve	71,062	58,393	54,043	42,947	33,227
Revaluation reserve	400	400	-	-	-
Total net assets	**71,462**	**58,793**	**54,043**	**42,947**	**33,227**

Key Financial Ratios

For the year ended 31 March 2016	2016 FRS102	2015 Restated FRS102	2014 Old UK GAAP	2013 Old UK GAAP	2012 Old UK GAAP
Operating Margin	41%	38%	34%	37%	36%
EBITDA-MRI Margin	37%	43%	29%	31%	30%
Surplus as % of Turnover	22%	25%	22%	23%	21%
Interest Cover – excluding sales and disposals	229%	276%	346%	331%	306%
Net gearing	59%	64%	58%	60%	65%
Debt as a multiple of turnover	4.3	4.6	3.5	3.4	3.6

Housing properties owned at year end:

Total social housing stock owned at year end (number of dwellings) including 35 shared ownership properties (2015: 35)	7,130	7,087	7,013	6,979	6,963
Leaseholder properties serviced	1,928	1,921	1,913	1,918	1,919

TREASURY MANAGEMENT

Our Treasury Management activities at RHP focus upon ensuring that the Group has sufficient available liquidity to fund its operations for a minimum of 2 years, ensuring continued compliance with all loan covenants, managing the risk of adverse movements in interest rates and ensuring that any cash held is invested safely so that the capital is preserved. Treasury management and policies are governed by the Group Finance Committee (GFC).

During the year ended 31 March 2016, the Group's total borrowing reduced from £248m to £235m, with cash balances also decreasing from £81m to £69.8m (£60.5m of the £69.8m cash is held in various short term deposit accounts with notices of 95 days or less).

During the year, £14m of our Dexia facility was repaid using cash reserves in line with the loan repayment obligations with a further £16m due for repayment during 2016/17.

We have also taken the opportunity to reduce the size of our revolving credit facilities (RCFs) to a total of £40m reducing the margins and commitment fees on both loans and extending the availability period on our Lloyds facility.

The Group issued a £175m 33 year bond at a coupon of 3.25% through its wholly owned subsidiary RHP Finance Plc in February 2015 with £140m of bonds sold immediately at a discount of 99%, £35m continues to be retained for future issue.

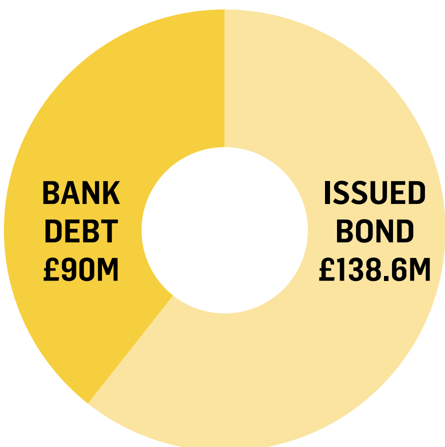
Lender	Amount Drawn	Fair Value	Total Facility	Facility Expiry
Listed bond (RHP Finance Plc)	£138.6m	£127.6m	£175m	2048
Dexia	£90m	£95.9m	£90m	2029
Lloyds	-		£20m	2018
RBS	-		£20m	2018
Total	£228.6m	£223.5m	£305m	

A summary of RHP's loan portfolio is provided in the table above this shows the net proceeds received.

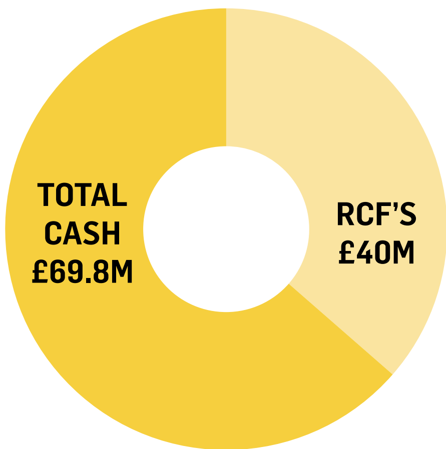
With a strong credit rating, long term funding from the capital markets and available shorter term credit facilities, RHP has a strong platform from which to deliver its service and development aspirations and to continue planning beyond 2018.

DEBT STRUCTURE AND AVAILABLE LIQUIDITY

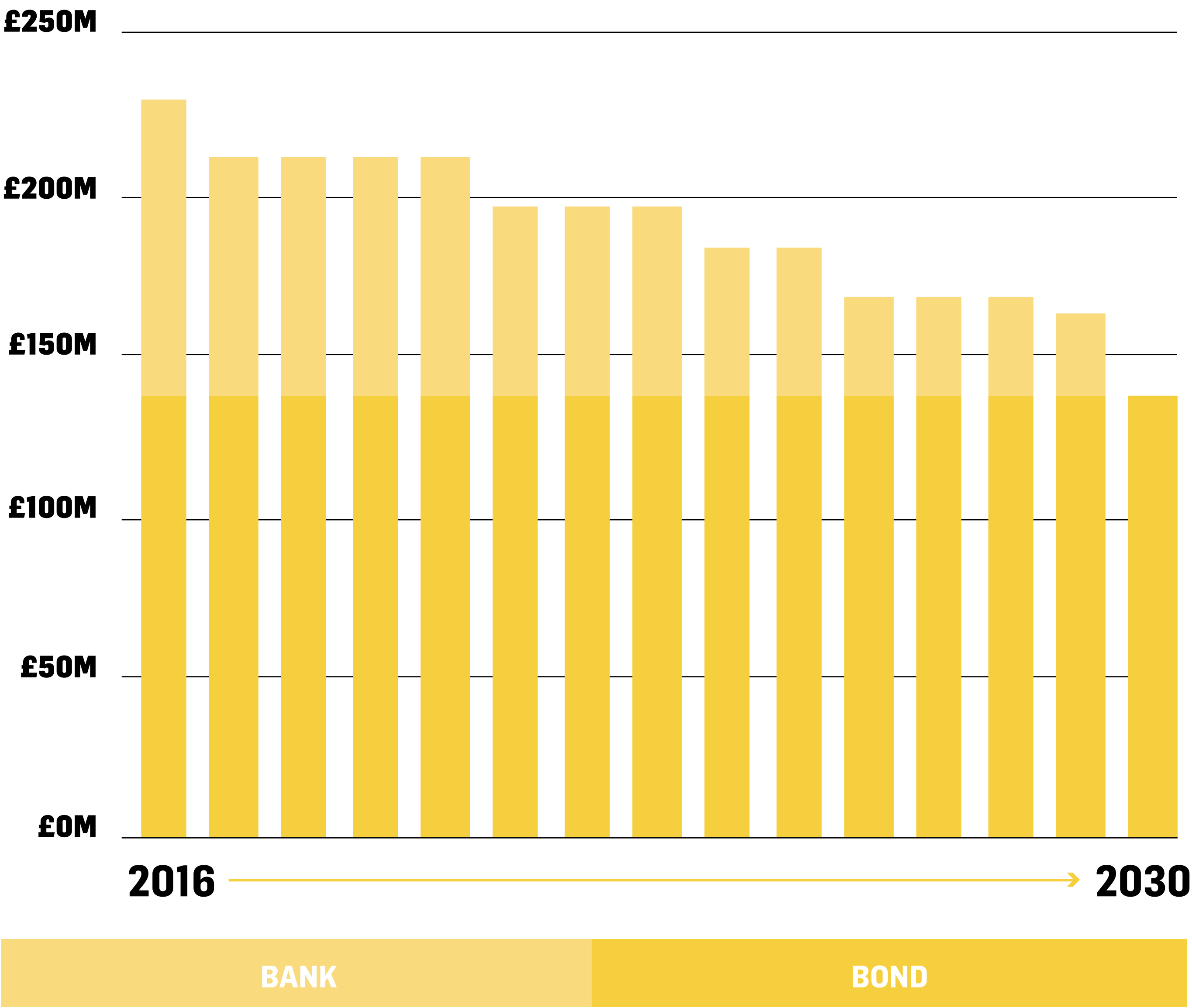
DRAWN DEBT STRUCTURE



AVAILABLE LIQUIDITY



DEBT REPAYMENT PROFILE



The weighted average duration of drawn debt across the Group is 21 years with the weighted average cost of drawn debt, inclusive of margins, being 4.08%.

The Group now has limited refinancing risk over the next 5 years with £31m of drawn bank debt requiring repayment which will be funded through cash balances raised from the 2015 bond issue.

The availability period of our existing revolving credit facilities expires during 2018 and our 2016/17 treasury strategy will focus upon developing a funding strategy for 2018 and beyond.

Cash management

Detailed 3 year rolling cashflow forecasts are prepared and reviewed each month, these are reviewed quarterly by our Group Finance Committee and the Board.

Longer term forecasts are also prepared which are based upon our current Business Plan and these are reviewed by the Board at least twice per year.

Counterparty risk

At 31 March 2016, all cash investments are held with counterparties who meet the criteria set out in our Treasury Management Policy which requires that the Group seek to minimise the risk of financial loss or liquidity exposure resulting from the insolvency of any counterparty.

Counterparty risk from our development partners is actively monitored through checks with reputable agencies in addition to requiring various bonds and retentions depending on the contractor's profile.

Currency risk

The Group borrows and lends in Sterling and so is not exposed to currency risk.

Interest rate risk

The Group borrows from banks at both fixed and floating rates of interest with the levels agreed by the Board. At the year-end, 95% of the Group's borrowings including the 2048 £138.6m bond were at fixed rates (2015: 96%).

The Group has not entered into any standalone interest rate swaps and so does not have any mark to market exposure.

The fixed rates of interest for RHP range from 2.13% to 6.2%, while the fixed rates for Co-op Homes range from 9.4% to 10.5%.

The Dexia loan facility contains a total of £25m of cancellable fixed rate loans which are cancellable at the lender's option, £15m is fixed at an interest rate of 3.36% with a further £10m being fixed at a rate of 2.49%.

Under FRS102 these are classified as non-basic financial instruments and therefore need to be reflected at their fair value in the financial statements with year-on-year movements being reflected through the Statement of Comprehensive income. The next option dates for Dexia are on 25 March 2019 for the £15m loan and 25 June 2016 for the £10m loan.

Intragroup loans

The net proceeds from the 2015 bond issue of £138.6m, issued on the London Stock Exchange (LSE) were on-lent by RHP Finance Plc to RHP under a loan agreement at a coupon of 3.25%. The bond has a par value of £140m and was issued with a discount at 99%

In addition, there is an inter-company loan between RHP and its subsidiary Co-op Homes. The interest rate on the loan is based on Libor plus a margin which was agreed at the time of the loan and has a balance of £3.4m at 31 March 2016. Co-op Homes repaid £470k during the year, which was earlier than their business plan projections. The loan has a repayment date of 2031 but is due to be repaid by 2022 according to current projections.

Loan covenant compliance

The Group's loan covenants are based primarily on interest cover, asset cover and gearing ratios, based on social housing asset values and the historic cost of our homes on the balance sheet. Covenants are monitored monthly and were comfortably met throughout the year and at the year-end for all loan facilities.

Reporting on treasury activities

The Board and Group Finance Committee monitor treasury management and investment policy through a quarterly reporting cycle, together with interim reporting where risks emerge in between meetings. The Treasury Policy and Strategy are reviewed annually but are reviewed more frequently when there are signs of a significant change in economic conditions.

CASH FLOWS

Cash inflows and outflows during the year are shown in the consolidated statement of cash flows (page 48). Cash flow from operating activities increased this year to £31m (2015: £27m) with net capital expenditure of £22m being funded by cash from operating activities. A repayment of £14m of our Dexia loan facility was made during the year in line with the agreed repayment schedule associated with this loan, this was funded through our available cash reserves.

PENSION COSTS

The Group participates in two pension schemes: the Social Housing Pension Scheme (SHPS) and the London Borough of Richmond Pension Fund (LBRPF) for employees who transferred from the Council under TUPE arrangements. The LBRPF is a final salary scheme or defined benefits scheme (DB) , while SHPS offers a final salary scheme to employees who joined before 31 March 2007, a Career Average Related Earnings (CARE) scheme to employees joining after 31 March 2007, and a defined contribution scheme (DC) which is used for the purposes of auto-enrolment. The Group has contributed to the schemes in accordance with levels set by the actuaries.

Employer contributions to the two SHPS schemes were between 2% and 9.5% for the DC element of the scheme (depending on employee contributions) and 9.5% for the DB element.

During the year, employer contributions to the LBRPF were 23.2%; however RHP closed LBRPF to new contributions from 31 March 2016.

During the year a decision was taken to close the LBRPF final salary scheme to future accrual with effect from 1 April 2016 with a future deficit management plan agreed with the fund which prevented a termination debt arising upon the last active member ceasing to contribute to the scheme.

RESERVES

The Board has reviewed the reserves of the Group, taking into consideration the nature of the income and expenditure streams, and has concluded that the level of reserves shown at 31 March 2016 is commensurate with the performance and investment profile of a charitable housing provider.

BOARD REPORT | VALUE FOR MONEY

RHP has a good track record of achieving value for money (VFM). Our financial performance levels continue to compare favourably with the majority of the social housing sector, we achieve consistently high levels of customer satisfaction, our core performance levels are good and we have a growing development programme.

We know that in order to achieve our objectives of providing leading levels of customer service and contributing more to the provision of new homes we must constantly look for new ways of delivering great services at a lower cost. Over the last year we have developed plans that we are confident will enable us to achieve this, in particular the launch of a new online service model to new customers from April 2016.

The recently issued unit cost analysis by the HCA indicates that our costs compare favourably with the rest of the housing sector, once the fact that we are based in London is taken into account. Our future plans aim to improve this performance even further.

Areas where we know we need to focus over the coming year(s) are reducing the unit cost of delivery of our new development programme, delivering our planned cost reductions in responsive maintenance and stock investment and realising the cost reductions anticipated through the launch of our new online service model.

We continue to improve the visibility and quality of the information we hold regarding our assets and their relative performance, we will be commencing a regeneration scheme during 2016/17 and continue to make use of land that we already own to deliver new homes.

During 2016/17 we plan to consider our approach to Pay to Stay and to the flexibilities provided to us through the Housing and Planning Act with a view to enhancing the level of income we get on certain of our assets which will support us to develop additional affordable homes in the future.

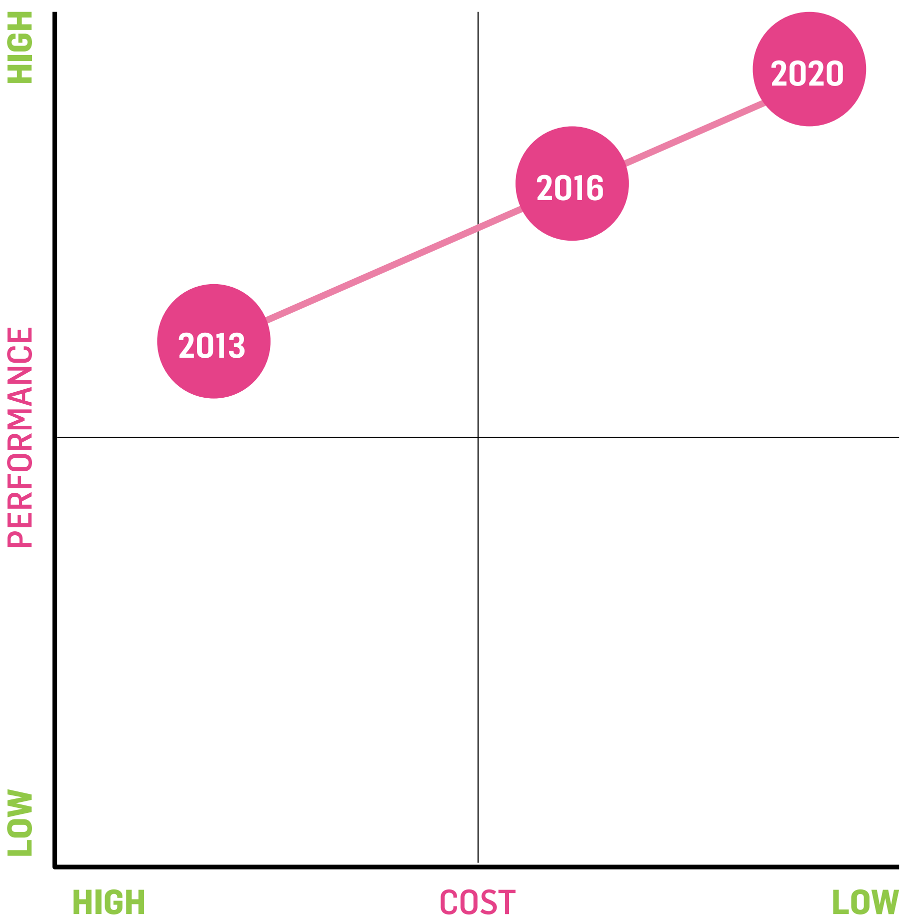
During 2015/16 our score, and absolute position improved in the UKCSI, non-food retail category, our customers think that RHP is easy to do business with, satisfaction with repairs and caretaking services remains high. We are confident that customers who engage with us predominantly online will be more satisfied with us than those who engage with us in the traditional way. We have developed our online service model for the majority of our new customers and we will be closely tracking relative levels of satisfaction and the ease of doing business with us during 2016/17.

We feel that there is significant social value in our focus on enabling our customers to be comfortable engaging with us online and plan to continue our focus on getting more of our customers engaging with us online during 2016/17.

We recognise that great levels of performance can only be delivered through an engaged workforce and have again achieved sector leading levels of employee engagement and external recognition in this regard during 2015/16.

We recognise that during a period of significant business change we will need to be mindful of the risk of adverse impacts upon the levels of positive engagement and will be taking steps to stay in touch with our workforce to understand any concerns or ideas they have, in this way we can respond accordingly.

The graphic below illustrates the Board agreed direction of travel for performance and cost, when compared to our benchmark peers:



Invested £17.1m into existing homes in 2015/16

Completed 58 new affordable homes

117 customers into work or training

Key to the Board's understanding of whether RHP is achieving VFM, is that it understands relative performance on costs, satisfaction levels, and core operational performance. This needs to be done over a period of time in order that the effectiveness of decisions that are being taken by the Board and Management can be evaluated and demonstrated. Our performance management strategy includes comparison of our headline brand performance with the best of the wider business community in the UK, particularly overall Customer Satisfaction and Employee Engagement levels.

The strategy also includes comparison with our peers on individual service performance and relative costs using Housemark. Our peer group consists of 22 housing providers in London and the South East with between 6,000 and 34,000 homes under management. In the current year we have also compared our performance on unit-costs with the wider housing sector using the HCA published unit cost analysis.

We have made a conscious choice to push the boundaries in delivering excellence, and we know this will not necessarily always be at the lowest cost, however we are confident that the initiatives we are focusing upon will succeed in ensuring we are "Better, Faster and Lower Cost".

The table over the page provides a summary of a number of headline measures which illustrate our current performance compared to our selected comparator groups. Benchmark performance levels for customer satisfaction and other core performance areas are for 2014/15 unless otherwise stated as these are the most recent for which there is robust benchmark data.

HOW DOES OUR CORE PERFORMANCE COMPARE?

Performance Area	Measure	Selected Peer Group	RHP Performance level for 15/16	Median level for 2014/15 Benchmark	External Accreditation/ Validation
Customer Satisfaction	UK Customer Service Index	UK non-food retail companies	75.6	65.8 (average for housing associations in 15/16)	Best service provider (not for profit) UK customer exerpiance awards.
	% Tenants very satisfied with the service provided by RHP	Housemark STAR report	45.6%	42%	Ranked number 1 for innovation in Inside Housing's innovation index.
	% Tenants satisfied with repairs and maintenance	Housemark peer group	83.7%	76.6%	
	% Tenants satisfied with our caretaking service	Housemark peer group	85.4%	79.7%	
Employee Engagement	% Employees satisfied with RHP as an employer	Housemark peer group (27 other housing providers)	97%	81.5%	IIP Gold Employer of the Year 2015 Best Workplace – Medium (Great Place to Work Awards) 2016
Asset Management	% Properties meeting the Decent Homes Standard	Housemark peer group	100%	100%	
	% Repairs completed within target	Housemark peer group	99%	No avalible benchmark data	
	Number of days to re-let an empty home	Housemark peer group	14 days	26 days	
	No. of properties with valid gas safety certificates	Housemark peer group	100%	100%	
Arrears Management	Arrears as % of rent debit	Housemark peer group	2.8%	2.02%	

The above summary table illustrates that we compare favourably with our comparator groups across all areas, with the exception of arrears.

Levels of customer satisfaction, core performance and employee engagement are above benchmark median levels in all cases and top quartile performance levels in many cases.

Whilst it is clear that our original strategy has been successful we know that there are areas where we need to work harder to generate the value that we aspire to achieve. Below are the areas where we are focusing additional effort in the year ahead:

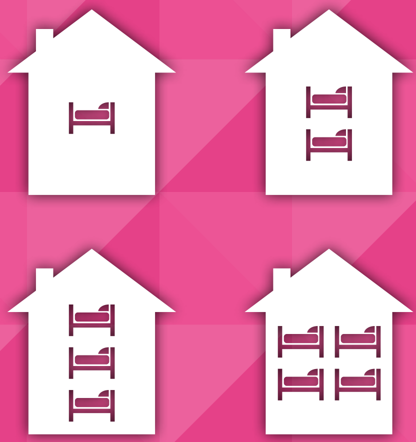
SATISFACTION

We found it challenging over the last year to improve the proportion of very satisfied customers despite our core service level performance continuing to improve in most areas and we saw a slight fall over the year from 47.2% to 45.6%. Satisfaction with our key service areas repairs and caretaking, however, continues to be very strong at well over 80% for both services which compares very favourably with our peers.

As an organisation which has a large number of homeowners, whilst it is pleasing that 64% of homeowners were satisfied with RHP, it was disappointing that this had fallen from 67.4% in the prior year. Until this year homeowner satisfaction has been progressively increasing from 57.1% at the end of 2009/10.

There are more organisations now realising that a focus on customer service can deliver real business benefit and are thus opting to participate in the UKCSI. Our goal to break into the top 10 of this index is therefore getting ever more challenging and, it is therefore gratifying that during the year we improved our UKCSI score from 73.7 to 75.6 and our relative position from number 21 to number 17.

In common with many of the best service providers in the UK we are increasingly focusing upon making it easier for our customers to do business with us and are now actively measuring this through our customer surveys. Over the last year we saw a small decline



Agreement to invest £250m in building new affordable homes over the next 8 years

from 76.5% to 74.7% in the proportion of our customers who felt that RHP is easy to do business with. We will therefore be focusing upon activities which will improve this score during 2016/17 and have set ourselves some challenging targets.

- Rolling out our new RHPi service to most of our new customers during the year, which is likely to amount to over 300, this includes use of an e-tenancy agreement, a full online service including rent payment, repair appointment booking, web chat, online employment advice and support, and our new e-communities module.
- Resolving 65% of customer queries within 4 hours.
- Increasing the proportion of our customers having an online account with RHP from 35% to 95%.
- Increasing the proportion of repair appointments being booked online from 78% to 90%.
- Increasing the proportion of tenants paying their rent by direct debit to 60% from the current level of 30%.

CORE PERFORMANCE

Our core services have again performed excellently compared to benchmarks with re-lets of general needs homes occurring in 14 days, 99% of repairs being completed within target and all properties having a valid gas safety certificate.

Areas where performance did not fully meet our expectations were as follows:

- Our level of current tenant rent arrears increased in real terms by £79k.
- The speed of securing sites upon which to develop new homes in Richmond, Kingston, and Hounslow has been slower than we had hoped.
- We continue to find letting some of our retirement housing stock challenging which results in longer re-let times than we achieve for our general needs housing.

We have again set clear performance targets for all areas of core performance which we believe strike the appropriate balance between being realistic and yet stretching for the organisation.

HOW DO OUR COSTS COMPARE

Each year the HCA publishes the Global Accounts of the whole housing association sector, this enables accurate comparison to be undertaken of financial performance and costs with averages for the whole sector. In early June 2016 this was supplemented by analysis received directly from the HCA which focused upon the unit costs of housing associations.

The table on the next page summarises the performance of RHP compared with the entire housing sector for the period to 31 March 2015 which is the most up-to-date information available. We have also provided the relevant metrics for our financial performance to 31 March 2016 in order that information is as up to date as possible.

	RHP PERFORMANCE 2016	RHP PERFORMANCE 2015	HCA GLOBAL ACCOUNTS 2015
Operating margin	41%	38%	28.3%
Net margin	21.6%	25.2%	18.5%
Effective interest rate	4.07%	4.12%	4.7%
Debt to turnover	4.3 times	4.6 times	3.9 times
EBITDA-MRI interest cover	229%	276%	156%
Social housing cost per unit	£3,988 per property £3,216 per property (after reducing for London cost weighting)	£3,790 per property £3,056 per property (after reducing for London cost weighting)	£3,550 per property

The above table demonstrates that RHP performs very well when compared to the wider housing association sector from a financial perspective with margins significantly higher than the median level. The effective interest rate on our loans is also significantly lower than the average for the sector. The only area where we demonstrate performance which is not better than the average for the sector is in the area of debt to turnover, although it should be noted that this ratio ignores the fact that RHP is currently holding over £60m of cash on its balance sheet following a bond issue in 2015. If this cash is taken into account our net debt to turnover ratio for 2016 falls to 3.3 times.

Recent HCA analysis of the unit costs of housing providers was released in early June 2016. This analysis sought to gain a greater understanding of cost variations across the housing sector and took into account operating costs as well as the cost associated with maintaining and improving existing social housing properties. The analysis sought to understand whether there were any specific cost drivers which were relevant to individual providers whether that be their location, size or type of activity that they were involved in.

For RHP, the analysis concluded that it was our location in London which would have the greatest impact upon our costs relative to the average for the whole sector. The report shows that providers in London have costs of £1,900 per unit above those in the North East. In order to address this in comparison, a 24% cost adjustment was applied to our costs when calculating cost per property in the analysis above. This 24% adjustment factor equates to the difference in average regional and administrative and construction wages and has been proposed as a proxy for us to apply. Once this cost adjustment is applied to our unit cost per property measure, our costs are significantly better than the average for the sector and equate to top quartile performance. The increase in cost per property in 2016 relates to a £2m increase in stock investment work relating to extension work on 14 properties and planned roofing replacements. Core operating costs were held year on year

Our budget for 2016/17 targets a reduction in costs of £1.4m in management and maintenance costs and of £1.1m in major repairs and stock investment spend.

We expect this to have the effect of reducing our headline social housing cost to £3,690 per property, reducing to £2,982 per property after the London cost adjustment is applied. We expect this to represent top quartile performance and our plans are to reduce this further over the coming 3 years as the impact of rolling out our new online service offer to additional customers takes effect.

In addition to the sector level benchmarking of costs, we have also undertaken benchmarking with a peer group of 28 organisation who operate in London and the South East. Over the past 3 years our focus has been on reducing our costs from a position where they were more than 10% above the median to a position where they were lower than median levels. The most recent benchmarking results for 2014/15 are shown below which illustrates that with the exception of Estate Services, our unit cost per property is now better than the benchmark level.

Business area	**2014/15 RHP cost per property**	**2014/15 benchmark cost per property (median)**
Responsive maintenance and void works	£799	£895
Major works and cyclical maintenance	£1,545	£1,619
Management	£436	£466
Estate services	£367	£216
Overheads	£172	£208

Our performance during 2015/16 and our budget targets for 2016/17 which have been referenced above will enable us to further reduce our costs per property. Over the last year we have seen a £113 per property reduction in our Estate Services function. The number of caretakers will not increase as we take on more properties either through stock acquisition or through new development and so we expect the cost per property of Estate Services to continue to reduce. Customer satisfaction with the caretaking service continues to be high at 83.8% and we know that this is a service that our customers value highly. However, we will be targeting efficiencies in this area in the same way as we are across the rest of the business.

OUR APPROACH TO GETTING THE MOST FROM OUR ASSET BASE

We operate in the London Boroughs of Richmond, Kingston and Hounslow, where property values are high and there is an acute shortage of sites where we can build new homes. We therefore recognise our responsibility to ensure we are making best use of the assets we have. One of our 4 key goals within our 5 year strategy is to manage our assets effectively. With this in mind, RHP has developed a comprehensive asset management strategy which is reviewed and updated annually. The key questions that we are seeking to answer through our approach is should we hold, sell, refurbish or redevelop in order to make the best contribution to achieving our corporate vision.

The location of our properties and the degree of property price inflation over the last 15 years means that there is a significant difference between the estimated open market value of our properties of over £2bn and their value in their existing use of circa £600m. Similarly the differential between market rents and social rents is significant across all of our operating area. There is potential to release some of this latent value to support provision of new affordable housing in the future. This ability has been constrained in the past but opportunities might emerge through the de-regulatory measures being introduced as part of the Housing and Planning Act.

In our 2014/15 Value for Money self-assessment we set out our key priorities for 2015/16 to ensure that RHP focused upon best use of physical assets and growth. Progress on these and other relevant areas is outlined below:

- We have completed 58 new homes during the year. This includes new homes on RHP owned landholdings and we have identified potential for a further 31 homes on RHP land.
- We have re-let 370 homes during the year turning round our general needs properties in an average of 14 days, of these homes 101 have been let at affordable rent and 269 at social rent under the terms of our agreement with the GLA.
- We achieved planning permission for, and secured over £4m of GLA grant, for the redevelopment of our 49 properties in Fountains Close, providing 99 new homes. The scheme is scheduled to begin in June 2016.
- Our retirement housing review process has identified 2 schemes which would benefit from inclusion in our forward development programme as they provide opportunity for additional affordable homes on the sites and their location is not ideally suited to retirement housing provision.
- We have commenced community consultation regarding redevelopment of one of our retirement housing schemes with the scheme being re-provided as a retirement housing village consisting of 21 homes for rent and shared ownership.
- We have concluded the review of our pension arrangements and have closed the LGPS defined benefit scheme to future accrual. We have put in place a deficit management arrangement using our office building as security to most effectively manage future deficit contributions.
- We have continued to explore the possibility of a regeneration scheme at Ham Close with the local Council where we own 192 properties. This regeneration scheme would improve the standard of the properties, make better use of the land holding for provision of housing, improve the green space and contribute to the uplift of the wider area. Further consultation with customers and the wider community is planned for later in 2016.
- We continue to try to source new funding to enable us to progress thermal efficiency programmes.
- We have released excess security from our Dexia loan facility during the year and plan to release excess security held against our revolving credit facilities during 2016/17.

Our ability to utilise our property assets in alternative tenures to generate additional returns has to date been extremely limited because of our stock transfer origins and the focus of our development programme on the provision of affordable rented properties.

As a consequence, our focus has been on ensuring that the margins we achieve on general needs renting activities and the profits achieved on sales of first tranches of shared ownership properties are maximised through control of costs. The table below summarises the returns achieved for 2015/16 and compares these to 2014/15.

Portfolio (RHP Only)	EUV-SH	Rental Income	Gross Yield on EUV-SH	Operating Margin 2016	Operating Margin 2015
Affordable rent	38,930	3,748	9.6%	43.60%	40.50%
Other general needs and key workers	491,420	38,735	7.9%		
Housing for older people	29,490	3,837	13.0%	36.0%	31.3%

Over the last 12 months we have used our newly developed asset appraisal tool to identify properties within our portfolio which would benefit from more detailed examination and option appraisal. Our initial review identified 32 properties which, whilst not scoring poorly, scored less well overall than the wider portfolio. These scores could have been due to the assessment of open market value, future stock investment requirements, whether they were listed, historic ease of letting, a block where there is a high proportion of leaseholders or a combination of these factors. A further 25 properties were identified which were high value street properties which have significant future major repair costs forecast and 26 high value street properties which have low future maintenance costs. A selection of these properties are currently undergoing a more detailed option appraisal process to determine the most appropriate future use of these properties.

The de-regulatory measures and the option to introduce a Pay to Stay scheme which was included in the Housing and Planning Act might provide opportunities for us to manage our assets in a more flexible way in the future. This could enable us to generate additional income through which to support delivery of new affordable homes. We plan to explore these options and opportunities further over the coming year.

During 2016/17 we plan to:

- Complete 85 new homes with 55 for affordable rent and 30 for shared ownership.
- Commence the redevelopment of 99 new homes at Fountains Close.
- Enter contracts for the delivery of 150 additional new homes.
- Secure a site and begin delivery of a new micro-product for rent.
- Decide on our approach to the Pay to Stay option which is included within the Housing and Planning Act which could generate additional income to provide new affordable homes.
- Have re-let approximately 300 homes on 5 year fixed term tenancies under our new service offer, RHPi. This will take to 730 the number of fixed term tenancies within our portfolio which provides us with a greater degree of future asset management and rehousing flexibility.
- Work with our residents and partners to agree a long term vision for the future of Ham Close. We will complete the consultation process with a decision being made by the Board by the end of 2016.
- Further develop our asset appraisal tool, completing the option appraisal process on the initial sample of properties. This tool will support the work planned above to explore the opportunities arising out of the de-regulatory measures contained within the Housing and Planning Act.
- Approve and implement a stock Disposals Policy and Strategy.
- Release excess property security from our revolving credit facilities into our security trust arrangement enabling use to support future funding as required.

Each year RHP produces a VFM self-assessment and publishes this on its website www.rhp.org.uk at the same time as these accounts.

GOVERNANCE & REGULATION

The RHP Group is proud of its commitment to good governance. The role of the RHP Board, which is our ultimate governing body, is to set the overall aims and objectives of the RHP Group and to ensure that RHP and its subsidiaries are meeting these and keeping within their legal and moral obligations. The Board is also responsible for ensuring the financial wellbeing of the Group.

Co-op Homes (South) Limited is a subsidiary of RHP. RHP has the right to appoint members to the Board of Co-op Homes and thereby exercises control over it as a subsidiary.

RHP Finance Plc is a 100% owned subsidiary of RHP and was incorporated in November 2014 for the purpose of raising funds for the Group from the capital markets through an own name bond issue. The 4 Directors of RHP Finance Plc were appointed by the Board of RHP and consist of 2 RHP Non-Executive Directors, the Group Chief Executive and the Executive Director of Finance.

The detailed arrangements by which RHP exercises control and oversight of Co-op Homes and RHP Finance Plc is set out in the Group Management and Control Framework which has been adopted by both the Boards of RHP and Co-op Homes. This framework covers governance controls, operational controls, financial controls and Group internal controls.

Through a quarterly meeting cycle, the work of the RHP Board is supported by committees (which also meet four times per year, apart from Governance & Remuneration which meets at least twice a year), a structure which allows in-depth scrutiny of important strategic issues. The committees are:

- Service Delivery Committee (SDC).
- Group Audit Committee (GAC).
- Group Finance Committee (GFC).
- Governance & Remuneration Committee (G&RC).
- Development Committee (DC).

The Executive Group and Management Team

The RHP Group is managed by an Executive Group, comprising the Chief Executive, the Executive Director of Finance, Executive Director of Customer Service and the Executive Director of Corporate Services.

The Executive Group is supported by a Management Team which consists of the Director of Property Services, Director of Housing Services, Head of Finance and the Head of HR.

These groups meet regularly to review performance and delivery of the Group's objectives.

For salary disclosure purposes, the Chief Executive and Executive Directors are referred to as directors; however, with the exception of the Chief Executive who is a Board member, they are not regarded as directors for legal purposes.

Code of Governance

During the year the Governance and Remuneration Committee carried out of a review of our governance arrangements and assessed its compliance with the National Housing Federation (NHF) Code of Governance (2010).

The Committee reported to the full Board, which is pleased to confirm full compliance with the code. During the coming year the Board agreed to adopt the NHF 2015 Code of Governance with effect from April 2016.

During the year the Board of Co-op Homes (South) Limited carried out a review of its governance arrangements and assessed its compliance with the National Housing Federation (NHF) Code of Governance (2010). The Board agreed to adopt the NHF 2015 code of Governance on 3 March 2016. The Board confirms compliance with the code.

Anti-Fraud, Money Laundering and Anti-Bribery

The Board has confirmed its zero tolerance policy to fraud, bribery, money laundering or corruption of any kind. The Group continually reviews its Anti-Fraud and Bribery Policy and carries out training sessions to ensure a culture of fraud, bribery and money laundering risk awareness is in place in the organisation, and that employee responsibilities are clear.

A fraud register is maintained and is reviewed by the Group Audit Committee on a quarterly basis. Any fraud or attempted fraud is reviewed according to the Group's Anti-Fraud and Bribery policy and reported to Group Audit Committee and subsequently to the Board, with plans and actions for areas sensitive to the fraud. There were no incidents to report in 2015/16.

Internal Controls Assurance

The Board has overall responsibility for the system of internal control and risk management across the Group and for reviewing its effectiveness. The Group Audit Committee is responsible on behalf of the Board for monitoring this system and reporting on its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives. It can only provide reasonable, and not absolute, assurance against material misstatement or loss.

Key elements of the Group's internal control framework include:

- Board approved terms of reference and delegated authorities for Group Audit, Group Finance, Development, Governance & Remuneration and Service Delivery Committees.
- There are clearly defined management responsibilities for the identification, evaluation and control of significant risks. The executive directors regularly consider reports on these risks and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks.

The framework is made up of:

- Internal audit assurance: the Group's internal audit function is delivered through a specialist third party organisation which has a direct reporting line to the Group Audit Committee. The Internal audit programme is designed to review key areas of risk.
- The work of the external auditor provides further independent assurance of the internal control environment, as described in their audit report. The Group also received a key issues memorandum which identifies any internal control weaknesses. The Board and the Group Audit Committee consider this memorandum.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts. These are reviewed and approved by the Board and actual performance versus budget/forecast is monitored throughout the year by the executive directors and the Group Finance Committee.
- Regular reporting to the executive directors, the Group Finance Committee and the Service Delivery Committee on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes. These reports and the outcomes of these reviews are reported to the Board at each meeting throughout the year.
- Formal recruitment, retention, training and development policies for all employees.
- Established authorisation and appraisal procedures for all significant new initiatives and commitments.
- A Treasury Management Policy, which is subject to external review on an annual basis.
- A Board approved Whistle-blowing Policy.
- A Board approved Anti-Fraud, Anti-Bribery and Anti-Money Laundering Policy, covering prevention, detection and reporting of fraud, and the recovery of assets.
- Policies on payments & expenses to employees and Board members.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can and has delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports from the Group Audit Committee together with minutes of Group Audit Committee meetings.

The Group Audit Committee and Board have received the Chief Executive's annual review of the effectiveness of the system of internal control for the Group, and the annual report of the internal auditor. In their annual report, the internal auditors confirmed that the Group's systems of internal control continue to demonstrate the existence of a strong internal control environment.

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

There were no instances of fraud which resulted in loss to the Group during the year.

During the year, the Board has taken steps to ensure compliance with the requirements of the Governance and Viability Standard as issued by our regulator, the HCA. During the year the Board has undertaken stress and scenario testing on the organisation's business plan, has reviewed progress with the development of an assets and liabilities register and has formally reviewed compliance against the regulatory framework.

Board members and executive directors

The present Board members and the executive directors of the Association are set out on page 2.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. Our Board is committed to RHP's culture, ethos, values and objectives.

The Board comprises of up to 12 members, including the Chief Executive and any co-optees, with all members selected based upon the skills and experience that they can contribute. As at 31 March 2016 the Board consisted of 11 members.

One executive director, the Chief Executive, David Done, is also a Board member. The policy for selecting and appointing Board members and for admitting new shareholders is contained within RHP's Standing Orders and Delegated Authority Policy, Recruitment and Selection of Board Members policy, and Shareholder Membership Policy.

The Group has insurance policies that indemnify its Board members and executive directors against liability when acting for the Group.

The table below provides details of the remuneration and meeting attendance of the Group Board during the year to 31 March 2016:

	DC	GFC	G&RC (2 per year)	GAC	SDC	Board	RHP Finance Plc
Suzanne Avery	✓			✓		2/3	
Ursula Wyman			✓		✓	1/3	
Nigel Taylor	✓				✓	2/3	
Ian Nunn		✓	✓		✓	3/3	
Toby D'Olier				✓	✓	3/4	
Cll Stephen Speak	✓	✓		Chair		3/4	✓
John Newbury	✓	✓	✓		✓	Chair	✓
Juliet Oram					✓	0/1	
Peter Marsh	Chair		Chair		✓	4/4	
Catriona Simons		✓	✓			1/1	
David Done	✓	✓	✓	✓		4/4	Chair
Angelika Chaffey	✓		✓		Chair	4/4	
Malcom Levi	✓	Chair		✓		3/4	

✓ donates membership

DC	Development Committee	**GAC**	Group Audit Committee
GFC	Group Finance Committee	**SDC**	Service Delivery Committee
G&RC	Governance & Remuneration Committee		

Contracts of employment

The Chief Executive and other executive directors are employed on the same terms as other employees and all have notice periods of six months.

There is a Governance and Remuneration Committee consisting of five Board members, including the Chair and Deputy Chair of the Board. Its role is to determine a comprehensive Remuneration Policy for the RHP Group that is appropriate to its needs and objectives, to set the Chief Executive's remuneration package and to oversee those of the other executive directors.

When determining the remuneration levels of the executive directors the Committee pays close attention to terms and conditions in the sector. Basic salaries are set with regard to each executive director's responsibilities and pay levels for comparable positions. At the end of each year, the executive directors are eligible for a bonus of up to 10% of their salary depending upon an assessment of both their individual, and the company's performance. Full details of the remuneration paid to each executive director during the year are included in Note 10 of the audited financial statements.

Pensions

Except for the Chief Executive, the executive directors are members of the Social Housing Pension Scheme, a defined benefit pension scheme. The Chief Executive was a member of the London Borough of Richmond Pension Fund, a defined benefit final salary pension scheme, until its closure to future accrual on 31 March 2016.

From this date the Chief Executive joined the Social Housing Pension Scheme. The executive directors participate in the schemes on the same terms as all other eligible employees. The Group contributes to the schemes on behalf of its employees.

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STATEMENT OF THE RESPONSIBILITIES OF THE BOARD

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Society Act 2014 require the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws) including the financial reporting standard 'FRS102'. Under the Co-operative and Community Benefit Society Act 2014, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Association for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Housing SORP 2014, Statement of Recommended Practice Registered Housing for registered social housing providers, have been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group. It is also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- There is no relevant information of which the Group's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information and to establish that the Group's auditors are aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Employees

Our aim is to recruit, retain and develop employees who share our passion for delivering great service to our customers. There is a culture of shared leadership, innovation and continual personal development across the Group. This has been brought together under our "iamrhp" brand which focuses upon the behaviours which then deliver great results for the Group. Whilst not being a large organisation, we have put in place a wide range of initiatives which support our employees to develop and succeed which include an engaging induction programme, offering climbing frame opportunities, a tailored learning and development experience and an employee benefits portal called "rhperks".

This focus on employee engagement enabled us to achieve IIP Gold, IIP Gold Employer of the Year and No 1 in the Dolphin Index for Innovation for Housing Associations during the year. Our approach was further recognised in April 2016 when we came 1st in the UK in the Great Place to Work (medium sized) awards for 2015.

Equal opportunities

RHP is committed to promoting equality of opportunity in its employment practices from recruitment and selection, through learning and development, promotion and appraisal to retirement. The Group will fairly consider any employment applications made by disabled people. We will also attempt to continue to employ employees who become disabled during their employment.

In the last year, the percentage of staff from a black or minority ethnic background was 18%, the percentage of female staff was 52%, and the percentage of disabled staff was 10%. RHP also considers that employee involvement is essential to its success and uses a wide range of methods to inform, consult and involve its employees including through our Engagement Champions, a group made up of employees from all parts of the organisation.

Health and Safety

The Board is aware of its responsibilities on all matters relating to Health and Safety. A Health and Safety Policy is in place with a rolling programme of training reviewed and delivered annually. An employee Health and Safety Committee meets on a quarterly basis which is chaired by the Executive Director of Corporate Services. Health and Safety activity is reported monthly to the Management Team, quarterly to the Risk Panel and annually to the Board.

Donations

The Group made no charitable or political donations during the year under review.

Going concern

After making enquiries the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

External Auditors

Grant Thornton UK LLP has expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the Annual General Meeting.

Statement of Compliance

In preparing the Operating and Financial Review and Report of the Board, the Board has followed the principles set out in the SORP 2014.

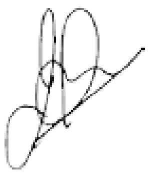
The financial statements for the year ended 31 March 2016 have been prepared in compliance with FRS102 and the Statement of Recommended Practice (SORP) - Accounting by Registered Housing Providers update 2014.

In accordance with the requirements of the Accounting Direction 2015, the Board certifies that the Group has complied with the requirements of the Homes and Communities Agency's Governance and Financial Viability Standard.

Annual general meeting

The annual general meeting will be held on Thursday 14 July 2016 at Waldegrave Road, Teddington.

The report of the Board was approved by the Board on 14 July 2016 and signed on its behalf by:



John Newbury

Group Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF RHP GROUP LIMITED

We have audited the financial statements of Richmond Housing Partnership Limited (the Society) for the year ended 31 March 2016 which comprise the statements of comprehensive income, the statements of financial position, the statements of reserves, the consolidated statement of cashflows 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) including FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Society, as a body, in accordance with sections 87(2) and 98(7) of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Society those matters we are required to state to it 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 Society as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 39 and 40 the directors are responsible for the preparation of financial statements which give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the Group's and the parent society's affairs as at 31 March 2016 and of the Group's and the parent society's income and expenditure for the year then ended;
- Have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

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

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

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants, London

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDING 31 MARCH 2016

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Turnover	2	53,496	52,806	50,782	50,192
Cost of sales	2	(59)	(669)	(59)	(669)
Operating Costs	2	(31,757)	(32,079)	(29,981)	(30,305)
Operating surplus/ deficit	2	**21,680**	**20,058**	**20,742**	**19,218**
Gain on sale of fixed assets	6	101	220	101	220
Interest receivable and other income	7	552	108	595	118
Interest payable	8	(9,727)	(7,304)	(9,692)	(7,239)
Movement in fair value of financial instruments		(708)	(2,739)	(708)	(2,739)
Movement in fair value of investment properties	20	40	2,900	40	2,900
Surplus before tax		**11,938**	**13,243**	**11,078**	**12,478**
Taxation	11	-	-	-	-
Surplus for the year		**11,938**	**13,243**	**11,078**	**12,478**
Actuarial gain/(loss) on pensions	9	731	(850)	731	(861)
Total comprehensive income for the year		**12,669**	**12,393**	**11,809**	**11,617**

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The financial statements were approved authorised for issue by the Board of directors on 14 July 2016 and signed on its behalf by:

John Newbury
Chair

T.W D'Olier

Toby D'Olier
Member of Group Audit Committee

David Done
Chief Executive

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016

		Group		Association	
	Note	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Fixed Assets					
Tangible fixed assets	12	267,710	252,392	247,585	232,389
Investment properties	20	6,645	6,605	7,091	7,051
Investments in subsidiaries	18	-	-	13	13
Investments: Loan to subsidiary	18	-	-	3,374	3,844
		274,355	258,997	258,063	243,297
Other tangible fixed assets	16	8,134	8,176	7,677	7,707
Intangible fixed assets	17	411	419	411	419
		282,900	267,592	266,151	251,423
Current Assets					
Properties held for sale	19	549	58	549	58
Trade and other Debtors	21	2,948	5,336	2,823	5,259
Investments	22	60,484	67,000	60,484	67,000
Cash at bank and in hand		9,344	14,093	8,925	13,717
		73,325	86,487	72,781	86,034
Creditors: amounts falling due within one year	23	(26,375)	(24,960)	(25,681)	(24,160)
Net current assets		46,950	61,527	47,100	61,874
Total assets less current liabilities		329,850	329,119	313,251	313,297
Creditors: amounts falling due after more than one year	24	(251,391)	(262,773)	(240,173)	(251,385)
Provision for liabilities	28	(3,147)	(3,009)	(3,041)	(2,830)
Net pension liability	9	(3,850)	(4,544)	(3,229)	(4,083)
Total net assets		**71,462**	**58,793**	**66,808**	**54,999**
Reserves					
Income and expenditure reserve		71,062	58,393	66,408	54,599
Revaluation reserve		400	400	400	400
Total reserves		**71,462**	**58,793**	**66,808**	**54,999**

The notes on pages 33 to 63 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of directors on 14 July 2016 and signed on its behalf by:

John Newbury
Chair

Toby D'Olier
Member of Group Audit Committee

David Done
Chief Executive

STATEMENTS OF RESERVES
FOR THE YEAR ENDING 31 MARCH 2016

GROUP	Income and expenditure reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2014	46,000	400	46,400
Surplus for the year	13,243	-	13,243
Actuarial gain on defined benefit pension scheme	(850)	-	(850)
Balance at 31 March 2015	**58,393**	**400**	**58,793**
Surplus for the year	11,938	-	11,938
Actuarial gain on defined benefit pension scheme	731	-	731
Balance at 31 March 2016	**71,062**	**400**	**71,462**

ASSOCIATION	Income and expenditure reserve £'000	Revaluation Reserve £'000	Total £'000
Balance as at 1 April 2014	42,982	400	43,382
Surplus for the year	12,478	-	12,478
Actuarial loss on defined benefit pension scheme	(861)	-	(861)
Balance at 31 March 2015	**54,599**	**400**	**54,999**
Surplus for the year	11,078	-	11,078
Actuarial gain on defined benefit pension scheme	731	-	731
Balance at 31 March 2016	**66,408**	**400**	**66,808**

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

	Note	2016 £'000	2015 £'000
Net cash generated from operating activities	33	**31,004**	**26,785**
Cash flows from investing activities			
Purchase and improvement of housing properties		(22,478)	(31,334)
Social Housing grant received		1,837	919
Other grants received		-	561
Purchase of other fixed assets		(560)	(727)
Proceeds from sale of housing properties		2,398	1,124
		(18,803)	**(29,457)**
Cash flow from financing activities			
Interest received		552	104
Interest paid		(10,018)	(6,720)
New secured loans		-	138,601
Repayments of borrowings		(14,000)	(60,030)
Debt issue cost		-	(870)
		(23,466)	**71,085**
Net change in cash and cash equivalents		**(11,265)**	**68,413**
Cash and cash equivalents at the beginning of the year		**81,093**	**12,680**
Cash and cash equivalents at the end of the year		**69,828**	**81,093**

The notes on pages 33 to 63 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of accounting
The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Statement of Recommended Practice: Accounting by Registered Social Landlords issued in January 2014 (SORP 2014), and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015. The Board is satisfied that the current accounting policies are the most appropriate for the Group as public benefit entities.

This is the first year in which the financial statements have been prepared under FRS102. Refer to note 37 for an explanation of the transition.

The financial statements are presented in Sterling (£).

Significant judgements and estimates
Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Significant management judgements
The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements.

The parent's individual financial statements have adopted the following disclosure exemptions:

- Financial instrument disclosures, including:
  - Categories of financial instruments.
- Items of income, expenses, gains or losses relating to financial instruments.
- Disclosing the parent only cash flow statement.

Financial instruments
We have accounted for our Dexia loan (not including the cancellables) as basic financial instruments. This is on the basis that we consider any fixed rate debt with two-way early redemption indemnity clauses to be held for the long term as per treasury strategy and be non-speculative.

The bond is also accounted for as a basic financial instrument. Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Exposure to and management of financial risks

Impairment
From 1 April 2016, RHP has reduced social housing rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with the Housing and Planning Act 2016. Despite cost efficiency savings and other changes to the business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment.

As a result, we estimated the recoverable amount of housing properties as follows:

a. Determined the level at which recoverable amount is to be assessed (i.e., the asset level or cash-generating unit (CGU) level). The CGU level was determined to be an individual scheme.

b. Estimated the recoverable amount of the cash-generating unit.

c. Calculated the carrying amount of the cash-generating unit and;

d. Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, we calculated the Depreciated Replacement Cost (DRC) of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, we made no impairment charge against social housing properties.

Capitalisation of property development costs
Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required.

Supporting People
Management judgement is applied in determining the extent to which the risks and benefits are transferred to the association when considering the income to be recognised. £476k of supporting people income was recognised in the year.

Estimation uncertainty
Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense is provided below. Actual results may be substantially different.

Useful lives of depreciable assets
Management reviews its estimates of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components. Accumulated depreciation at 31 March 2016 was £5.53m.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses. The liability at 31 March 2016 was £3,228k.

Fair value measurement

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices. Fair value measurements were applied to two loans which had options in the year as well as our investment properties. The total value of these instruments was £30.9m and the fair value of investment properties was £7.1m at 31 March 2016.

Basis of consolidation

The Group accounts consolidate the accounts of RHP and its subsidiaries at 31 March 2016 using acquisition accounting and consistency of accounting policies.

Investment in subsidiaries

The consolidated financial statements incorporate the financial statements of the Association and entities (including special purpose entities) controlled by the Group. Control is achieved where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

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

Turnover & revenue recognition

Turnover compromises rental income receivable in the year, net of rent and service charge losses from voids, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Government grants are accounted for using the accruals method and non-government grants are accounted for using the performance method. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Association and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- **a.** Interest on borrowings specifically financing the development programme after deduction of interest on social housing grant in advance; or
- **b.** Interest on borrowings of the Association as a whole after deduction of interest on social housing grant in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Pensions

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the London Borough of Richmond Pension Fund (LBRPF).

The SHPS scheme is a defined benefit scheme in the UK. It is not possible for the Association or Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme. The past service obligation is treated as a liability using the net present value discounted cash flow technique. The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

For LBRPF, 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 balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities are included net in other finance costs/income. Actuarial gains and losses are reported in other comprehensive income.

Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation and impairment losses. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Impairment of non-financial assets

At each reporting date, non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication, the recoverable amount of the asset is compared to the carrying amount of the asset. Asset can be an individual asset or a cash generating unit.

Where the asset does not generate cash flows that are independent from the cash flows of other assets, the Group estimates the recoverable amount of the group of assets (a cash-generating unit) to which the asset belongs. For the purpose of conducting impairment reviews, cash-generating units are considered to be groups of assets that have separately identifiable cash flows.

The recoverable amount of the asset is the higher of the fair value less costs to sell and the value in use.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the Statement of Comprehensive Income unless the asset has been revalued in which case the amount is recognised in other comprehensive income section to the extent of the revaluation. Thereafter any excess is recognised in the Statement of Comprehensive Income.

If an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Comprehensive Income.

Donated land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

Investment properties

Investment properties consist of commercial properties (shops) and other properties (rental space in main office building), not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in income and expenditure.

Social Housing Grant

Social Housing Grant (SHG) is receivable from the Greater London Authority (GLA). Grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

SHG due from the GLA or received in advance is included as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with the GLA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Disposals Proceeds Fund (DPF)and included in the balance sheet in creditors.

Other grants

These include grants from local authorities. These are recognised using the accrual model.

Grants in respect of revenue expenditure are credited to the other comprehensive income when performance conditions are met or entitlement occurs.

Depreciation of housing properties

Freehold land is not depreciated. Depreciation of structure & buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight line basis, over their estimated useful economic lives in the business. For components, the depreciable amount is arrived at on the basis of original cost less residual value.

The Group's housing properties held on leases are amortised over the life of the lease or their estimated useful lives in the business if shorter.

The Group depreciates the major components of its housing properties over the following periods:

Structure	100 years
Kitchen	20 years
Bathroom	30 years
Central heating	15 years
Lifts	25 years
Roofs	50 years
Window	30 years
Door	20 years
Water tanks	40 years

Other tangible fixed assets

Depreciation is provided 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 which are as follows:

Office Building	100 years
Furniture, fixtures and fittings	8 years
Computers & office equipment	3 to 7 years
Motor vehicles	3 years

No depreciation is provided on freehold land.

Gains or losses arising on the disposal of other tangible fixed assets are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised as part of the surplus/deficit for the year.

Intangible fixed assets

Depreciation is provided on a straight line basis on the cost of software to write them down to their estimated residual values over the expected useful lives which are as follows:

Software	3 to 7 years

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Provisions for liabilities

The Group recognises a provision for annual leave accrued by employees as a result of contracted services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

The deficit recognised for the SHPS scheme is also recognised as a liability.

Leased assets

Rentals payable under operating leases and any lease incentives are charged to the income and expenditure account on a straight line basis over the lease term.

Website development costs

Website development costs are capitalised and depreciated as it is a revenue generating item. Other on-going costs of maintaining and operating the website are charged as other operating costs as incurred.

Current asset investments

Investments are stated at fair value.

Cash and cash equivalents

Cash and cash equivalents are readily disposable current asset investments. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Dilapidation costs

One of our subsidiaries (Co-op Homes) leases for temporary social housing properties contain repair covenants relating to the upkeep of the properties. These lease covenants can give rise to dilapidation works or claims during or at the end of the related lease. Co-op Homes accounts for these costs in accordance with FRS102 which usually requires the costs to be recognised when the work is undertaken. At the end of leases, or otherwise in accordance with FRS102, Co-op Homes makes provision for the expected cost of dilapidation work or claims.

Investment in subsidiaries

RHP holds £1 ordinary shares in RHP Finance Plc, part subscribed at 25p.

RHP has an intercompany loan with Co-Op Homes (South) Ltd. It is an arm's length commercial agreement and has an outstanding balance of £3.4m (2015: £3.8m). The loan is repayable in 2031.

Loans and other financial instruments

(i) Financial assets

Basic financial assets, including trade and other debtors and cash and bank balances are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest rate method.

At the end of each reporting period, financial assets measured at amortised costs are assessed for objective evidence of impairment. If an asset is impaired, the impairment loss is recognised in the Statement of Comprehensive Income. If there is a decrease in the impairment loss, the impairment is reversed.

Other financial assets are initially measured at fair value, which is normally the transaction price.

Such assets are subsequently carried at fair value and the changes in fair value are recognised in the Statement of Comprehensive Income.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities include trade and other creditors, bank loans and loans from other Group companies and are initially recognised at transaction price, unless the arrangement constitutes a financing arrangement, where the debt instrument is measured at the present value of the future receipts discounted at the market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Trade creditors are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled, expires or is substantially modified.

Further details on financial instruments are given in note 36.

2 TURNOVER, COST OF SALES, OPERATING COSTS & OPERATING SURPLUS

	Year to 31 March 2016				2015
GROUP	**Turnover £'000**	**Cost of Sales £'000**	**Operating Expenditure £'000**	**Operating Surplus/ (deficit) £'000**	**Operating Surplus/ (deficit) £'000**
Social Housing Lettings (Note 3)	48,815	-	**(27,692)**	21,123	18,811
Other Social Housing Activities					
Leasehold services	1,531	-	**(1,738)**	(207)	2
Leasehold major repairs	1,000	-	**(506)**	494	(74)
First tranche shared ownership sales	111	**(59)**	-	52	560
Garages	826		**(334)**	492	
Other	1,213	-	**(1,487)**	(274)	759
	53,496	**(59)**	**(31,757)**	**21,680**	**20,058**

	Year to 31 March 2016				2015
ASSOCIATION	**Turnover £'000**	**Cost of Sales £'000**	**Operating Expenditure £'000**	**Operating Surplus/ (deficit) £'000**	**Operating Surplus/ (deficit) £'000**
Social Housing Lettings (Note 3)	46,600	-	(26,573)	20,027	17,884
Other Social Housing Activities					
Leasehold services	1,531	-	(1,738)	(207)	2
Leasehold major repairs	1,000	-	(506)	494	(74)
First tranche shared ownership sales	111	(59)	-	52	560
Garages	826		(334)	492	
Other	714	-	(830)	(116)	846
	50,782	**(59)**	**(29,981)**	**20,742**	**19,218**

3 INCOME & EXPENDITURE FROM SOCIAL HOUSING LETTINGS

GROUP	General Needs Housing £'000	Key Worker £'000	Supported Housing £'000	Shared Ownership £'000	2016 Total £'000	2015 Total £'000
Rents receivable	40,801	1,510	2,619	269	45,199	43,810
Service & other charges receivable	1,982	35	718	10	2,745	2,661
Charges for Support Services	62	1	488	-	551	555
Amortised government grants	304	3	12	1	320	303
Turnover from Social Housing Lettings	**43,149**	**1,549**	**3,837**	**280**	**48,815**	**47,329**
Management	11,398	207	969	62	12,636	11,857
Service charge costs	2,163	46	721	12	2,942	2,438
Rents payable	(65)	-	-	-	(65)	17
Routine maintenance	2,930	50	200	15	3,195	4,094
Planned maintenance	2,711	50	181	15	2,957	3,419
Major repairs expenditure	1,099	47	124	14	1,284	1,896
Bad debts	172	3	-	1	176	307
Depreciation	4,272	72	263	21	4,628	4,492
Dilapidation Provision Reversal	(82)	-	-	-	(82)	(29)
Other costs	21	-	-	-	21	27
Operating costs on Social Housing Lettings	24,619	475	2,458	140	27,692	28,518
Operating surplus/deficit for social housing lettings	**18,350**	**1,074**	**1,379**	**140**	**21,123**	**18,811**
Void losses	**(489)**	**(8)**	**(67)**	**-**	**(554)**	**(647)**

ASSOCIATION	General Needs Housing £'000	Key Worker £'000	Supported Housing £'000	Shared Ownership £'000	2016 Total £'000	2015 Total £'000
Rents receivable net of	38,820	1,510	2,619	269	43,218	41,914
Service & other charges receivable	1,881	35	718	10	2,644	2,561
Charges for Support Services	62	1	488	-	551	555
Amortised government grants	171	3	12	1	187	169
Turnover from Social Housing Lettings	**40,934**	**1,549**	**3,837**	**280**	**46,600**	**45,199**
Management	11,017	207	969	62	12,255	11,572
Service charge costs	2,047	46	721	12	2,826	2,335
Routine maintenance	2,693	50	200	15	2,958	3,848
Planned maintenance	2,647	50	181	15	2,893	3,357
Major repairs expenditure	1,099	47	124	14	1,284	1,896
Bad debts	171	3	-	1	175	302
Depreciation	3,826	72	263	21	4,182	4,005
Operating costs on Social Housing Lettings	23,500	475	2,458	140	26,573	27,315
Operating surplus/deficit for social housing lettings	**17,434**	**1,074**	**1,379**	**140**	**20,027**	**17,884**
Void losses	**(484)**	**(8)**	**(67)**	**-**	**(559)**	**(634)**

4 ACCOMMODATION

At the end of the period, accommodation in management for each class of accommodation in the Group and Association was as follows:

Social housing – managed directly	Group 2016 No.	Group 2015 No.	Association 2016 No.	Association 2015 No.
General needs housing	6,230	6,307	5,928	6,005
Affordable housing	444	339	444	339
Supported housing	421	420	421	420
Shared ownership	35	21	35	21
Total units in ownership	**7,130**	**7,087**	**6,828**	**6,785**
Accommodation managed on behalf of others	780	727	21	21
Total units managed or owned	**7,910**	**7,814**	**6,849**	**6,806**
Leasehold	1,928	1,921	1,928	1,921
Total units in Management (including Leasehold)	**9,838**	**9,735**	**8,777**	**8,727**

5 OPERATING SURPLUS/(DEFICIT)

This is arrived at after charging:	Group 2016 No.	Group 2015 No.	Association 2016 No.	Association 2015 No.
Depreciation of housing properties	4,628	4,492	4,182	4,005
Depreciation of garages	174	156	174	156
Depreciation of other tangible fixed assets	491	370	475	354
Amortisation of intangible fixed assets	236	358	236	358
Operating lease rentals				
- Land and buildings	50	52	-	-
- Vehicles	40	25	40	25
- Office equipment and computers	84	36	84	36
Auditors' remuneration (Excluding VAT)				
- For audit of statutory accounts	**62**	**57**	**49**	**44**
- For service charge audit	6	6	6	6

6 SURPLUS ON SALE OF FIXED ASSETS

Housing Properties:	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Disposal proceeds	2,541	3,279	2,541	3,279
Amounts payable to LBRuT under RTB sharing agreement	(1,369)	(1,651)	(1,369)	(1,651)
Cost of disposals	(287)	(436)	(287)	(436)
Transfer to Disposal Proceeds Fund (note 27)	(777)	(954)	(777)	(954)
Selling costs	(7)	(18)	(7)	(18)
Surplus	**101**	**220**	**101**	**220**

7 OTHER INTEREST RECEIVABLE & SIMILAR INCOME

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Interest receivable and similar income	**552**	**108**	**595**	**118**

8 INTEREST & FINANCING COSTS

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Loans and bank overdrafts	9,948	7,478	9,913	7,413
Other (DPF)	2	4	2	4
Interest charge on pensions	126	12	126	12
	10,076	7,494	10,041	7,429
Capitalised finance cost amortised	248	385	248	385
Interest payable capitalised on property under construction	(597)	(575)	(597)	(575)
	9,727	**7,304**	**9,692**	**7,239**
Capitalisation rate used to determine the finance costs capitalised during the period	4.07%	4.12%	4.07%	4.12%

8 EMPLOYEES

	Group 2016 No.	Group 2015 No.	Association 2016 No.	Association 2015 No.
Average monthly number of employees:				
Administration	72	60	53	52
Development	4	3	4	3
Housing, support and care	192	208	192	199
	268	**271**	**249**	**254**
Average monthly number of employees expressed in full time equivalents:				
Administration	70	51	53	43
Development	4	3	4	3
Housing, support and care	169	192	169	185
	243	**246**	**226**	**231**

Full time equivalents are calculated based on a standard working week of 36 hours.

Employee costs:	**£'000**	**£'000**	**£'000**	**£'000**
Wages and salaries	7,815	7,568	7,210	7,039
Social security costs	698	598	624	556
Other pension costs	1,200	901	965	821
	9,713	**9,067**	**8,799**	**8,416**

Pensions Costs	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Regular employer contributions to SHPS and LBRPF	472	483	440	455
Pension deficit payments to SHPS and LBRPF	436	366	436	366
Pension deficit liability provision movements	203	52	-	-
One-off costs related to the closure of LBRPF to new contributions	89	-	89	-
Total pensions costs	**1,200**	**901**	**965**	**821**

The full time equivalent number of staff (excluding executive directors) who received remuneration:

Pensions Costs	**2016 No.**	**2015 No.**
£60,001 to £70,000	6	5
£70,001 to £80,000	2	4
£80,001 to £90,000	3	2
£90,001 to £100,000	-	1
£100,001 to £110,000	1	1

The Association's employees are members of the Social Housing Pension Scheme (SHPS) or of the London Borough of Richmond Pension Fund (LBRPF). The employees of our subsidiary are members of the SHPS scheme. Further information on each scheme is given below.

Social Housing Pension Scheme

RHP and its subsidiary (Co-op Homes) participate in the Social Housing Pension Scheme (SHPS). The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:	£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 2 From 1 April 2016 to 30 September 2023:	£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)
Tier 3 From 1 April 2016 to 30 September 2026:	£32.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)
Tier 4 From 1 April 2016 to 30 September 2026:	£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)

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

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation on the balance sheet. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost and the deficit is included in provision for liabilities.

PRESENT VALUES OF PROVISION	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Present value of provision	3,041	2,593

RECONCILIATION OF OPENING AND CLOSING PROVISIONS	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	2,593	2,708
Unwinding of the discount factor (interest expense)	47	77
Deficit contribution paid	(319)	(305)
Remeasurements - impact of any change in assumptions	(17)	113
Remeasurements - amendments to the contribution schedule	737	-
Provision at end of period	3,041	2,593

INCOME AND EXPENDITURE IMPACT	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Interest expense	47	77
Remeasurements – impact of any change in assumptions	(17)	114
Remeasurements – amendments to the contribution schedule	737	-
Contributions paid in respect of future service*	319	339
Costs recognised in income and expenditure account	627	644

*includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

ASSUMPTIONS	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.06	1.92	3.02

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the Association and the scheme at each year end period:

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	400	319	305
Year 2	417	333	319
Year 3	434	347	333
Year 4	452	363	347
Year 5	375	379	363
Year 6	289	299	379
Year 7	300	211	299
Year 8	234	220	211
Year 9	161	151	220
Year 10	165	75	151
Year 11	85	78	75
Year 12	-	40	78
Year 13	-	-	40
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The Association must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the Association's balance sheet liability.

London Borough of Richmond Pension Fund (LBRPF)

The LBRPF is a multi-employer scheme, which is administered by Richmond Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013, and rolled forward to 31 March 2016 by a qualified independent actuary. This scheme is now closed to future accrual with a deficit management agreement in place with the scheme which enables RHP's share of the deficit to be managed without triggering a termination debt. We have used our office building as security to effectively manage future deficit contributions.

For the year ended 31 March 2016, the Association contributed to the scheme at a rate of 26.4% of pensionable salaries. The principal assumptions used by the actuary in assessing scheme liabilities on an FRS102 section 28 basis were:

	2016 % p. a.	2015 % p. a.
Rate of increase in salaries	**3.3**	3.3
Rate of increase in pensions in payment	**2.4**	2.4
Inflation assumption	**2.4**	2.4
Discount rate	**3.7**	3.2
Expected return on assets	**n/a**	5.7

Fair value of employer assets:	2016	2015
Equities	**5,856**	5,952
Bonds	**2,364**	3,026
Gilts	**637**	-
Property	**1,039**	1,009
Cash	**134**	101
	10,030	10,088

Life Expectancy from age 65 (years):

In Years:	Males	Females
Current Pensioners	**22.2**	24.4
Future Pensioners	**24.3**	26.9

Life expectancy is based on the PFA92 and PMA92 tables, projected to calendar year 2017 for current pensioners and 2033 for prospective pensioners. Age ratings are applied to the above table based on membership profile.

Net pension liability as at:	2016 £'000	2015 £'000
Present value of funded liabilities	**(13,258)**	(14,171)
Fair value of employer assets (bid value)	**10,030**	10,088
Net liability in balance sheet	**(3,228)**	(4,083)

The amounts recognised in the income and expenditure statements are as follows:	2016 £'000	2015 £'000
Current service cost	**247**	158
Net interest on the defined liability (asset)	**126**	133
Admin expenses	**5**	-
Total charged to current year I&E account	**378**	291

Other comprehensive income	2016 £'000	2015 £'000
Actuarial gains /(losses)	**942**	(1,031)
Cumulative actuarial gains & losses	**89**	(1,981)
Expected return on employer assets	**(356)**	(503)

Reconciliation of opening and closing balances of the defined benefit obligation	2016 £'000	2015 £'000
Opening defined benefit obligation	**14,171**	12,033
Current service cost	**190**	158
Interest cost	**449**	515
Contributions by members	**45**	43
Experience gain on defined benefit obligation	**-**	(119)
Past service cost including curtailments	**57**	-
Change in financial assumptions	**(1,298)**	1,847
Estimated benefits paid	**(356)**	(306)
Closing defined benefit obligation	**13,258**	14,171

Reconciliation of opening and closing balances of the fair value of employer assets	2016 £'000	2015 £'000
Opening fair value of employer assets	**10,088**	8,898
Contributions by members	**45**	43
Contributions by the employer	**291**	253
Estimated benefits paid	**(356)**	(306)
Interest on assets	**323**	382
Admin expenses	**(5)**	-
Return on assets less interest	**(356)**	818
Closing fair value of employer assets	**10,030**	10,088

Reconciliation of opening and closing surplus

Movement in deficit during the year	2016 £'000	2015 £'000
Association share of scheme liabilities at beginning of year	**(4,083)**	(3,135)
Movement in year:		
Current service cost	**(252)**	(158)
Contributions	**291**	253
Other finance costs	**(126)**	(133)
Actuarial (losses)/ gains	**942**	(910)
Association share of scheme liabilities at end of year	**(3,228)**	(4,083)

10 BOARD MEMBERS AND EXECUTIVE DIRECTORS

The executive directors are the key management personnel for RHP. Their emoluments are disclosed below:

Executive Directors	Salary, inc bonus £'000	Pension contr'ns £'000	2016 Total £'000	2015 Total £'000
Chief Executive David Done	157	35	192	194
Executive Director of Customer Service Sharon Millard (joined Feb 2016)	20	-	20	-
Executive Director of Finance Philip Day	129	12	141	105
Executive Director of Customer Service Sarah Thomas (left Jan 2016)	100	9	109	140
Executive Director of Corporate Services Amina Graham	125	11	136	136
Aggregate emoluments	**531**	**67**	**598**	**575**

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £157,000 (2015: £160,000). The emoluments include a bonus of £8,074. The Chief Executive received the same pay award as other employees.

The Chief Executive was a member of the LBRPF, a defined benefit final salary pension scheme. As this scheme is now closed to future accrual, the Chief Executive is now a member of SHPS. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Regular Board members receive remuneration of £4,600 per annum; Committee Chairs receive £8,000 per annum, with the Chair of the Board receiving £11,500 per annum. When Councillors were nominated to the Board by the Council they did not receive remuneration.

Expenses paid during the period to Board members amounted to £3,643 (2015: £75). This excludes the remuneration and expenses for the Chief Executive who is also a Board member.

Board Members Remuneration	2016 Total £'000	2015 Total £'000
Angelika Chaffey (Vice Chair)	**8**	8
Catriona Simons (until July 2015)	**3**	8
Ian Nunn (from July 2015)	**3**	-
John Newbury (Chair)	**12**	12
Juliet Oram (until July 2015)	**2**	5
Malcom Levi	**8**	8
Nigel Taylor (from July 2015)	**3**	-
Peter Marsh	**8**	8
Ursula Wyman (from July 2015)	**3**	-
Cllr. Stephen Speak	**7**	1
Suzanne Avery (from July 2015)	**3**	-
Toby D'Olier	**5**	5
Total Remuneration	**65**	55

11 TAXATION

RHP and Co-op Homes are not liable for tax on their ordinary activities due to their charitable status.

RHP Finance Plc's results for the year do not give rise to any tax charge.

12 TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Group	Completed properties £'000	Properties under construction £'000	Completed shared ownership properties £'000	Shared ownership under construction £'000	Total £'000
Historic Cost					
At 1 April 2015	265,768	20,987	1,955	-	**288,710**
Works to existing properties	9,640	-	-	-	**9,640**
Additions	-	7,663	-	1,731	**9,394**
Interest capitalised	-	597	-	-	**597**
Development allowance capitalised	-	775	-	-	**775**
Schemes completed	15,634	(15,634)	-	-	**-**
Disposals	(587)	-	-	-	**(587)**
At 31 March 2016	290,455	14,388	1,955	1,731	**308,529**
Depreciation and impairment					
At 1 April 2015	36,318	-	-	-	**36,318**
Depreciation charged in year	4,802	-	-	-	**4,802**
Impairment charged in year	-	-	-	-	**-**
Released on disposal	(301)	-	-	-	**(301)**
At 31 March 2016	40,819	-	-	-	**40,819**
Net Book Value					
At 31 March 2016	**249,636**	**14,388**	**1,955**	**1,731**	**267,710**
At 31 March 2015	229,450	20,987	1,955	-	**252,392**

Association	Completed properties £'000	Properties under construction £'000	Completed Shared ownership properties £'000	Shared ownership under construction £'000	Total £'000
Historic Cost					
At 1 April 2015	243,130	20,987	1,955	-	**266,072**
Works to existing properties	9,072	-	-	-	**9,072**
Additions	-	7,663	-	1,731	**9,394**
Interest capitalised	-	597	-	-	**597**
Development allowance capitalised	-	775	-	-	**775**
Schemes completed	15,634	(15,634)	-	-	**-**
Disposals	(360)	-	-	-	**(360)**
At 31 March 2016	267,476	14,388	1,955	1,731	**285,550**
Depreciation and impairment					
At 1 April 2015	33,683	-	-	-	**33,683**
Depreciation charged in year	4,356	-	-	-	**4,356**
Impairment charged in year	-	-	-	-	**-**
Released on disposal	(74)	-	-	-	**(74)**
At 31 March 2016	37,965	-	-	-	**37,965**
Net Book Value					
At 31 March 2016	**229,511**	**14,388**	**1,955**	**1,731**	**247,585**
At 31 March 2015	209,447	20,987	1,955	-	232,389

EXPENDITURE ON WORKS TO EXISTING PROPERTIES	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Improvement works capitalised	10,766	24,951	10,766	24,951
Components capitalised	9,641	7,734	9,073	7,102
Amounts charged to income and expenditure	3,668	2,041	3,604	1,979
	24,075	**34,726**	**23,443**	**34,032**

COMPLETED HOUSING PROPERTIES comprise:				
Freehold	265,136	249,776	247,409	232,213
Long leasehold	2,574	2,616	176	176
	267,710	**252,392**	**247,585**	**232,389**

13 FINANCIAL COMMITMENTS

Capital expenditure commitments are as follows:	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Expenditure contracted for but not provided in the accounts	6,739	6,233	6,739	6,233
Expenditure authorised by the board but not contracted for	34,801	32,426	34,801	32,426
	41,540	**38,659**	**41,540**	**38,659**

The above commitments will be financed primarily through borrowings, which are available for draw-down under existing loan arrangements, and free cash flow.

14 SOCIAL HOUSING ASSISTANCE

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Total accumulated social housing grant received or receivable at 31 March 2016	32,104	28,832	21,211	17,805
Recognised in the Statement of Comprehensive Income	320	301	187	167
Held as deferred income	31,784	28,531	21,024	17,638
	32,104	**28,832**	**21,211**	**17,805**

15 INTEREST CAPITALISATION

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Aggregate amount of finance costs included in the cost of housing properties	1,790	1,192	1,790	1,192
Average rate used for capitalisation	4.07%	4.12%	4.07%	4.12%

16 OTHER FIXED ASSETS

Group	Investment properties £'000	Temporary Social Housing improvements £'000	Furniture, fixtures & fittings £'000	Computers, office equipment & vehicles £'000	TOTAL £'000
Cost					
At 1 April 2015	7,965	86	1,732	1,619	11,402
Additions	-	-	212	236	448
At 31 March 2016	7,965	86	1,944	1,855	11,850
Depreciation & Impairment					
At 1 April 2015	1,847	82	657	1,086	3,672
Charged in the year	34	3	220	233	490
At 31 March 2016	1,881	85	877	1,319	4,162
Net Book Value					
At 31 March 2016	**6,084**	**1**	**1,067**	**536**	**7,688**
At 31 March 2015	6,118	4	1,075	533	7,730

Association	Freehold offices £'000	Furniture, fixtures & fittings £'000	Computers, office equipment & vehicles £'000	TOTAL £'000
Cost				
At 1 April 2015	7,965	1,725	1,535	11,225
Additions	-	209	236	445
At 31 March 2016	7,965	1,934	1,771	11,670
Depreciation & Impairment				
At 1 April 2015	1,847	633	1,038	3,518
Charged in the year	34	209	232	475
At 31 March 2016	1,881	841	1,270	3,993
Net Book Value				
At 31 March 2016	**6,084**	**1,092**	**501**	**7,677**
At 31 March 2015	6,118	1,092	497	7,707

17 INTANGIBLE FIXED ASSETS

Association & Group	Computer Software £'000	TOTAL £'000
Cost		
At 1 April 2015	1,392	1,392
Additions	228	228
At 31 March 2016	1,620	1,620
Depreciation & Impairment		
At 1 April 2015	973	973
Charged in the year	236	236
At 31 March 2016	1,209	1,209
Net Book Value		
At 31 March 2016	**411**	**411**
At 31 March 2015	419	419

18 INVESTMENTS IN SUBSIDIARIES

As required by statute, the financial statements consolidate the results of RHP Finance Plc and Co-op Homes (South) Limited (a Registered Provider), which were subsidiaries of the Association at the end of the year. The Association has the right to appoint members to the Boards of the two subsidiaries and thereby exercise control over them. RHP is the ultimate parent undertaking.

The Association has provided Co-op Homes (South) Limited with a loan facility for £8.5m to acquire 263 properties from 6 other housing associations, and for general purposes consistent with its business plan. The facility is underpinned by an arm's length commercial loan agreement, and interest is payable at prevailing market rates. As at 31 March 2016 the balance outstanding on the loan was £3.4m (2015: £3.8m). The loan is repayable in full in 2031. Interest payable to the Association from Co-op Homes (South) Limited was £44,840 (2015: £48,630).

RHP Finance Plc. raises finance for the use of RHP and its subsidiaries. It is a company limited by shares with 100% shares held by the Association. As at 31 March, the Association had part-subscribed to all 50,000 shares at £1 for £0.25p a share for a total of £12,500.

Association	2016 £'000	2015 £'000
Loan to subsidiary	3,374	3,844
Investment in RHP Finance Plc	13	13
	3,387	**3,857**

19 PROPERTIES FOR SALE

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Shared ownership properties:				
Completed properties	-	58	-	58
Work in progress	549	-	549	-
	549	**58**	**549**	**58**

20 INVESTMENT PROPERTIES

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
As at 1 April 2015	6,605	5,329	7,051	5,775
Increase in fair value	40	1,276	40	1,276
As at 31 March 2016	**6,645**	**6,605**	**7,091**	**7,051**

RHP's investment properties are the commercial element of the office building and a small portfolio of shops. These were valued as at 31 March 2016 by Jones Laing LaSalle Limited (JLL), professional external valuers. The full valuation of properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institute of Chartered Surveyors as follows.

In valuing investment properties, a discounted cash flow methodology was adopted with key assumptions.

We have adopted a variety of capitalisation rates dependent upon the characteristics of the individual assets and these are described in the relevant sections of the valuation report prepared by JLL.

In accordance with standard valuation methodology we have made no explicit assumptions regarding general inflation or increases in annual rentals since the market's view of these is reflected in the capitalisation rates adopted. Where our opinion of the current rental value differs from the contracted rent, we have assumed a reversion to the current rental value at the next appropriate event having regard to the terms of the tenancies.

21 DEBTORS

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Rent and service charges receivable	2,844	2,864	2,691	2,711
Less: provision for bad and doubtful debts	(2,095)	(1,785)	(2,009)	(1,695)
	749	**1,079**	**682**	**1,016**
Social Housing Grant Receivable	1,181	2,534	1,181	2,534
Other debtors	225	227	66	138
Amount owed from subsidiary undertaking	-	-	132	95
Prepayments and accrued income	793	1,496	762	1,476
	2,948	**5,336**	**2,823**	**5,259**

22 CURRENT ASSET INVESTMENTS

Group and Association	March 2016 £'000	March 2015 £'000
Term Deposits	60,484	67,000

Term Deposits are interest bearing savings with no more than 95 days' notice placed with various United Kingdom banks. The deposits are invested in a variety of high street banks which is in line with our Treasury Policy.

23 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank overdraft	-	19	-	-
Bank loans (Note 25)	16,032	14,030	16,000	14,000
Trade creditors	379	2,102	230	1,867
Rent and service charges received in advance	-	888	-	888
Other taxation and social security	26	37	1	16
Disposal Proceeds Fund (Note 27)	354	179	354	179
Amounts owed to subsidiary undertaking	-	-	673	-
Other creditors	470	429	228	165
Accruals and deferred income	9,114	7,276	8,195	7,045
	26,375	**24,960**	**25,681**	**24,160**

24 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Bank Loans (Note 25)	217,863	232,922	79,614	94,700
Disposals Proceeds Fund (Note 27)	1,738	1,313	1,738	1,313
Amount owed to subsidiary undertaking	-	-	137,797	137,735
Deferred temporary social housing grant	6	7	-	-
Deferred to grant income (Note 14)	31,784	28,531	21,024	17,637
	251,391	**262,773**	**240,173**	**251,385**

25 DEBT ANALYSIS

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Due within one year				
Bank Loans	16,032	14,030	16,000	14,000
Due after more than one year				
Bank loans	80,358	95,684	79,906	95,197
Amount owed to subsidiary	-	-	138,601	138,601
2048 Bond Issue	138,601	138,601	-	-
	234,991	248,315	234,507	247,798
Less costs				
Unamortised finance costs	(291)	(497)	(291)	(497)
Amount owed to subsidiary	-	-	(805)	(866)
2048 bond issue	(805)	(866)	-	-
	(1,096)	(1,363)	(1,096)	(1,363)
Book value net of unamortised costs	**233,895**	**246,952**	**233,411**	**246,435**

The £138.6m 2048 bond is actively trading on the open market and as at 31 March 2016, it had a fair value of £127.3m (2015: £136.7m) at Ask price of 90.9p (2015: 97.65p).

	Group		Association	
Debt is repayable as follows:	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Within one year	16,032	14,030	16,000	14,000
Within two to five years	15,156	16,193	15,000	16,000
After five years	203,803	218,092	203,507	217,798
	234,991	**248,315**	**234,507**	**247,798**

Bank loans are secured by fixed charges on properties, with a value of £593m as at 31 March 2016. At 31 March 2016 the Group had undrawn loan facilities of £40m (2015: £115m).

Lender	Facility
Dexia Finance Limited	90,000
2048 Bond Issue holders	138,601
Lloyds bank Plc	20,000
Royal Bank of Scotland (RBS) Plc	20,000
National Westminster Bank Plc	484

26 DEFERRED GRANT INCOME

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
At 1 April 2015	28,530	25,294	17,637	14,266
Grant received in the year	3,574	3,538	3,574	3,538
Released to income in the year	(320)	(301)	(187)	(167)
At 31 March 2016	**31,784**	**28,531**	**21,024**	**17,637**

	Group		Association	
	2016 £'000	**2015 £'000**	**2016 £'000**	**2015 £'000**
Amounts to be released within one year	320	301	187	167
Amounts to be released in more than one year	31,464	28,230	20,837	17,470
	31,784	**28,531**	**21,024**	**17,637**

27 DISPOSAL PROCEEDS FUND

	Group & Association	
	2016 £'000	**2015 £'000**
At 1 April 2015	1,492	1,039
Net sale proceeds	777	954
Interest accrued	2	4
Withdrawals	(179)	(505)
Balance at 31 March 2016	**2,092**	**1,492**
Due within one year	354	179
Due after more than one year	1,738	1,313
	2,092	**1,492**

Withdrawals from the DPF were used for approved works to existing housing properties.
As at 31 March 2016, there were no amounts due for repayment and £777k has been received into the fund in the year.

28 PROVISION FOR LIABILITIES

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Group				
Brought forward	179	224	-	-
Paid in year	(1)	(16)	-	-
Credited to the Income & Expenditure	(72)	(29)	-	-
	106	179	-	-
SHPS pension deficit	3,041	2,830	3,041	2,830
At 31 March 2016	**3,147**	**3,009**	**3,041**	**2,830**

Provisions relate to cost associated with the upkeep of properties under repair covenants entered by Co-op Homes. It accounts for these costs in accordance with FRS102 (provisions, contingent liabilities and assets) which usually require the costs to be recognised when the work is undertaken.

29 NON-EQUITY CAPITAL

The Association is a charitable registered society and therefore has no share capital. Each member (see table below) agrees to contribute £1 in the event of the Association winding up.

	March 2016	Restated March 2015
At 1 April 2015	9	13
Joining during the year	4	-
Leaving during the year	(2)	(4)
At 31 March 2016	**11**	**9**

30 LEASES

Operating lease payments amounting to £101k (2015:£115k) are due within one year. The leases to which this relates are as follows:

Group	2016 £'000	2016 £'000	2015 £'000	2015 £'000
Within one year	-	101	-	115
One to five years	-	127	-	96
Beyond five years	14	7	14	11
	14	**235**	**14**	**222**

Association	Land & buildings 2016 £'000	Vehicles, office equipment & computers 2016 £'000	Land & building 2015 £'000	Vehicles, office equipment & computers 2015 £'000
Within one year	-	101	-	115
One to five years	-	127	-	96
Beyond five years	-	7	-	11
	-	**235**	**-**	**222**

31 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2016 (2015: £nil).

32 RELATED PARTIES

During the year there were two tenant members of the Board (Juliet Oram and Angelika Chaffey). Ms Oram pays £159.88 per week and Ms Chaffey pays £129.58 per week. Neither tenant owed any outstanding monies to RHP at 31 March 2016. There was also a member who was a leaseholder (Toby D'Olier). The tenancies and lease are on normal commercial terms and they were not able to use their position to their advantage.

Co-op Homes (South) Limited and RHP are both regulated by the Homes and Communities agency. For further information on transactions between RHP and Co-op Homes see note 20.

Transactions with un-regulated subsidiary

RHP Finance Plc is an unregulated subsidiary of the Group. During the year, RHP had invested £12,500 (2015:£12,500) in the share capital of its non-regulated subsidiary and received a £138.6m loan from its non-regulated subsidiary. Audit fees of £7,500 and other administrative expenses of RHP Finance Plc are borne by RHP, the immediate and ultimate parent undertaking.

33 RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	March 2016 £'000s	March 2015 £'000s
Operating surplus	21,681	20,058
Pensions operating charge - LBRPF	378	360
Pension contributions paid – LBRPF	(291)	(253)
Release of temporary social housing deferred grant	(320)	(301)
Depreciation of tangible fixed assets	5,489	5,114
Dilapidations released	(73)	(45)
	28,864	**24,933**
Working capital movements		
Decrease/ (Increase) in Debtors	3,484	(400)
(Increase) in properties for sale	(549)	(58)
Decrease in Creditors	1,205	2,310
Net inflow from operating activities	**31,004**	**26,785**

34 ANALYSIS OF NET DEBT

	April 2016 £'000	Cashflows £'000	Non cash £'000	March 2016 £'000
Cash at bank and in hand	14,093	(4,749)		9,344
Changes in cash	**14,093**	**(4,749)**	**-**	**9,344**
Current asset investment	67,000	(6,516)	-	60,484
Loans due in one year	(14,030)	2,002	-	(16,032)
Loans due in more than one year	(229,089)	17,131	-	(211,598)
Changes in debt	**(162,026)**	**3,864**	**-**	**(158,162)**
Unamortised finance cost	1,363	-	(267)	1,096
Changes in net debt	**(160,663)**	**3,864**	**(267)**	**157,006**

35 CASH & CASH EQUIVALENTS

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Cash at bank and in hand	9,344	14,093	8,925	13,717
Short term deposits	60,484	67,000	60,484	67,000
Current asset investment	69,828	81,093	69,409	80,717
Bank overdraft	-	(19)	-	-
Cash and cash equivalents	**69,828**	**81,074**	**64,409**	**80,717**

36 FINANCIAL ASSETS AND LIABILITIES

	Group		Association	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Financial assets that are equity instruments measured at cost less impairment				
Investments in subsidiary undertakings	-	-	13	13
Financial assets that are debt instruments measured at amortised cost				
Trade debtors	749	1,079	682	1,016
Amounts owed by subsidiary undertakings	-	-	132	95
Other debtors	2,199	4,257	2,009	4,148
Financial liabilities at fair value through the statement of comprehensive income				
Bank loans	19,096	19,804	19,096	19,804
Financial liabilities measured at amortised cost				
Amounts owed to subsidiary undertakings	-	-	137,797	137,735
Loans	214,799	227,148	76,518	88,896
Finance leases	249	236	235	222
Trade creditors	379	2,102	230	1,867
Other creditors	43,492	38,660	32,213	27,463
	280,963	**293,286**	**268,925**	**281,259**

The fair values of the assets and liabilities held at fair value through the Statement of Comprehensive Income and the Statement of Financial Position are determined using quoted prices.

Amortised cost is the amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any amortised original premium or discount (calculated using the effective interest rate method).

Dexia

The fair value of the two Dexia cancellable loans to RHP are based on the market value of similar debt instruments at 31 March 2016. These loans have been classified as other basic instruments due to the loans being embedded fixes with optionality in favour to the lender.

Bond

The fair value of the loans to RHP is based on the market value of similar debt instruments at 31 March 2016. Fair values of the financial liabilities are stated at Ask price of 90.903p and financial assets are stated at Bid price of 89.562p.

The bond is accounted for as a basic financial instrument. Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method. Loan notes that are receivable within one year are not discounted.

Intercompany loan

The loan provided to Co-op Homes is on the basis on LIBOR plus 0.625%. This loan is deemed to be basic financial instrument as the margin is a reasonable market rate for 2006 (when the loan was granted). The loan is due to be repaid by March 2031.

Financial risks

The Group has a variety of controls in place to manage liquidity risk, credit risk, and exchange risk and minimise financial loss. The most important aspects are:

- For investments, where viable, all counterparties must meet the Group's minimum credit rating of A-1 long term and P-1 short term.
- There is no speculative use of derivatives, currency or other instruments.

The debt maturity profile is shown in note 25.

The fixed rate financial liabilities have a weighted average interest rate of 4.08% (2015: 4.18%) and the weighted average period for which it is fixed is 21 years (2015: 20 years).

Foreign currency risk

Other than short-term debtors, the Group's financial assets comprise cash held in deposit accounts and cash at bank. They are sterling denominated and attract interest at rates that vary with bank rates.

Capital risk management

All of our debt agreements (bond and loan agreements) contain financial and information based covenants which we are obliged to comply with. The bond contains financial covenants relating to asset cover whilst the loan agreements contain interest cover, gearing and asset cover based covenants.

Our Dexia gearing covenant places the greatest constraint upon our ability to borrow additional debt.

Failure to comply with any covenant would lead to a default and security for the loan or bond becoming immediately enforceable and the Loan becoming immediately due and repayable.

Interest rate risk

The Group has limited exposure to interest rate fluctuation due to the high percentage of borrowings on a fixed rate.

All of our debt agreements (bond and loan agreements) contain financial and information based covenants which we are obliged to comply with. The bond contains financial covenants relating to asset cover whilst the loan agreements contain interest cover, gearing and asset cover based covenants. Our Dexia gearing covenant places the greatest constraint upon our ability to borrow additional debt.

37 TRANSITION TO FRS102

This is the first year that the Group has presented its results under FRS102. The last financial statements under UK GAAP were prepared for the year ended 31 March 2015. The date of transition to FRS102 was 1 April 2014 and set out below are the changes in accounting policies which reconcile the surplus for the financial year ended 31 March 2015 under old UK GAAP to the surplus under FRS102 for the same period.

Explanations

Changes for FRS102 adoption

a. SHPS Pension

Under section 28 the Group is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. Using a discount rate of 1.92%, this has resulted in a net liability of £3.3m (£3.5m prior year) being recognised as a provision in the opening reserves and increase in the surplus of £181k.

b. Financial instruments

One of the bank loans with Dexia was previously reported at amortised cost. The loan includes an option for the bank to cancel the fixed aspect of the loan and to move to a rate of the bank's choosing in a way that causes the loan to be classified as non-basic.

The fair value of the loan has been calculated at the year-end by the Group's treasury consultants based on market information relating to similar instruments.

c. Grant accounting

Grants were previously netted off the cost of the related asset. Under FRS102, Government grants must be accounted for using the accruals model or the performance model. As the Association accounts for its properties at cost, it has adopted the accruals model for government grants, as required by SORP 2014.

Under the accruals model, the Government grants have been allocated to the related assets and amortised over the useful economic life of those assets. The unamortised amount is held within deferred income, split between <1 year and >1 year. The amount of amortised grant that has been recognised in opening reserves is £1.8m, of which £1.5m is for 2014 and prior years. £301k is recognised in turnover.

d. Defined benefit pension scheme

The net pension finance cost recognised in the Income and Expenditure account for the year ended 31 July 2015 under the previous UK GAAP was the net of the expected return on the pension plan assets and the interest on pension liabilities. FRS102 requires the recognition in the Statement of Comprehensive Income, of a net interest cost, calculated by multiplying the net plan obligations by the market yield on high quality corporate bonds (the discount rate applied). This has resulted in a finance cost of £12k in the Statement of Comprehensive Income.

e. Investment properties

Under FRS102, the cost of the head office has been split between PPE (property, plant and equipment) and investment properties. Properties classed as investments are measured at their fair market valuation on the balance sheet.

Restated consolidated statement of financial position Group	Note	March 2015 £'000s	March 2014 £'000s
Original reserves		65,987	54,043
2014 Changes		(7,641)	-
Amortisation of government grants	26	301	1,489
Write back depreciation on housing properties as a result of grants moving to long term creditors	12	(199)	(1,071)
SHPS Pension adjustment	9	181	(3,472)
Financial instruments at Fair Value	25	(2,739)	(2,458)
Investment properties at Fair Value	18	2,903	(2,131)
Restate reserves		58,793	46,400
Restated reserves		**58,793**	**46,400**

Restated consolidated statement of financial position Association	Note	March 2015 £'000s	March 2014 £'000s
Original reserves		62,037	50,824
2014 Changes		(7,442)	-
Amortisation of government grants	26	167	344
Write back depreciation on housing properties as a result of grants moving to long term creditors	12	(97)	(197)
SHPS Pension adjustment	10	170	(3,000)
Financial instruments at Fair Value	25	(2,739)	(2,458)
Investment properties at Fair Value	22		(2,458)
(2,131)	22	2,902	(2,131)
Restate reserves		**54,999**	**43,382**

Restated surplus for the year ended 31 March 2015 Group	£'000s
Original surplus on ordinary activities before tax	12,977
Movement in financial instruments at fair value	(2,739)
Movement in fair value investment properties	2,903
Net amortisation of government grants and depreciation	102
Restated surplus	**13,243**

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