

# Report and Financial Statements

for the year ended 31 March 2015

## Contents

Board Members, Executive Officers, Advisors and Bankers	2
Operating and Financial Review and Board Report	3
Independent Auditor's Report to the Members of North Hertfordshire Homes Limited	15
Consolidated Income and Expenditure Account	16
Association Income and Expenditure Account	17
Statement of Total Recognised Surpluses and Deficits	18
Reconciliation of movements in Group's and Association's Funds	18
Consolidated Balance Sheet	19
Association Balance Sheet	20
Consolidated Cash Flow Statement	21
Notes to the Report and Financial Statements	22

## Board Members, Executive Officers and Advisors

### Board: served during year

#### Chair:

Martin Nurse  
*(appointed 24 September 2014)*

Gordon Johnston  
*(retired 24 September 2014)*

#### Vice Chair:

Peter Lipman

#### Members:

Christine Anthony

David Barnard  
*(appointed July 2014)*

Stacey Brewer

Tom Brindley  
*(retired 17 June 2014)*

Colin Chivers  
*(appointed 27 January 2015,  
retired 16 June 2015)*

Bill Davidson

Philip Day

David Kearns  
*(retired 17 June 2014)*

Douglas Kell

Marie Li Mow Ching  
*(appointed 26 November 2014)*

Howard Marshall  
*(retired 30 April 2014)*

Heather McKinlay  
*(retired 24 September 2014)*

David Pickering

Jackie Thomas

### Executive Officers:

#### Chief Executive

Kevin Thompson  
*(retired 5 June 2015)*

Gavin Cansfield  
*(appointed 5 June 2015)*

#### Secretary

Kevin Thompson  
*(retired 21 May 2015)*

John Knox  
*(acting – 21 May 2015)*

#### Director of Finance

Alan Park

#### Director of Property

Paul Murtagh

#### Director of Operations

Victoria Hisgrove

### Registered Office

Rowan House  
Avenue One  
Letchworth Garden City  
Hertfordshire SG6 2WW

Registered Number: 30003R

### Auditors

Grant Thornton UK LLP  
Grant Thornton House  
202 Silbury Boulevard  
Central Milton Keynes MK9 1LW

### Solicitors

Winckworth Sherwood LLP  
Minerva House  
5 Montague Close  
London SE1 9BB

### Bankers

Barclays Bank PLC  
1 Churchill Place  
London E14 5HP

## Operating and Financial Review and Board Report

### The Board presents its report and audited financial statements for the year ended 31 March 2015.

North Hertfordshire Homes Limited is a registered Co-operative and Community Benefit Society with charitable objectives. It is registered with the Homes and Communities Agency (HCA) and is governed by a non-executive Board. The Group operates throughout Hertfordshire and South Bedfordshire, with its head office in Letchworth Garden City and neighbourhood offices in Letchworth, Hitchin and Baldock. The majority of its properties are situated in North Hertfordshire. The Group commenced trading in April 2003 after the housing and ancillary land was purchased from North Hertfordshire District Council.

The Group's principal activities are the management and development of affordable and supported housing. The Group's performance during the year and position at the year-end are summarised in this report.

#### Activities

North Hertfordshire Homes Limited (NHH) comprises one registered housing provider, with two wholly owned subsidiaries, Rowan Homes (NHH) Limited, being incorporated in May 2011, and Allunite Limited purchased in March 2014 (together, 'The Group'). The aim of the subsidiaries being to generate returns on residential development to provide cross subsidy for non-grant funded affordable housing.

The Group operates five key business streams:

- Affordable housing for rent
- Supported housing and care for people who need additional housing-related support or additional care
- Temporary housing to house those who are statutorily homeless
- Shared ownership developments
- Property development for sale

The organisation manages over 9000 social housing properties in addition to over 2,500 commercial properties (primarily garages). The Group is also a developer

of new affordable housing primarily via Rowan Homes (NHH) Limited. The Group has applied to be considered for affordable housing grants as part of a consortium.

In addition to rental housing, the Group also lets a number of commercial properties to operate community based services in the neighbourhoods and has a motor repair service workshop to repair vehicles and to carry out MOTs, primarily for our own fleet of building services vehicles but also available to the public to generate additional income. The Group's focus remains its housing activities and these are expected to continue to constitute over 95% of the Group's activities by turnover.

#### Housing property assets

Details of the changes to the Group's fixed assets are shown in notes 13 and 14 to the Financial Statements. Housing property values are considered in the Operating and Financial Review.

#### Reserves

After transfer of the surplus for the year of £11.8m (2014: £8.0m), the year-end Group reserves (revenue & revaluation) amounted to £61.9m (2014: £52.6m).

#### Stock transfer obligations

The terms of the transfer agreement for the transfer of housing to the Group contained a promise to carry out specified improvements works over a five year period to improve the general condition of the housing stock. The Group met these promises in full and has spent £150m to March 2013 on these and other improvement works. It has continued to improve its housing stock during 2014/15.

#### Rent and service charges policy

Social rents are set on the basis of location and size of accommodation and are reviewed on an annual basis. The Group is fully compliant with the current regulatory guidelines on rents and service charges.

#### The Board and Executive Directors

The Group's Board and Executive Directors are listed on page 2 of this report. The Board has a provision for twelve non-executive members composed of three tenant members, three nominees from North Hertfordshire District Council (NHDC) and six

independent members. Subsequent to the end of the financial year, a Board member resigned creating a vacancy.

Each tenant and independent board member holds one fully paid £1 share in the Group and NHDC corporately holds the remaining one share and exercises one third of the votes at shareholders' meetings. The Executive Directors hold no interest in the Group's share capital and, although they do not have the legal status of directors, they act as executives within the authority delegated by the Board. The Executive Directors are the Chief Executive and the other members of the Group's executive management team, who served during the year.

#### Group insurance policies

These indemnify Board members and directors against liability when acting for the Group.

#### Service contracts

Tenant and Independent Members of the Board are required to retire by rotation every three years. They are entitled to offer themselves for re-election by the membership of the Group if they so choose. They are engaged via a service contract and are paid for their services. All members of the Board must retire after nine years' service.

The Chief Executive and other Executive Directors are appointed on an employment contract which has the same terms as other staff, other than different arrangements for annual leave and the notice period for the Chief Executive being for a period of six months.

#### Pensions

The Executive Directors are members of either the Hertfordshire Local Government Pension Scheme (LGPS) or the North Hertfordshire Homes Ltd Stakeholders Pension Scheme (NHSPS). The LGPS is a defined benefit final salary pension scheme while the NHSPS is a money purchase scheme. They participate in the schemes on the same terms as all other eligible staff and the Group contributes to the schemes on behalf of its employees.

## Operating and Financial Review and Board Report

### Other benefits

The Executive Directors are entitled to other benefits such as the provision of a car allowance and health care insurance.

### Objectives and strategy

The North Hertfordshire Homes vision statement is:

- “To be recognised as a high quality, successful and progressive housing association”.

We have set out four key values that we will all follow in our work:

#### ■ Openness

We will be open and transparent in our dealings with each other and with our tenants, customers and partners.

#### ■ Responsibility

We will do everything we can to improve people’s lives and the world we live in.

#### ■ Respect

We will treat each other and everyone who deals with us, with respect and promote diversity and equality in all we do.

#### ■ Integrity

We will maintain the highest standards of behaviour with our tenants, customers and partners to build trusting relationships.

We have organised our activities around four strategic priorities:

### 1 Understanding our tenants and customers and responding to their needs and aspirations

- Equality and diversity
- Customer care
- Tenant scrutiny
- Influencing the policy agenda

### 2 Better neighbourhoods and communities

- Lettings and tenancy management
- Supporting tenants and communities

### 3 Providing quality homes

- Responding to the housing needs of our communities
- Repairs and maintenance
- Improving our existing stock
- Reducing our environmental impact

### 4 Business Efficiency and Improvement

- Providing value for money
- Staff buildings
- Income Management
- Financial and treasury management
- Good governance
- Risk management
- Human Resources management

The Board continues to be committed to delivering an effective and efficient service to tenants and other stakeholders as well as developing new homes to meet local housing need. Our key strategic objectives are incorporated into the Group’s Corporate Plan. They are analysed within the plan under the same four strategic priorities outlined above.

### Performance and development for the year ended 31 March 2015

#### Development

The Group developed or acquired 38 new homes during this financial year. Of these 24 were for social rent (let at target rent), and 14 for outright sale. A further 289 new homes were under construction during the year.

The 30 year Business Plan Model, approved by the Board in January 2015, demonstrates some limited capacity for future development and investment in the Group’s existing housing.

#### Asset management

Over the last year, we have continued to improve our general needs and retirement living accommodation with £10m being invested to improve the condition, structure and longevity of our homes and the communities in which they are located. This included a further £1.9m on scheme enhancements, £0.7m on aids and adaptations, £3.1m on structural works and electrical wiring, £3.5m on central heating systems and insulation, and £0.8m spent replacing the roofs to some of our properties.

As a result of the investment made, we continue to ensure that all of our homes meet and exceed the Decent Homes Standard and, in line with our Asset Management and Corporate Social Responsibility Strategies, we continue to

ensure that investment in all of NHH’s assets is properly planned from a value for money, operational and environmental sustainability perspective.

It is anticipated that a further £10m will be spent over the next year on continuing improvement programmes, including completing the significant investment we have made in our retirement living accommodation, and this expenditure will be financed principally through existing loan facilities and operational surpluses.

### Operations

#### Key Performance Indicators

The Group’s performance against its key performance indicators is summarised opposite:

#### Rent arrears

Despite concern over the impact of Welfare Reform, rent arrears for the year were lower than those for 2013/14. We aimed to keep general needs and housing for older people arrears at or below 2.5% and temporary accommodation arrears at or below 4% of rental income receivable.

Due to the continuing deployment of resources to combat arrears, levels continued to be low. The arrears for general needs housing were 1.74% (2013/14: 1.95%) and those for temporary accommodation were 3.73% (2013/14: 3.27%).

Overall rent arrears at the year-end were 1.64% compared with 1.80% in 2013/14.

#### Repair response times

Performance in this area has a direct impact on the majority of our customers and so we are pleased to report once again that we have delivered a high level of service and met or exceed all our targets. Across all categories of repairs, 98.8% were completed within our service standard completion times compared with 98.7% in 2013/14.

### Key Performance Indicators 2014/15

Emergency repairs: Combined heating and general repairs completed within 24 hours	Actual: 99.7% (2013/14: 99.6%)
Urgent repairs: Combined heating and general repairs completed within 7 calendar days	Actual: 99.5% (2013/14: 98.6%)
Rent Arrears: All social housing	Actual: 1.64% (2013/14: 1.80%)
Average re-let time: All social housing	Actual: 15.3 days (2013/14: 25.1 days)
Percentage of tenants with a current support plan (renewed within past year)	Actual: 100% (2013/14: 100%)
Percentage of investigated and reviewed complaints resolved within the agreed target	Actual: 85.3% (2013/14: 99.2%)

### Staff turnover and sickness

The Board recognises that the success of the business depends on the quality of the Group's managers and staff. Staff turnover, calculated as the number of leavers in the year divided by the permanent staff headcount at the end of the year, was 21.6% (2013/14: 17.2%). However, the rise in this is mainly due to redundancies due to organisational restructure.

Staff sickness levels for the whole organisation including our building services team and supported housing team was 3.72% (2013/14: 4.40%) against a target of 4.5%.

### Value for money

#### Financial Performance

The aggregated accounts for all large Registered Providers are published every year following external audit and submission of statutory accounts to the Regulator. The aggregated accounts for the largest organisations allows us to compare our financial performance with the average for the housing sector, as well as traditional providers and for stock transfer organisations. The result of this analysis, compared to the average across the LSVT sector is that North Hertfordshire Homes had the following outcomes on a range of financial ratios for the most recent year of publication:-

Operating margin	<i>Higher than average</i>
Net margin	<i>Higher than average</i>
Debt per unit	<i>Higher than average</i>
Interest cover	<i>Lower than average</i>
Gearing ratio	<i>Lower than average</i>
Average cost of funds	<i>Lower than average</i>

We will continue to compare our relative financial performance against averages in the sector but have also extended that analysis to make comparisons with a selection of individual providers that share common features with us, such as geography, size and diversity of turnover.

#### Cost of Services

NHH has a rigorous system of budgeting and cost control which also enables us to make year on year comparisons of costs.

Comparison with the costs of other associations is made through information published by the HCA in the Global accounts and through taking part in HouseMark's core benchmarking programme.

The HouseMark value for money dashboard, which is based on core benchmarking data, is intended to compare the relative value for money performance of different associations. That for 2013-14 (the latest year for which information is available) rated half of our services relative to other LSVTs in southern England as Good Performance and Low Cost except for our Maintenance and Major Works programme and Resident Involvement.

Our Major works and cyclical Maintenance programme was rated by HouseMark as Good Performance and High Cost. Whilst we accept that our spend in this area has been historically high, there are sound reasons for this. Firstly we have been making considerable investment in upgrading our housing for older people schemes. They were already compliant with the decent homes standard, but we need to make them more attractive to potential residents in order to encourage elderly resident of general needs homes to move into them and release property for families on our waiting list. The subsequent completion of our programme in 2015 should result in a significant reduction in our expenditure on capitalised maintenance in the years which follow.

## Operating and Financial Review and Board Report

A second reason for the high expenditure is our programme of social investment in our tenants and our communities. This includes, amongst other things, solid wall insulation and the installation of photo voltaic cells and air source heat pumps in rural properties without mains gas to tackle their higher than average heating bills and address fuel poverty. Again these properties already met the decent homes standard.

Other works included in this category include: aids and adaptations for disabled people, the Older Persons Redecoration Scheme in our housing for older people and the resident led Neighbourhood Environmental Improvement Programme. A 100% stock condition survey completed in 2011-12, has led to reduction in our estimates of required future cyclical and maintenance expenditure.

Our overheads per property compared with neighbouring associations in Southern England show that we are approximately 40% more expensive than the cheapest in the comparative group, but the most expensive is more than double our average costs.

### Procurement

North Hertfordshire Homes (NHH) spent £46.1m with its suppliers during the period Jan – Dec 2014 including capital and revenue expenditure across 634 suppliers. We signed 18 contracts during 2014 to a total value of £22.3m (48.3% of spend) with commercial benefits to NHH of £2.83m representing 12.7% of contracts tendered. This represents lower costs due to the adoption of professional procurement practices to capitalise on competitive contracting. In addition, we were able to increase our commission on shared service provision.

The new European Procurement legislation took effect for organisations operating within the Public domain within the UK with The Public Contracts Regulations 2015 being adopted with effect from April 2015.

Organisations operating within the public domain have to prove that they are increasing Value for Money (VFM) as a result of the new Procurement Regulations.

Monthly Supplier Spend reports are collated and sent to each Budget holder to inform further on the actual expenditure that North Hertfordshire Homes incurs: Procurement working with a Partnership approach is identifying tender opportunities with Budget holders to formulate a Tender timetable enabling a proactive approach to procurement to be taken.

Provision to improve access for Small to Medium Enterprises (SME's) to tendering opportunities has been taken to encourage local suppliers to submit tenders in response to North Hertfordshire Homes supply requirements: with the result that £26.7m or 57.9% of the expenditure for Jan – Dec 2014 was spent with suppliers who are based in the Hertfordshire area.

North Hertfordshire Homes Limited's Value for Money Self-Assessment 2014-15 can be viewed in full at:

[www.nhh.org.uk/publications](http://www.nhh.org.uk/publications)

### Risks and uncertainties

The risks that may prevent the Group achieving its objectives are considered and reviewed quarterly by the senior management team and every three months at Board level as part of the corporate planning processes. The main strategic risks are recorded and assessed in the "Strategic Risk Register" which sets out the significance of their potential probability and impact should they materialise, together with action plans to mitigate them and a Heat map. These major risks are analysed in a report to the Audit and Risk Committee quarterly and the full Board annually.

This is supplemented with an Assurance Register which sets out all the significant issues presenting a risk to the organisation and together with three line defence strategy, and as assessment of the effectiveness of the assurance provided.

The highest level risks are categorised as our Strategic Risks and these ten major risks are considered in the following table:

## Operating and Financial Review and Board Report

### **Key risk: Impact of Welfare Reform threatens NHH's financial strength**

Caps to benefits levels and tighter criteria for access will result in households being less able to pay rent. The implementation of housing benefits payments direct to recipients rather than to the landlord increases the risk of tenants falling into arrears by failing to pass on housing benefits to their landlord. The removal of the spare room subsidy could lead to tenants choosing to live in smaller homes making larger properties harder to let.

### **Action being taken**

- Increased support for tenants through additional funding for advice agencies.
- Promotion of *jam jar* accounts to assist tenants with budgeting.
- Restructuring of neighbourhood services to increase resources for and focus on arrears prevention.
- Prepare contingency plans for alternative use of three and four bedroom properties.
- Factor increased arrears into long term business plan to maintain financial viability and apply rigorous sensitivity analysis.

### **Key risk: Failure to respond appropriately to changes in housing policy**

Changes in operating environment could undermine the viability of current activities or plans.

The consequences of changes may require a significant response to avoid potential negative consequences.

Failure to plan ahead to manage the reviews associated with fixed term tenancies could leave us unable to complete these on time.

### **Action being taken**

- Constant monitoring of media for policy announcements and their implications.
- Attending relevant courses, conferences and briefing sessions.
- Only developing 'affordable homes' where social and affordable rents are very close.
- Only accepting grant with a 'no conversions' agreement to prevent having to convert other homes to 'affordable' rent when they fall vacant.
- Put in place arrangements and procedures for initial and subsequent five year tenancy reviews so we are fully prepared for ending of tenancies.

### **Key risk: Rowan Homes fails to meet its objective of generating surpluses**

Appraisals of the profitability of projects may prove inadequate. Development costs may rise higher than prices, there may be a fall in house prices. Properties may not sell for the prices estimated. We may overpay for land. We may fail to secure sufficient land acquisitions to use the capacity in the business plan.

### **Action being taken**

- Rigorous scrutiny of commercial investment decisions and monitoring of performance targets by the Rowan Homes Board.
- Enlist specialist support for land acquisition.
- Consistent use of prudent financial appraisal models which are reviewed regularly to ensure they are competitive.
- Strictly adhere to the outcomes of feasibility studies, appraisal analyses, obtain specialist advice in each case.
- Commission market research for each new scheme, undertake effective marketing campaigns and monitor sales, taking remedial action when necessary.
- Use of partnering contracts with fixed preliminaries, the use of construction management arrangements and the development of a limited range of property types.



## Operating and Financial Review and Board Report

### **Key risk: Failure to meet our strategic aspirations for the existing housing stock**

Inadequate ongoing investment in maintenance. Inadequate knowledge of stock condition. Rising costs of work. Failure to appraise and take appropriate decisions on underperforming assets. Failure to achieve efficient fuel poverty outcomes for tenants due to poor investment choices.

### **Action being taken**

- *Maintain a comprehensive property database informed by regular stock condition surveys.*
- *Implementation of effective planned and cyclical programmes.*
- *Asset Management Group to review and make recommendations on best use of/ disposal of assets.*
- *Full compliance with NHH's Procurement Strategy.*
- *Use of NHH Building Services for work taking full advantage of savings this generates.*
- *Asset Manager to continually review renewable energy opportunities and funding sources.*

### **Key risk: Failure to fully understand assets and liabilities**

Business critical decisions are poorly informed. Bank loan and other covenants not fully understood. Inaccurate asset valuations leading to uncertainty over capacity for investment. Failure to satisfy the regulator on compliance with regulatory requirements.

### **Action being taken**

- *Identify and consolidate existing sources of information on our assets and liabilities.*
- *Explore and rectify duplicated data on key assets and liabilities.*
- *Ensure loan agreement details fully understood.*
- *Obtain and make use of regular asset valuations.*
- *Maintain monthly two year cash flow forecast.*
- *Proposal to maintain a £10m funding buffer to be incorporated into next Treasury Strategy for Board approval.*
- *Daily reports from Capita Treasury Services of NHH's position give minimum 1 working days notice of potential call for additional security.*

### **Key risk: Failure to maintain financial viability**

ISDAs lead to covenant breaches

Insufficient stress testing

Reduced property valuations due to low inflation etc

Insufficient stock to secure funding

Fraud

Income suppressed while costs increase

Unexpected stock investment spend

Failure/overspend on large development scheme

Inability to sell/let newly developed homes

### **Action being taken**

- *Rigorous stress testing of business plan.*
- *Weekly monitoring of ISDAs.*
- *Ensure sufficient liquidity available at all times to deal with any margin calls on derivatives.*
- *Best practice, comprehensive procurement procedures in place and adhered to.*
- *Monthly monitoring of financial performance through management accounts and review of business plan ensuring that covenants can be met in each year of trading over 30 year time frame.*
- *Loan covenant ratios forecast for the next short, medium and long term.*

**Key risk: Failure to maintain our governance rating**

Failure to maintain proper governance arrangements and meet regulatory expectations set out in the regulatory, governance and conduct codes, guidance on value for money etc could result in a regulatory downgrading. Failure to protect social housing assets from exposure to risks generated by commercial activity.

**Action being taken**

- *Recruit and maintain a high performing Board with the necessary skills to provide effective challenge and scrutiny through effective recruitment, appraisal and development.*
- *Undertaking annual governance reviews assessing performance against regulatory requirements.*
- *Maintaining compliance with codes and subsequent revisions.*
- *Produce and publish information underpinning governance such as the VFM self assessment, annual report to tenants and compliance with codes.*
- *Apply strict controls on commercial activity to cap work in progress expenditure.*

**Key risk: Failure to maintain a viable Care Services operation**

There may be limited opportunities to win new business on acceptable terms. Failure to extend the number of flexi-care locations may put pressure on costs making our services uncompetitive. Maintaining parity with NHH terms and conditions between care staff and other NHH staff may make our service uncompetitive. Cost of building new schemes is prohibitive and not justifiable in relation to long term revenue funding.

**Action being taken**

- *Rigorous monitoring of care service arrangements, structures and standards including external audit and advice.*
- *Lobby and persuade Hertfordshire County Council of the need to offer longer terms revenue contracts for care services to enable capital investment in flexi-care to be justified.*
- *Review management, staffing and terms and conditions of care services to achieve a more cost effective and competitive service.*

**Key risk: Reputational damage**

Failure to effectively manage communication on potentially controversial initiatives such as redevelopment of sites and re-provision of services. Failure to manage social media activity effectively. Poor management of complaints

**Action being taken**

- *Clear and pro-active press and public relations strategy in place and adhered to.*
- *Communications strategy to be agreed and implemented for every controversial initiative.*
- *Establish and maintain good working relationships with local and housing press.*
- *Effective management of information to tenants.*
- *Monitoring of media coverage and responding where appropriate.*
- *Clear and well publicised arrangements for managing, monitoring and learning from complaints.*

## Operating and Financial Review and Board Report

---

### **Key risk: Failure to meet regulators requirements regarding Value for Money**

Governance rating reduced. Depending upon our financial viability rating and if the reduction is to G3 or worse, this will affect our cost or even ability to borrow.

### **Action being taken**

- *Ensure effective centralised procurement takes place reducing costs.*
  - *Robust budgeting for the long term maintenance of our homes based on an accurate stock condition survey.*
  - *Set and monitor clear value for money savings targets.*
  - *Ensure adequate time and resources are allocated to timely production of value for money self assessment.*
  - *Benchmarking of costs and performance.*
-

## Operating and Financial Review and Board Report

### Financial position

The Group income and expenditure account and balance sheet for the past five years are summarised in Table 1 (page 12) and the following paragraphs highlight key features of the Group's financial position at 31 March 2015.

Operating surplus, before the cost to service loan debt is £20.3m (2014: £19.6m).

Group borrowings have increased to £288.5m; the Group has undrawn loan facilities of £8.7m that will be used to fund future improvement programmes and new developments. Revenue reserves are £60.9m (2014: £51.5m).

### Accounting policies

The Group's principal accounting policies are set out on pages 22 to 24 of the financial statements.

The policies that are most critical to the financial results relate to accounting for housing properties and include capitalisation of interest for developments; deduction of capital grant from the cost of assets; housing property depreciation and capitalisation of major improvements to the housing stock.

The Group's financial statements include a provision for pension liability. The liability has been calculated by a qualified actuary in accordance with accounting practice outlined in Financial Reporting Standard 17 ("FRS17"), Accounting for Retirement Benefits. The pension liability relates solely to the Group's membership of the Hertfordshire Local Government Pension Scheme.

### Properties in ownership

At 31 March 2015 the Group owned and managed 11,914 properties (2014: 11,944). The properties are carried in the balance sheet at historical cost (after depreciation and capital grant) of £302m (2014: £291m). The Board appointed professional valuers to value the Group's housing properties at existing use valuation for social housing (EUV-SH) values. These EUV-SH values are used to calculate the Gearing Ratio in accordance with the loan covenants that are included in the loan facility agreements of the Group's long term lenders. At 31 March

2015, the EUV-SH values of the properties, on an existing use for social housing valuation basis were £500.1m (2014: £492.4m).

### Pension costs

The Group participates in two pension schemes, the Hertfordshire Local Government Pension Scheme (LGPS) and the North Hertfordshire Homes Stakeholder Pension Scheme (NHSPS). The LGPS is a final salary scheme, while the NHSPS is a money purchase scheme. Both offer good benefits for staff. The Group has contributed 21.2% of payroll to the LGPS scheme in accordance with the contribution rate set by the actuaries, and contributes between 5% and 12.5% of payroll to the NHSPS depending on the age of employees. The latest actuarial valuation of the LGPS was for the 31 March 2015. Contributions to the scheme are 21.2% (2014: 20.9%) of pensionable salaries from April 2012.

### Capital structure and treasury policy

The Group borrowed £4m (2014: £11m) during the year to fund stock improvement programmes and our new build development programme. At the year-end Group borrowings amounted to £288.5m (2014: £284.5m).

The repayment profile of this debt is as follows:

Maturity	2015 £m	2014 £m
Within one year	–	–
One to two years	2.0	–
Two to five years	15.5	8.9
After five years	271.0	275.6
	<b>288.5</b>	<b>284.5</b>

The Group has a long term syndicated loan facility comprising a bank and a building society, from which it has borrowed at both fixed and floating rates of interest. It also has received borrowings via bond debt issued by Harbour Funding Plc. Interest rate swaps are

used to manage the Group's exposure to interest rate fluctuations and to secure the interest rate profile that can be supported within the 30 year business plan model.

The Group's treasury strategy includes maintaining an interest rate management aim that focuses on achieving cost savings through holding short-term debt but not missing the opportunity to tie into historically low long-term rates. The balance and split of hedging will be dependent on the nature of any revision in debt facilities and sources of finance accessed. At the year-end, 66.5% of the Group's borrowings were at fixed rates after taking account of interest rate swaps (2014: 67.5%).

Variable rates of interest (LIBOR) have been swapped for fixed rate payments of £95m; £80m of these fixed rates range from 4.51% to 4.8% for periods of 16 to 28 years. There is a £15m cancellable swap for 28 years at 3.97% that is cancellable at bank's option. The bonds have a coupon cost of 5.28%; in 2005/06 the bonds were increased by £21.5m at a net coupon cost of 4.9%.

The Group has approved loan facilities of £296.8m and will seek to increase these loan facilities as opportunities arise.

### Cash flows

Cash inflows and outflows during the year are shown in the cash flow statement (page 21). The cash inflow from operating activities reduced this year to £24m (2014: £27m). Cash flows from operating activities have increased as a result of increased rental income and sales of shared ownership and outright sale housing.

Table 1 – Group Highlights, five-year summary  
For the year ended 31 March 2015

	2015	2014	2013	2012 (restated)	2011
Group Income & Expenditure accounts (£000s)					
Total Turnover	67,688	60,767	53,943	46,749	42,590
Turnover from lettings	50,352	48,558	46,259	42,731	40,127
Operating Surplus	20,289	19,509	13,512	12,787	9,557
Net Surplus/(Deficit)	11,752	8,019	3,735	4,158	(58)
<b>Group Balance Sheet (£000s)</b>					
Housing Properties, net of depreciation	352,663	339,297	334,376	325,443	301,061
SHG and other capital grants	(50,210)	(47,810)	(46,236)	(44,678)	(41,482)
Housing Properties net of depreciation and grant	302,453	291,487	288,140	280,765	259,579
Pension Assets	–	406	–	–	–
Other Fixed Assets, net of depreciation	7,767	7,524	6,644	6,613	6,854
Total Fixed Assets, net of depreciation	310,220	299,417	294,784	287,378	266,433
Net Current Assets	34,959	30,394	15,474	13,576	10,147
<b>Total assets</b>	<b>345,179</b>	<b>329,811</b>	<b>310,258</b>	<b>300,954</b>	<b>276,580</b>
Creditors (due over one year)	288,003	283,946	272,922	267,339	247,010
Less investments to secure interest	(6,699)	(6,699)	(6,634)	(6,066)	(5,672)
Net loans (due over one year)	281,304	277,247	266,288	261,273	241,338
Pensions liability	1,951	–	1,659	1,102	603
Reserves					
Revaluation	1,059	1,059	994	426	32
Revenue	60,865	51,505	41,317	38,153	34,607
Total reserves	61,924	52,564	42,311	38,579	34,639
<b>Total Funding</b>	<b>345,179</b>	<b>329,811</b>	<b>310,258</b>	<b>300,954</b>	<b>276,580</b>
<b>Accommodation figures Total properties at year end</b>					
Social Housing	9,001	9,031	9,050	9,005	8,798
Commercial Properties	2,913	2,913	2,908	2,914	2,904
Total	11,914	11,944	11,958	11,919	11,702
<b>Statistics</b>					
Operating Surplus % of Turnover	29.9%	32.10%	25.05%	27.35%	22.44%
Net Surplus % of Turnover	17.4%	13.2%	6.92%	8.89%	-0.14%
Rent losses through voids and bad debts % of annual rent and service charges receivable	1.37%	1.36%	2.38%	2.67%	2.31%
Rent Arrears % of annual rent and service charges receivable	1.64%	3.64%	2.67%	2.25%	2.32%
Interest Cover (EBIT divided by interest payable)	2.04	1.60	1.60	1.89	1.64
Liquidity (current assets divided by current liabilities)	3.54	3.57	2.98	2.48	2.13
Gearing (total loans as % assets, housing properties at value as valued by valuer)	52%	52%	53%	53%	58%
Asset Cover Ratio (housing assets at value divided by loan debt)	1.74	1.74	1.76	1.76	1.62
Debt per rental unit	£34,151	£33,417	£32,127	£31,627	£29,951

## Internal Controls Assurance

The Board is the ultimate governing body. It is responsible for ensuring that adequate systems of financial control are in place, and are appropriate to the business environment in which the Group operates. These systems of internal control can only provide reasonable, but not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls which are embedded within day to day management and governance processes.

This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed. The process for identifying, evaluating and managing the significant risks faced by the Group is on-going and has been in place throughout the year commencing 1 April 2014 up to the date of approval of the annual report and financial statements. The Board has delegated the detailed monitoring of risk management and control arrangements to the Audit and Risk Committee which receives a report on this from management at each of its meetings. A comprehensive review of risk management arrangements is carried out by the Board annually.

The Board has adopted the following arrangements to review the effectiveness of the system of internal control:

- All major investments in existing properties, new properties, plant, equipment and software are subject to appraisal and individual approval by the Executive Management Team or the relevant committees as determined by the delegated financial authority and Board terms of reference;
- Management and reporting structures that provide clear accountability and effective decision making within the Group. Operations such as housing, property services and finance are managed by separate directors who report to the Group's Chief Executive;

- An internal audit function which is directed by the Audit and Risk Committee to audit the Group's controls and systems based on a three year risk assessment and audit plan. The Group uses the services of an independent firm of auditors to carry out its internal audit function;
- Forecasts, budgets and regular management accounts are prepared which allow the Group's Board and management to monitor the key business risks and financial objectives, and progress towards financial plans set for the year and the medium term; and
- An on-going risk management strategy that defines and, where possible, minimises risks across the Group. Responsibility for the overall strategy for the management of risk, and the continuing review and approval of the Group's Risk Map rests with the Board.

The Board, through the reports of the Audit and Risk Committee, has reviewed the effectiveness of the systems of financial control. The Audit and Risk Committee has 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 and has reported its findings to the Board. These findings are that, in general, laid down procedures and controls are adequate to meet management objectives and that the internal controls operating were reasonable.

NHH has a whistle blowing policy and takes allegations seriously. It also has a Fraud Policy. The police will be notified in all cases where it is appropriate. No cases of fraud have been reported during 2014/15.

### **National Housing Federation (NHF) Code of Governance**

The Group complies with the principal recommendations of the NHF Code of Governance (revised 2015). At the commencement of the financial year the board had 15 members, but this was subsequently reduced to 12 in September 2014, thereby complying with the recommended size for Boards.

The principle recommendations are set out in formal Codes of Governance and Board Member Conduct which are consistent with the NHF model codes.

### **Donations**

During the year ended 31 March 2015 the Group donated a total of £168k (2014: £137k) primarily focussing on those agencies that provide support or services to residents within our area of operation.

### **Statement of the Responsibilities of the Board**

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

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation 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). Under the Co-operative and Community Benefit Societies legislation 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 income and expenditure of the Group 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;

## Statement of the Responsibilities of the Board

- State whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by Registered Housing Providers Update 2010, 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 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 and Association and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

### Post Balance Sheet Events

#### *Summer Budget 2015*

On Wednesday 8 July the Chancellor, George Osborne, set out the first budget of the new Government – and the first for a majority Conservative Government in nearly two decades. This included a number of measures which will impact our tenants and North Hertfordshire Homes.

Clearly one of the biggest impacts of the Exchequers' budget announcement was in relation to the unplanned 1% rent reduction for four years commencing April 2016. We are currently assessing the impact it will have on the approved business plan that has been submitted to the regulator and plan to explore opportunities to mitigate the full impact of this change and build

any necessary changes into our financial, development and operational plans for the affected years. Our preliminary work in this area has not identified any potential loan covenant breaches or indicated any significant impairment of properties or security available for funding which would affect the Association's ability to remain a going concern.

We plan to explore opportunities to mitigate the full impact of this change and build any necessary changes into our financial, development and operational plans for the affected years.

### Payment to creditors

The Group estimates that on average creditors are paid within 30 days (2014: 30 days).

### Employees

Details of employees are set out in note 9 of the Financial Statements.

The Board considers that the involvement of staff in all its relevant business activities is essential in providing a high quality service to the Group's tenants and clients. The Group is committed to consulting staff on all aspects of its operations through recognised unions, its formal staff consultation group, management team meetings, through monthly Team Briefs and through written newsletters and circulars. All staff are entitled to join a trade union. The Group operates an equal opportunities policy and has encouraged disabled people to apply for jobs. The Group's policy on training, career development and promotion of disabled people is, as far as possible, identical to that established for other employees and if employees become disabled every effort is made to ensure their continued employment, with appropriate adjustments and training, as necessary. The Group achieved accreditation as an Investor in People in April 2003, was accredited again in 2008 and has been awarded the Silver Level Award in 2011.

### Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

The Group has a standing Health and Safety Committee, comprising staff, managers and the trade unions and has appropriate staffing arrangements for maintaining the health, safety and wellbeing of its workforce and compliance with legislation.

### Annual General Meeting

The Annual General Meeting will be held on the 23 September 2015.

### Disclosure of information to auditors

At the date of making this report each of the Group's board members, as set out on page 2, confirm the following:

- So far as each board member is aware, there is no relevant information needed by the Group's auditors in connection with preparing of their report of which the Group's auditor is unaware.
- Each board member has taken all the steps that one ought to have taken as a board member in order to make themselves aware of any relevant information needed by the Group's auditor in connection with preparing their report and to establish that the Group's auditor is aware of that information.

### External Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the Group will be proposed at the forthcoming Annual General Meeting.

### Statement of Compliance

In preparing this Operating and Financial Review and Board Report, the Board has followed the principles set out in the SORP 2010 update.

The Operating and Financial Review and Board Report was approved by the Board on 28 July 2015 and signed on its behalf by:



**Martin Nurse**  
Chair



## Independent Auditor's Report to the Members of North Hertfordshire Homes Limited

For the year ended  
31 March 2015

We have audited the financial statements of North Hertfordshire Homes Limited for the year ended 31 March 2015 which comprise the consolidated and association income and expenditure accounts, the consolidated and association statements of total recognised surpluses and deficits, the reconciliation of movement in group's and association's funds, the consolidated and association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing association's members, as a body, in accordance with regulations made under Sections 87 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 housing association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the housing association and the housing association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Board and auditors

As explained more fully in the Statement of Responsibilities of the Board (set out on page 14), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the 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/apb/scope/auditscopeukprivate](http://www.frc.org.uk/apb/scope/auditscopeukprivate)

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent's affairs as at 31 March 2015 and of the group and parent'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 2012.

### Matters on which we are required to report by exception

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

- a satisfactory system of control over transactions has not been maintained; or
- the parent association has not kept proper accounting records; or
- 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

Statutory Auditor, Chartered Accountants  
Central Milton Keynes



Consolidated Income & Expenditure Account  
for the year ended 31 March 2015

	Note	2015 £000s	2014 £000s
Turnover: continuing activities	3	67,688	60,767
Operating costs	3	(47,399)	(41,258)
<b>Operating surplus: continuing activities</b>	<b>3</b>	<b>20,289</b>	<b>19,509</b>
Surplus/(Deficit) on sale of fixed assets: housing properties	6	2,613	(198)
Interest receivable and other income	7	233	203
Interest payable and similar charges	8	(11,200)	(11,124)
Other finance costs	9	142	(27)
<b>Surplus on ordinary activities before taxation</b>		<b>12,077</b>	<b>8,363</b>
Tax charge on surplus on ordinary activities	11	(325)	(344)
<b>Surplus for the financial year</b>	<b>23</b>	<b>11,752</b>	<b>8,019</b>

The consolidated results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

The Group's activities derive wholly from continuing activities in the current and preceding year.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were approved by the Board of Directors on 28 July 2015.



**Martin Nurse**  
Chairman



**Douglas Kell**  
Board Member



**John Knox**  
Secretary

Association Income & Expenditure Account  
for the year ended 31 March 2015

	Note	2015 £000s	2014 £000s
Turnover: continuing activities	3	58,716	57,539
Operating costs	3	(39,666)	(38,439)
Operating surplus: continuing activities	3	19,050	19,100
Surplus/(deficit) on sale of fixed assets: housing properties	6	2,613	(198)
Interest receivable and other income	7	560	361
Interest payable and similar charges	8	(11,200)	(11,160)
Other finance costs	9	142	(27)
<b>Surplus on ordinary activities before taxation</b>		<b>11,165</b>	<b>8,076</b>
Tax charge on surplus on ordinary activities	11	(116)	(331)
<b>Surplus for the financial year</b>	<b>24</b>	<b>11,049</b>	<b>7,745</b>

The association's results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The financial statements were approved by the Board of Directors on 28 July 2015.



**Martin Nurse**  
Chairman



**Douglas Kell**  
Board Member



**John Knox**  
Secretary

Statement of Total Recognised Surpluses and Deficits  
for the year ended 31 March 2015

	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Surplus for the financial year	11,752	8,019	11,049	7,745
Unrealised surplus on revaluation of investments	–	65	–	65
Actuarial (loss)/gain relating to pension scheme	(2,392)	2,169	(2,392)	2,169
<b>Total recognised surpluses for the year</b>	<b>9,360</b>	<b>10,253</b>	<b>8,657</b>	<b>9,979</b>

Reconciliation of movements  
in Group's and Association's Funds

	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Opening total funds	52,564	42,311	52,570	42,591
Total recognised surpluses for the year	9,360	10,253	8,657	9,979
<b>Closing total funds</b>	<b>61,924</b>	<b>52,564</b>	<b>61,227</b>	<b>52,570</b>

Consolidated Balance Sheet  
at 31 March 2015

	Note	£000s	2015 £000s	£000s	2014 £000s
<b>Fixed assets</b>					
Intangible Fixed Asset	12		502		499
<b>Tangible Fixed Assets</b>					
Housing properties	13		352,663		339,297
Social Housing Grant	13		(24,553)		(23,870)
Other grants	13		(25,657)		(23,939)
			<b>302,453</b>		<b>291,488</b>
Other tangible fixed assets	14		7,265		7,024
Pension asset			–		406
<b>Total fixed assets</b>			<b>310,220</b>		<b>299,417</b>
<b>Current assets</b>					
Properties for sale	16	35,380		28,686	
Stock & work in progress		216		194	
Debtors	17	2,442		2,934	
Cash at bank and in hand		10,661		10,395	
		<b>48,699</b>		<b>42,209</b>	
Creditors: amounts falling due within one year	18	(13,740)		(11,815)	
<b>Net current assets</b>			<b>34,959</b>		<b>30,394</b>
<b>Total assets less current Liabilities</b>			<b>345,179</b>		<b>329,811</b>
Creditors: falling due in more than one year	20	288,003		283,946	
Investment	22	(6,699)		(6,699)	
			<b>281,304</b>		<b>277,247</b>
<b>Provision for liabilities</b>					
Net pension liability	9		1,951		–
<b>Capital and reserves</b>					
Non-equity share capital	23	–		–	
Revenue reserve	24	60,865		51,505	
Revaluation reserve	24	1,059		1,059	
			61,924		52,564
			<b>345,179</b>		<b>329,811</b>

The accompanying notes form part of these financial statements.  
The financial statements were approved by the Board of Directors on.



**Martin Nurse**  
Chairman



**Douglas Kell**  
Board Member



**John Knox**  
Secretary

Association Balance Sheet  
at 31 March 2015

	Note	2015 £000s	2104 £000s
<b>Tangible fixed assets</b>			
Housing properties	13	352,663	339,297
Social Housing Grant	13	(24,553)	(23,870)
Other grants	13	(25,657)	(23,939)
		<b>302,453</b>	<b>291,488</b>
Other tangible fixed assets	14	7,265	7,024
Investments	15	523	3,936
<b>Total fixed assets</b>		<b>310,241</b>	<b>302,448</b>
<b>Current assets</b>			
Properties for sale	16	23,678	17,382
Stock & work in progress		216	194
Debtors	17	13,242	10,945
Cash at bank and in hand		10,612	10,342
		<b>47,748</b>	<b>38,863</b>
Creditors amounts falling due within one year	18	(13,508)	(11,494)
<b>Net current assets</b>		<b>34,240</b>	<b>27,369</b>
<b>Total assets less current liabilities</b>		<b>344,481</b>	<b>329,817</b>
Creditors: falling due in more than one year	20	288,003	283,946
Investment	22	(6,699)	(6,699)
		<b>281,304</b>	<b>277,247</b>
<b>Provision for liabilities</b>			
Net pension liability	9	1,951	–
<b>Capital and reserves</b>			
Non-equity share capital	23	–	–
Revenue reserve	24	60,168	51,481
Revaluation reserve	24	1,059	1,059
		<b>61,227</b>	<b>52,570</b>
		<b>344,481</b>	<b>329,817</b>

The accompanying notes form part of these financial statements  
The financial statements were approved by the Board of Directors on



**Martin Nurse**  
Chairman



**Douglas Kell**  
Board Member



**John Knox**  
Secretary

Consolidated Cash Flow Statement  
year ended 31 March 2015

	Note	2015 £000s	2014 £000s
<b>Net cash inflow from operating activities</b>	25	23,973	26,620
<b>Returns on investments and servicing of finance</b>			
Interest received		233	221
Interest paid		(10,785)	(11,287)
<b>Net cash outflow from investments and servicing of finance</b>		<b>13,421</b>	<b>15,554</b>
<b>Taxation</b>			
Corporation tax paid		(249)	(65)
<b>Capital expenditure</b>			
Purchase of Allunite Limited	15	–	(3,530)
Purchase and construction and improvements of housing properties		(22,319)	(14,969)
Social Housing Grant – received		2,308	1,304
Other grant received		81	269
Purchase of other fixed assets		(944)	(870)
Sales of other fixed assets		123	–
Sales of housing properties		3,845	1,611
<b>Net cash outflow from capital expenditure</b>		<b>(16,906)</b>	<b>(16,185)</b>
<b>Financing</b>			
Loans received		4,000	11,000
<b>Increase in cash</b>	27	<b>266</b>	<b>10,304</b>

The accompanying notes form part of these financial statements.

## Notes to the Report and Financial Statements for the year ended 31 March 2015

### 1. Legal status

The Group is registered under the Co-operative and Community Benefit Societies Act 2014 and is a registered housing provider.

### 2. Accounting policies

#### Basis of accounting

The financial statements of the Group and Association are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Housing Providers Update 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

#### Going concern

The Group's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes, along with the Group's day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, 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 at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

#### Basis of consolidation

The Group accounts consolidate the accounts of the Association and its subsidiary at 31 March 2015 using acquisition accounting. The statutory financial year end of Allunite Limited a wholly owned subsidiary company, does not coincide with the financial year of the Group. However

the group have consolidated the financial position and results of Allunite Limited based on the management accounts made up to the financial year end of the group.

#### Turnover and revenue recognition

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

Rental and service charge 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. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

#### Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

#### Value added tax

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the group and not recoverable from HM Revenue and Customs. 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 Social Housing Grant (SHG) received in advance; or
- b A fair amount of interest on borrowings of the company as a whole after deduction of SHG received 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.

#### Derivatives

The Group uses interest rates swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

#### Pensions

The Group operates a defined benefit pension scheme (Local Government Pension Scheme) contracted out of The State Scheme for employees who were transferred under TUPE from the North Hertfordshire District Council. The pension scheme, which is closed to new employees, is valued every three years by a professionally qualified independent actuary, the rates of contribution being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rate.

For the Local Government Pension 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, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating profit.

Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

The Group also operates a stakeholder's money purchase scheme for new employees hired after the 1st April 2003. Pension costs are based on a fixed percentage of the employee's salary according to the age of the employee and are accounted for by charging the cost to the income statement.

#### **Community Benefit Agreement**

A Community Benefit Agreement exists between the Group and North Hertfordshire District Council to record the surpluses on sales of assets that were part of the original stock transfer and the savings made under the VAT plan that had been approved by HM Revenues and Customs.

The agreement specifies how the fund should be used including extension of leases within the NHDC area and for generally increasing the number of social housing dwellings.

Payments to the Group for lease extensions and social housing projects are shown as Other Grants and the balance of the fund is disclosed in the notes to the accounts.

#### **Accounting for Right to Buy sales proceeds**

The cash proceeds from the Right to Buy sales transactions for the sales of housing properties to tenants are accounted for in accordance with the income distribution clauses as set out in a Community Benefit Agreement.

This Agreement sets out the amount of capital appreciation to be credited to the Community Benefit Fund with the residual profit or loss being recorded in the sale of fixed assets.

#### **Debt issue costs**

Costs to negotiate loans, the arrangement fees payable to the lenders for the loans, and the costs to charge the properties that are used as security for the loans, are capitalised in the balance sheet and written off over the remaining expiry term of the loans.

#### **Housing properties**

Housing properties are principally properties available for rent and are stated at cost less depreciation. 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.

The full purchase price of land and buildings acquired for future development is accounted for at the date of exchange of contracts.

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

#### **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. Where the land is not related to a specific development and is donated by a public body an amount equivalent to the increase in value between market value and cost is added to other grants. Where the donation is from a non-public source, the value of the donation is included as income.

#### **Social Housing Grant**

Social Housing Grant (SHG) is receivable from the Homes and Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

#### **Depreciation of housing properties**

In accordance with SORP 2010, the Group now separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where SHG has been allocated to a component, the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value.



## Notes to the Report and Financial Statements for the year ended 31 March 2015

The Group depreciates the major components of its housing properties at the following annual rates:

Structure and long leases	1 %
Roofs	1.67 %
Garages	2 %
Heating systems, wiring, bathrooms, window & doors	3.33 %
Kitchens	5 %
Boilers	6.67 %
Service chargeable assets	10 %

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

### Other grants

Other grants are receivable from local authorities and other organisations or from the Community Benefit Fund. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

### Impairment

Housing properties including those with individual components, which are depreciated over a period in excess of 50 years, are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Group. Any such write down is charged to operating surplus.

### Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold offices	2 %
Long leasehold property	over life of lease
Furniture, fixtures, fittings and equipment	10 %
Computers	25 %
Motor vehicles	25 %

### Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the

Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

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

### 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.

### Current asset investments

Investments are stated at market value. Changes in market value are taken to the revaluation reserve.

### Liquid resources

Liquid resources 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.

### Revaluation reserve

The difference between the market value of current asset investments and the historical cost carrying value is credited to the revaluation reserve.

### Goodwill

The goodwill in the accounts has arisen from the acquisition of Allunite Limited. North Hertfordshire Homes is presently in negotiations to sell the Company at a profit and has therefore decided to hold the goodwill on the balance sheet and account for it on disposal.

3a. Turnover, cost of sales, operating costs and operating surplus  
Continuing activities

**Group**

	Year ended 31 March 2015			
	Turnover	Cost of sales	Operating costs	Operating surplus
	£000s	£000s	£000s	£000s
<b>Social housing lettings</b>	50,352	–	(33,199)	17,153
<b>Other social housing activities</b>				
Garage renting	1,014	–	(75)	939
Current asset properties sales	363	(120)	–	243
Charges for support services	1,002	–	(918)	84
Supporting People	687	–	(881)	(194)
Other	504	(4)	(166)	334
	<b>3,570</b>	<b>(124)</b>	<b>(2,040)</b>	<b>1,406</b>
<b>Non-social housing activities</b>				
Vehicle workshop	107	–	(33)	(74)
External works	702	–	–	702
Commercial renting	148	–	(17)	131
Current assets properties sale	12,791	(10,629)	(709)	1,453
Other	18	–	(648)	(630)
	<b>13,766</b>	<b>(10,629)</b>	<b>(1,407)</b>	<b>1,730</b>
	<b>67,688</b>	<b>(10,753)</b>	<b>(36,646)</b>	<b>20,289</b>

**Association**

<b>Social housing lettings</b>	50,352	–	(33,199)	17,153
<b>Other social housing activities</b>				
Garage renting	1,014	–	(75)	939
Current asset property sales	363	(120)	–	243
Charges for support services	1,002	–	(918)	84
Supporting People	687	–	(881)	(194)
Other	504	(4)	(166)	334
	<b>3,570</b>	<b>(124)</b>	<b>(2,040)</b>	<b>1,406</b>
<b>Non-social housing activities</b>				
Vehicle workshop	107	–	(33)	74
External works	702	–	–	702
Commercial renting	148	–	(17)	131
Current assets properties sale	3,819	(3,427)	(140)	252
Other	18	–	(685)	(667)
	<b>4,794</b>	<b>(3,427)</b>	<b>(875)</b>	<b>492</b>
	<b>58,716</b>	<b>(3,551)</b>	<b>(36,115)</b>	<b>19,050</b>

Notes to the Report and Financial Statements  
for the year ended 31 March 2015

3b. Turnover, cost of sales, operating costs and operating surplus (continued)

Group and Association	Year ended 31 March 2015					Year ended 31 March 2014 Restated
	General Needs Housing £000s	Supported Housing £000s	Shared Ownership £000s	Temporary Housing £000s	Total £000s	Total £000s
Rent receivable net of identifiable service charges	40,729	3,486	493	736	45,444	43,888
Service income	3,421	948	434	105	4,908	4,672
Other revenue grants	–	–	–	–	–	(2)
<b>Turnover from social housing lettings</b>	<b>44,150</b>	<b>4,434</b>	<b>927</b>	<b>841</b>	<b>50,352</b>	<b>48,558</b>
Management	(11,735)	(438)	(82)	(300)	(12,555)	(12,857)
Service charge costs	(4,669)	(1,493)	–	(124)	(6,286)	(5,900)
Routine maintenance	(3,206)	(148)	–	(16)	(3,370)	(2,997)
Planned maintenance	(3,131)	(700)	–	(26)	(3,857)	(2,921)
Bad debts	(57)	3	–	(2)	(56)	(47)
Property Lease Charges	(81)	–	–	–	(81)	(89)
Depreciation of housing properties	(6,089)	(878)	–	(27)	(6,994)	(7,340)
<b>Operating costs on social housing</b>	<b>(28,968)</b>	<b>(3,654)</b>	<b>(82)</b>	<b>(495)</b>	<b>(33,199)</b>	<b>(32,151)</b>
<b>Operating surplus on social housing lettings</b>	<b>15,182</b>	<b>780</b>	<b>845</b>	<b>346</b>	<b>17,153</b>	<b>16,407</b>
Void losses	246	63	–	139	447	621

#### 4. Accommodation in management and development

##### Group and Association

	Group		Association	
	2015 No of Properties	2014 No of Properties	2015 No of Properties	2014 No of Properties
<b>Social Housing</b>				
General housing	7,344	7,363	7,344	7,363
Supported housing	759	785	759	785
Temporary social housing	134	134	134	134
Shared ownership	196	188	196	188
Leased housing properties	568	561	568	561
Commercial	2,913	2,913	2,913	2,913
<b>Total owned and managed</b>	<b>11,914</b>	<b>11,944</b>	<b>11,914</b>	<b>11,944</b>
At Year End:				
<b>Accommodation in Development</b>	<b>246</b>	<b>179</b>	<b>246</b>	<b>162</b>

The Group owns 7 (2014:7) supported housing properties that are managed by others.

#### 5. Operating surplus

##### Group and Association

The operating surplus is arrived at after charging/(crediting):

	2015 £000s	2014 £000s
<b>Depreciation of:</b>		
Housing properties	7,075	7,421
Other tangible fixed assets	647	560
Deficit on disposal of other tangible fixed assets	(68)	–
<b>Auditors' remuneration (excluding VAT)</b>		
Audit of the Association	27	27
Audit of the subsidiaries	7	4
Audit related services	1	1
<b>Operating lease rentals</b>		
Plant and machinery	48	31
Other	81	79

Notes to the Report and Financial Statements  
for the year ended 31 March 2015

6. Surplus on sale of fixed assets: housing properties

Group and Association	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Disposal proceeds	6,623	3,813	6,623	3,813
Carrying value of fixed assets	(1,269)	(1,498)	(1,269)	(1,498)
	<b>5,354</b>	<b>2,315</b>	<b>5,354</b>	<b>2,315</b>
Capital grant recycled (note 19)	(25)	–	(25)	–
Transfer to Community Benefit Fund	(2,716)	(2,513)	(2,716)	(2,513)
	<b>2,613</b>	<b>(198)</b>	<b>2,613</b>	<b>(198)</b>

7. Interest receivable and other income

Group and Association	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Interest receivable on investment bonds	116	154	116	154
Intercompany interest	–	–	335	176
Interest receivable on deposits	105	31	105	31
Other interest receivable	12	18	4	–
	<b>233</b>	<b>203</b>	<b>560</b>	<b>361</b>

8. Interest payable and other income

Group and Association	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Loans and bank overdrafts	(11,548)	(11,281)	(11,548)	(11,317)
Interest payable capitalised on housing properties under construction	348	157	348	157
	<b>(11,200)</b>	<b>(11,124)</b>	<b>(11,200)</b>	<b>(11,160)</b>

Capitalisation rate used to determine finance costs capitalised 2.3% during the year.

## 9. Employees

Average monthly number of employees employed during the year and expressed in full time equivalents (FTE) (calculated based on a standard working week of 37.5hrs):

Group and Association	2015 Number	2015 FTE	2014 Number	2014 FTE
Central office staff	65	58	51	45
Housing staff	70	61	50	46
Direct labour staff	87	85	100	98
Care staff	74	48	101	73
Property services staff	39	37	20	19
Development	10	9	8	8
Non-executive	13	13	14	14
	<b>358</b>	<b>311</b>	<b>344</b>	<b>303</b>

During the year the group underwent several internal restructures which resulted in the changes of categorisation of staff members.

Employee costs:	2015 £000s	2014 £000s
Wages & salaries	9,633	8,813
Social security costs	895	834
Pension costs	776	865
	<b>11,304</b>	<b>10,512</b>

The Group's employees are members of the Local Government Pension Scheme (LGPS) or of the Legal and General Stakeholder Scheme. Further information on each scheme is given below.

### A) Local Government Pension Scheme

The Local Government Pension Scheme (LGPS) is a multi-employer scheme, administered by Hertfordshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS17, to 31 March 2015 by a qualified independent actuary.

The LGPS is closed to employees who join the Group after 31 March 2003. The liability in respect of past service for transferring members as at 31 March 2003 is to remain with North Hertfordshire District Council. The market value of the scheme's assets as at 31 March 2003, and any deficit or surplus relating to revaluation of these assets, are reflected in the financial statements of North Hertfordshire District Council.

The employer's contributions to the LGPS by the Group for the year ended 31 March were £420k (2014: £490k) at a contribution rate of 21.2% of pensionable salaries, this rate is continued in 2015/16.

Financial assumptions	31 March 2015 % per annum	31 March 2014 % per annum
Future salary increases	3.8	4.1
Future pension increases	2.4	2.8
Discount rate	3.2	4.3
Inflation assumptions	3.0	3.0

## Notes to the Report and Financial Statements for the year ended 31 March 2015

### Mortality assumptions

The post retirement mortality assumptions adopted to value the benefit obligation at March 2015 and March 2014 are based on the Self Administered Pension Schemes (SAPS) mortality tables.

The assumed life expectations on retirement at age 65 are:

	2015 No of years	2014 No of years
<b>Current Pensioners</b>		
Males	22.3	22.3
Females	24.5	24.5
<b>Future Pensioners</b>		
Males	24.3	24.3
Females	26.7	26.7

### Expected return on assets

The expected return on assets based on the long-term future expected investment return for each asset class at the beginning of the period (i.e. as at 1 April 2014 for the year to 31 March 2015).

	2015 % per annum	2014 % per annum
Equities	5.7	6.6
Bonds	2.6	4.0
Property	3.9	4.8
Cash	2.6	3.7

### Analysis of the amount charged to the Income and Expenditure Account

	2015 £000s	2014 £000s
Current service cost	527	567
Amounts charged to finance costs	<b>527</b>	<b>567</b>
	<b>2015 £000s</b>	<b>2014 £000s</b>
Expected return on scheme assets	(650)	(416)
Interest on scheme liabilities	508	443
Amounts (credited)/charged to other finance costs	<b>(142)</b>	<b>27</b>
Actual return on scheme assets	<b>1,534</b>	<b>638</b>

### Statement of Total Recognised Surpluses and Deficits (STRSD)

	2015 £000s	2014 £000s
Actuarial (loss)/gain in pension scheme recognised in STRSD	(2,392)	2,169
<b>Cumulative actuarial gain/(loss) recognised in STRSD</b>	<b>(1,739)</b>	<b>653</b>

<b>Amounts recognised in the Balance Sheet:</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Present value of funded obligations	(14,321)	(9,974)
Fair value of scheme assets	12,370	10,380
<b>Net Pension (liability)/asset recognised in Balance Sheet</b>	<b>(1,951)</b>	<b>406</b>

<b>Reconciliation of opening and closing balances of the present value of scheme liabilities</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Opening scheme liabilities	(9,974)	(9,878)
Current service cost	(527)	(567)
Interest cost	(508)	(443)
Contributions by members	(148)	(137)
Actuarial losses	(3,826)	308
Benefits paid	662	743
<b>Closing scheme liabilities</b>	<b>(14,321)</b>	<b>(9,974)</b>

<b>Reconciliation of opening and closing balances of the fair value of scheme assets</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Opening fair value of scheme assets	10,380	8,219
Expected return on scheme assets	650	416
Actuarial gains	1,434	1,861
Contributions by employer	420	490
Contributions by members	148	137
Benefits paid	(662)	(743)
<b>Closing fair value of scheme assets</b>	<b>12,370</b>	<b>10,380</b>

<b>Major categories of plan assets as a percentage of total plan assets:</b>	<b>2015</b>	<b>2014</b>
Equities	66%	74%
Bonds	24%	17%
Property	7%	6%
Cash	3%	3%

<b>Amounts for the current and previous four accounting periods are as follows:</b>	<b>2015 £000s</b>	<b>2014 £000s</b>	<b>2013 £000s</b>	<b>2012 £000s</b>	<b>2011 £000s</b>
Present value of scheme liabilities	(14,321)	(9,974)	(9,878)	(8,062)	(7,150)
Fair value of scheme asset	12,370	10,380	8,219	6,960	6,547
(Deficit)/Surplus on scheme	(1,951)	406	(1,659)	(1,102)	(603)
Experience adjustments on plan liabilities	(1,798)	342	3	(26)	(1,313)
Experience adjustments on plan assets	1,434	1,861	654	(318)	1,801



## Notes to the Report and Financial Statements for the year ended 31 March 2015

### B) Legal & General Stakeholders Pension Scheme

Contributions to this scheme to fund the cost of pensions are charged to the income and expenditure account of the Group. The pension contribution costs are based on a percentage of applicable earnings in accordance with the age of the employees:

Age	Employee Contribution %	Group Contribution %
Up to 29	2.0%	5.0%
30 to 39	3.0%	7.5%
40 to 49	4.0%	10.0%
50 plus	5.0%	12.5%

The pension scheme is portable and employees can contribute into the scheme up to the maximum contribution level allowed by HM Revenue & Customs. The Group's net liability for the pension cost is to contribute only at the % rates of salary and applicable age as noted above.

## 10. Board Members and Executive Directors

### Group and Association

#### Executive Directors

	Remuneration £000s	Benefits In Kind £000s	Pension Contributions £000s	2015 Total £000s	2014 Total £000s
<b>Chief Executive</b> Kevin Thompson	128	11	26	165	156
<b>Director of Finance</b> Alan Park	109	7	13	129	117
<b>Director of Operations</b> Victoria Hisgrove	91	7	19	117	110
<b>Director of Property</b> Paul Murtagh	91	7	19	117	110
				<b>528</b>	<b>493</b>

Emoluments (excluding pension contributions) paid to the highest paid director (Chief Executive)	<b>2015</b> £139,542	<b>2014</b> £131,448
---	-------------------------	-------------------------

The Chief Executive is a member of the Local Government Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the Chief Executive.

	2015 Total £000s	2014 Total £000s
<b>Chair of Board</b>		
Gordon Johnson	5	11
Martin Nurse	6	–
<b>Vice Chair</b>		
Peter Lipman	8	8
<b>Chair of the Committee</b>		
David Kearns	1	5
Philip Day	5	4
<b>Board Members</b>		
Douglas Kell	6	7
David Barnard	3	–
Heather McKinlay	2	4
Pauline Walker	–	2
William Davidson	4	5
Jaqueline Thomas	4	5
Marie Li Mow Ching	2	–
Howard Marshall	4	6
Colin Chivers	1	–
David Pickering	7	7
Tom Brindley	1	4
Christine Anthony	4	4
Stacey Brewer	4	4
	<b>67</b>	<b>76</b>

	2015 £000s	2014 £000s
<b>Board Members</b>		
<b>Remuneration in respect of:</b>		
Board duties	63	75
Appeals panel	–	2
Board champions	4	2
	<b>67</b>	<b>79</b>

	2015 £000s	2014 £000s
<b>Remuneration payable to:</b>		
Chair of the Board	11	10
Board members	81	59
	<b>92</b>	<b>69</b>

Notes to the Report and Financial Statements  
for the year ended 31 March 2015

<b>Remuneration is payable at the following annual rates:</b>	<b>31 March 2015 £s</b>	<b>31 March 2014 £s</b>
Chair of the Board	10,558	10,250
Vice Chair	6,334	6,150
Chair of the Committee	5,596	5,433
Other Board Members	4,223	4,100
Chair of Rowan Homes Board	3,167	3,075
Other Rowan Homes Board Members	1,584	1,538
<b>Additional remuneration for:</b>	<b>2015 £s</b>	<b>2014 £s</b>
Board champions	–	528
Finance champion	–	1026
Appeals panel members	–	559
The full time equivalent of staff who received remuneration	<b>2015</b>	<b>2014</b>
£60,000 to £70,000	4	4
£70,001 to £80,000	–	–
£80,001 to £90,000	–	2
£90,001 to £100,000	2	1
Over £100,000	2	1

## 11. Taxation

### Group and Association

Tax on profit on ordinary activities	<b>Group</b>		<b>Association</b>	
	<b>2015 £000s</b>	<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
<b>Current tax</b>				
– Prior year	38	8	38	(44)
– Current year	(363)	(352)	(154)	287)
<b>Tax charge</b>	<b>(325)</b>	<b>(344)</b>	<b>(116)</b>	<b>(331)</b>

### Factors affecting the tax charge for the period

The tax assessed for the period is the standard rate of UK Corporation tax at 21 % for the year (2014: 23 %)

The differences are explained on page 35:

	<b>Group</b>		<b>Association</b>	
	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Surplus on ordinary activities before taxation	12,077	8,363	11,165	8,076
Surplus on ordinary activities multiplied by the standard rate of UK Corporation tax at 21 % for the year (2014: 23 %)	(2,536)	(1,923)	(2,345)	(1,857)
Surplus on charitable activities not taxable	2,173	1,571	2,191	1,570
Prior year adjustments	38	8	38	(44)
<b>Total Corporation Tax Charge</b>	<b>(325)</b>	<b>(344)</b>	<b>(116)</b>	<b>(331)</b>

The association has charitable status and is therefore only liable for corporation tax on its surplus generated on commercial activity, which is primarily derived from property development.

## 12. Intangible Fixed Assets

	<b>Association</b> <b>Goodwill</b> <b>£000s</b>	<b>Group</b> <b>Total</b> <b>£000s</b>	<b>Goodwill</b> <b>£000s</b>	<b>Total</b> <b>£000s</b>
<b>Cost</b>				
At 1 April 2014	499	499	499	499
Addition due to revaluation	3	3	3	3
Pre acquisition reserves Adjustment	–	–	21	21
<b>At 31 March 2015</b>	<b>502</b>	<b>502</b>	<b>523</b>	<b>523</b>

The goodwill has arisen due to the purchase of Allunite Ltd, the group have decided to sell the subsidiary and are currently dealing with solicitors, the sale of Allunite is higher than the purchase price and any subsequent costs so no amortisation has been charged on the goodwill (2014:none). The goodwill in the group balance sheet is shown as investments for comparatives with the 2014 statutory accounts.

Notes to the Report and Financial Statements  
for the year ended 31 March 2015

13. Tangible fixed assets – properties

	Social housing properties held for letting	Social housing properties for letting under construction	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost</b>					
At 1 April 2014	358,476	3,701	20,505	414	383,096
Additions	–	13,268	99	612	13,980
Reclassification	(27)	27	–	–	–
Works to existing properties	10,035	–	–	–	10,035
Interest capitalised	–	(48)	–	–	(48)
Schemes completed	1,541	(1,541)	–	–	–
Disposals	(3,440)	–	(455)	(1)	(3,896)
<b>At 31 March 2015</b>	<b>366,585</b>	<b>15,407</b>	<b>20,149</b>	<b>1,025</b>	<b>403,166</b>
<b>Depreciation and Impairment</b>					
At 1 April 2014	(43,798)	–	–	–	(43,798)
Charged in year	(7,075)	–	–	–	(7,075)
Disposals in year	370	–	–	–	370
<b>At 31 March 2015</b>	<b>(50,503)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(50,503)</b>
<b>Social Housing Grant</b>					
At 1 April 2014	(18,572)	(1,150)	(4,148)	–	(23,870)
Additions	(125)	–	–	–	(125)
Disposals	50	–	35	–	85
Reclassification O/B	(643)	–	–	–	(643)
<b>At 31 March 2015</b>	<b>(19,290)</b>	<b>(1,150)</b>	<b>(4,113)</b>	<b>–</b>	<b>(24,553)</b>
<b>Other capital grant: Community Fund Grant &amp; Improvements</b>					
At 1 April 2014	(23,939)	–	–	–	(23,939)
Additions	(2,183)	–	(184)	–	(2,367)
Disposals	6	–	–	–	6
Reclassification O/B	643	–	–	–	643
<b>At 31 March 2015</b>	<b>(25,473)</b>	<b>–</b>	<b>(184)</b>	<b>–</b>	<b>(25,657)</b>
<b>Net book value at 31 March 2015</b>	<b>271,319</b>	<b>14,257</b>	<b>15,852</b>	<b>1,025</b>	<b>302,453</b>
<b>Net book value at 31 March 2014</b>	<b>272,139</b>	<b>2,578</b>	<b>16,358</b>	<b>414</b>	<b>291,489</b>

**Impairment**

The Group considers individual schemes to be separate income generating units (IGUs) when assessing for impairment in accordance with the requirements of Financial Reporting Standard 11 (FRS 11) – Impairment of Fixed Assets and Goodwill. None of the schemes required an impairment charge to be processed.

Finance costs incurred at the point that bond sales were made and bank loans were entered into were posted to the balance sheet against loans (see note 20). They are amortised across the life of the loans and bonds. When assessed none of this cost was impaired and finance costs were in line with the recognised payment schedules.

<b>Details of repairs costs</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Amounts capitalised (Improvements and component replacements)	9,560	11,003
Amounts charged to income and expenditure		
Total repairs	10,631	9,849
<b>Total</b>	<b>20,191</b>	<b>20,852</b>

<b>Valuation (disclosure only)</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Completed housing properties at valuation	500,098	492,378
Revaluation Reserve – completed housing properties	197,644	200,706

For information purposes only, completed housing properties have been valued at 31 March 2015 by Jones Lang LaSalle Limited, professional external valuers. The full valuation of the properties was undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered Surveyors. Properties are valued at Existing Use Value for Social Housing for all social housing and shared ownership properties.

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

#### 14. Other tangible fixed assets

	<b>Land and buildings</b>	<b>Furniture and office equipment</b>	<b>Motor vehicles</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost</b>				
At 1 April 2014	7,602	3,561	1,334	12,497
Additions in year	–	172	772	944
Disposal in year	(292)	(2,581)	(1,252)	(4,125)
<b>At 31 March 2015</b>	<b>7,310</b>	<b>1,152</b>	<b>854</b>	<b>9,316</b>
<b>Depreciation</b>				
At 1 April 2014	(1,425)	(2,756)	(1,292)	(5,473)
Charge for year	(150)	(357)	(140)	(647)
Disposal in year	288	2,512	1,269	4,069
<b>At 31 March 2015</b>	<b>(1,287)</b>	<b>(601)</b>	<b>(163)</b>	<b>(2,051)</b>
<b>Net book value at 31 March 2015</b>	<b>6,023</b>	<b>551</b>	<b>691</b>	<b>7,265</b>
<b>Net book value at 31 March 2014</b>	<b>6,177</b>	<b>805</b>	<b>42</b>	<b>7,024</b>

#### Impairment

An assessment for impairment in accordance with the requirements of Financial Reporting Standard 11 (FRS 11) – Impairment of Fixed Assets and Goodwill was undertaken on the other fixed assets and an impairment of £56k was charged for the financial year.

## Notes to the Report and Financial Statements for the year ended 31 March 2015

### 15. Investments in subsidiaries

As required by statute, the financial statements consolidate the results of North Hertfordshire Homes Limited, Rowan Homes (NHH) Limited and Allunite Limited. Rowan Homes (NHH) Limited (Company Number: 07635808) and Allunite Limited (Company Number: 06979640) were subsidiaries of North Hertfordshire Homes Limited at the end of the year, registered in England and Wales. North Hertfordshire Homes Limited is the ultimate parent undertaking of both subsidiaries and has the right to appoint members to the board of both subsidiaries and therefore exercise control over them.

Both subsidiaries are trading as developers of properties for sale and are non-regulated entities. None of the subsidiary companies are registered social landlords.

#### Rowan Homes (NHH) Limited

North Hertfordshire Homes Limited, a regulated entity, owns all £100 of the issued share capital.

During the year the company had the following intra-group transactions with Rowan Homes Limited.

	2015 £000s	2014 £000s
Management services	(7,594)	(8,011)
	<b>(7,594)</b>	<b>(8,011)</b>

These amounts relate to all costs incurred for Rowan Homes specific schemes and Development salaries apportioned by scheme, based on a total scheme costs. Of the total Development salaries for the year 50% (2014: 76.5%) was recharged to North Hertfordshire Homes from Rowan Homes (NHH) Limited.

#### Allunite Limited

North Hertfordshire Homes Limited, a regulated entity bought 100% of issued share capital of Allunite Limited for £100 on the 20 March 2014. The acquisition was made to gain control of prime development land. Goodwill was paid of £522,450. The goodwill is the difference between the cost of the land and the price paid to acquire the company inclusive of the land. The goodwill will crystallise on development, or sale of the site.

During the year the Company had the following Intra group transactions with Allunite Limited.

	2015 £000s	2014 £000s
Management services	(3,208)	–
	<b>(3,208)</b>	<b>–</b>

### 16. Properties for sale

	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
<b>Shared ownership first tranche development</b>				
Completed properties	493	–	493	–
Work in progress	347	430	259	350
<b>Properties for outright sale</b>				
Work in progress	28,661	23,259	21,866	15,565
<b>Land acquired for development</b>	5,879	4,997	1,060	1,467
	<b>35,380</b>	<b>28,686</b>	<b>23,678</b>	<b>17,382</b>

17. Debtors

	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
<b>Due within one year</b>				
Rent and service charges receivable	2,401	2,274	2,401	2,274
Less provision for bad and doubtful debts	(817)	(935)	(817)	(935)
	<b>1,584</b>	<b>1,339</b>	<b>1,584</b>	<b>1,339</b>
Social housing grant receivable	–	500	–	500
Amount due from group undertaking	–	–	10,802	8,011
Other debtors	467	427	465	427
Prepayments and accrued income	391	668	391	668
	<b>2,442</b>	<b>2,934</b>	<b>13,242</b>	<b>10,945</b>

18. Creditors: amounts falling due within one year

	Group		Association	
	2015 £000s	2014 £000s	2015 £000s	2014 £000s
Trade Creditor	3,191	2,235	3,191	2,235
Rent and service charges received in advance	920	736	920	736
Community Benefit Fund	3,937	3,597	3,937	3,597
Corporation tax	154	359	154	277
Other taxation and social security	436	244	227	244
Other creditors	562	431	539	431
Accruals and deferred income	4,540	4,136	4,540	4,136
	<b>13,740</b>	<b>11,738</b>	<b>13,508</b>	<b>11,656</b>

19. Recycled capital grant fund

Group and Association	2015 £000s	2014 £000s
At 1 April	67	67
Grants Recycled	25	–
<b>At 31 March</b>	<b>92</b>	<b>67</b>



Notes to the Report and Financial Statements  
for the year ended 31 March 2015

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

<b>Group and Association</b>	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Debt (note 21)	287,911	283,879
Recycled capital grant fund (note 19)	92	67
	<b>288,003</b>	<b>283,946</b>

21. Debt analysis

<b>Group and Association</b>	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
<b>Borrowings</b>		
<b>Due after more than one year</b>		
Bank loans	191,300	187,300
Harbour Funding Plc. 5.28% bond 2044	86,332	86,332
Harbour Funding Plc. Premium Payment	841	841
GBSH Bond	10,000	10,000
	<b>288,473</b>	<b>284,473</b>
Less issue costs	(562)	(594)
<b>Total loans</b>	<b>287,911</b>	<b>283,879</b>

**Security**

The bank loans and bond are secured by fixed charges on individual properties.

**Terms of repayment and interest rates**

The bank loans are repayable in instalments from 2016 to 2044, at fixed rates of interest ranging from 4% to 4.8% and floating rates based on monthly LIBOR.

The bond is repayable in one bullet in 2044, at a fixed rate of interest of 5.28%.

At 31 March 2015 the Group had undrawn loan facilities of £8,300k (2014:£12,300k).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

	<b>2015</b> <b>£000s</b>	<b>2014</b> <b>£000s</b>
Within one year or on demand	–	–
Two years or more but less than five years	17,500	8,853
Five years or more	270,973	275,620
	<b>288,473</b>	<b>284,473</b>

## 22. Investments

### Group and Association

	2015 £000s	2014 £000s
At 1 April	6,699	6,634
Increase in valuation	–	65
<b>At 31 March</b>	<b>6,699</b>	<b>6,699</b>

The investment securities are charged as security for the Group's £86.3m bond with Harbour Funding Plc. and are held by Royal Trust Corporation of Canada, the bond trustee on behalf of the Group. The investments were re-valued at 31 March 2014 and are recorded in the accounts at the market value of £6,699k at that date (2014:£6,699k). Any increase in valuation that exceeds original cost is transferred to the revaluation reserve. The valuation at 31st March 2015 was not materially different, so the valuation had remained at the 2014 level.

## 23. Non-equity share capital

### Group and Association

	2015	2014
<b>At 1 April and 31 March</b>	<b>10</b>	<b>11</b>

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up. The composition of the Board and its shareholders was amended during the year, resulting in the reduction of the shares provided to members.

## 24. Reserves

### Group

	Revaluation reserve £000s	Revenue reserve £000s	Total £000s
<b>At 1 April 2014</b>	1,059	51,505	52,564
Surplus for the year	–	11,752	11,752
Actuarial surplus relating to pension scheme	–	(2,392)	(2,392)
<b>At 31 March 2015</b>	<b>1,059</b>	<b>60,865</b>	<b>61,924</b>

### Association

	Revaluation reserve £000s	Revenue reserve £000s	Total £000s
<b>At 1 April 2014</b>	1,059	51,511	52,570
Surplus for the year	–	11,049	11,049
Actuarial surplus relating to pension scheme	–	(2,392)	(2,392)
<b>At 31 March 2015</b>	<b>1,059</b>	<b>60,168</b>	<b>61,277</b>

Notes to the Report and Financial Statements  
for the year ended 31 March 2015

25. Net cash inflow from operating activities

	<b>2015</b>	<b>2014</b>
	<b>£000s</b>	<b>£000s</b>
<b>Operating surplus</b>	20,289	19,509
Depreciation of tangible fixed assets	7,722	7,891
Surplus on disposal of tangible fixed assets	155	231
Defined benefit pension scheme operating charge	527	567
Defined benefit pension scheme contribution paid	(420)	(490)
	<b>28,273</b>	<b>27,708</b>
	<b>2015</b>	<b>2014</b>
	<b>£000s</b>	<b>£000s</b>
<b>Working capital movements</b>		
Properties for sale	(6,694)	(4,960)
Stock	(23)	(57)
Debtors	492	805
Creditors	1,925	3,124
	<b>23,973</b>	<b>26,620</b>

26. Reconciliation of net cash flow to movement in net debt

	<b>2015</b>	<b>2014</b>
	<b>£000s</b>	<b>£000s</b>
Increase in cash	266	10,304
Cash (inflow) from increase in debt	(4,000)	(11,000)
Change in net debt resulting from cash flows	(3,734)	(696)
Release of Finance Costs	(32)	–
Change in market value from investments	–	65
Change in bond premium	–	(24)
Movement in net debt for the period	(3,766)	(655)
<b>Net debt at 1st April</b>	<b>(266,785)</b>	<b>(266,747)</b>
<b>Net debt at 31 March</b>	<b>(270,551)</b>	<b>(267,402)</b>

## 27. Analysis of changes in net debt

	<b>1 April 2014 £000s</b>	<b>Cashflow £000s</b>	<b>Non-cash Movement £000s</b>	<b>31 March 2015 £000s</b>
Cash at bank and in hand	10,395	266	–	10,661
Changes in cash	10,395	266	–	10,661
Changes in investment	6,699	–	–	6,699
Changes in loan debt	(283,879)	(4,000)	(32)	(287,911)
Changes in net debt	<b>(266,785)</b>	<b>(3,734)</b>	<b>(32)</b>	<b>(270,551)</b>

## 28. Capital commitments

	<b>Group</b>		<b>Association</b>	
	<b>2015 £000s</b>	<b>2014 £000s</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
Capital expenditure contracted for but not provided for in the financial statements	23,349	18,483	20,903	16,333
Capital expenditure authorised by the Board, but not contracted	52,069	56,252	45,073	53,146
	<b>75,418</b>	<b>74,735</b>	<b>65,976</b>	<b>69,479</b>

The above commitments will be financed primarily through operating cashflows, borrowings and Social Housing Grant.

## 29. Operating leases

The payments which the Group is committed to make in the next year under operating leases are as follows:

<b>Group and Association</b>	<b>2015 £000s</b>	<b>2014 £000s</b>
<b>Land and buildings leases expiring</b>		
Five years or more	81	44
<b>Other expiring</b>		
Five years or more	48	20
	<b>129</b>	<b>64</b>

## Notes to the Report and Financial Statements for the year ended 31 March 2015

### 30. Contingent Liabilities

The Group and Association had no contingent liabilities at 31 March 2015 (2014: nil).

### 31. Related Parties

The tenancies of Tenant or other Board members are on normal commercial terms.

The following members of the board David Barnard and William Davidson are councillors with North Hertfordshire District Council, a local authority having nomination rights over tenancies for certain group properties. All transactions with the council are on normal commercial terms and David Barnard and William Davidson are not able to use their position to their advantage.

#### Subsidiaries

The Group have taken the exemptions available under FRS8 for disclosure of intra group transactions

Company Name	Company Number	Shareholding	Value of shares
Rowan Homes (NHH) Limited	07635808	100%	£100
Allunite Limited	06979640	100%	£100

### 32. Financial assets and liabilities

#### Group and Association

The Board policy on derivatives and financial instruments is explained in the operating and financial review and Board report.

#### Financial Assets

Other than short-term debtors, financial assets held are equity instruments in other entities and cash deposits placed on money markets at call and cash at bank. They are sterling denominated and the interest profile at 31 March was:

	2015 £000s	2014 £000s
Floating rate	10,661	10,365
Fixed rate	6,699	6,699
	<b>17,360</b>	<b>17,064</b>

#### Financial liabilities excluding trade creditors – interest rate risk profile

The Groups financial liabilities are sterling denominated. After taking into account interest swaps, the interest rate profile of the Group's financial liabilities at 31 March was:

	2015 £000s	2014 £000s
Floating rate	96,300	92,300
Fixed rate	191,332	191,332
	<b>287,632</b>	<b>283,632</b>

The fixed rate financial liabilities have a weighted average interest rate of 4.95% (2014: 4.95%) and the weighted average period for which it is fixed is 29 years (2014: 32 years).

The floating rate financial liabilities comprise bank loans that bear interest at rates based on the monthly LIBOR.

The debt maturity profile is shown in note 21.

**Borrowing facilities**

The Group has undrawn committed borrowing facilities. The facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2015 £000s	2014 £000s
Expiring in less than two years	8,300	12,300
	<b>8,300</b>	<b>12,300</b>

**Fair values of assets and liabilities**

The Groups financial liabilities are sterling denominated. After taking into account interest swaps, the interest rate profile of the Group's financial liabilities at 31 March was:

	Book value £000s	2015 Fair value £000s	Book value £000s	2014 Fair value £000s
Financial assets	6,699	6,699	6,699	6,699
Short term financial assets	10,661	10,661	10,365	10,365
Long term borrowings	(287,632)	(150,906)	(283,632)	(145,298)

The fair values of Long term borrowings has been calculated by discounting the re-payment profile at the average cost of debt.

**Derivative financial instruments held to manage the interest rate profile**

	Book value £000s	2015 Fair value £000s	Book value £000s	2014 Fair value £000s
<b>Interest rate swaps</b>	–	(46,341)	–	(25,306)

The fair values have been calculated by discounting cash flows at prevailing interest rates.

**Gains and losses on hedges**

As explained in the Report of the Board, the Group used interest rate swaps to manage its interest profile. Changes in the fair values of these instruments, used as hedges, are not recognised in the financial statements until the hedged position matures. An analysis of these unrecognised gains and losses is as follows:

	Losses £000s	Total net losses £000s
Unrecognised losses on hedges at 31 March 2015	46,341	46,341
Unrecognised losses on hedges at 31 March 2014	25,306	25,306

Of which:

	2015 £000s	2014 £000s
Gains and losses expected to be recognised in 2015/16 or later	46,341	25,306

### 33. Post Balance Sheet Events

#### **Summer Budget 2015**

On Wednesday 8 July the Chancellor, George Osborne, set out the first budget of the new Government. This included a number of measures which will impact our tenants and North Hertfordshire Homes.

Clearly one of the biggest impacts of the Exchequers' budget announcement was in relation to the unplanned 1% rent reduction for four years commencing April 2016. We are currently assessing the impact it will have on the approved business plan that has been submitted to the regulator and plan to explore opportunities to mitigate the full impact of this change and build any necessary changes into our financial, development and operational plans for the affected years. Our preliminary work in this area has not identified any potential loan covenant breaches or indicated any significant impairment of properties or security available for funding which would affect the Association's ability to remain a going concern.

We plan to explore opportunities to mitigate the full impact of this change and build any necessary changes into our financial, development and operational plans for the affected years.

This report is available in large print or other formats upon request to the same address. You can also ask for a translation into another language.

ਏਹੇ ਬਾਰਿਕ ਰਿਪੋਰਟਿ ਅਨੁਰੋਥਕਰਮੇ ਵਡੇ ਸਿਫੇ ਵਾ  
ਅਨਾਨਾ ਫਰਮਾਟੇ ਪਾਓਣਾ ਆਵੇ। ਆਪਨੀ ਅਨਾ ਭਾਸ਼ਾ  
ਅਨੁਵਾਦਨ ਅਨਾ ਵਲਤੇ ਪਾਵੇਨ

ਏਹੇ ਸਾਲਾਨੇ ਰਿਪੋਰਟ ਡਰਿਕੁਆਸਟ ਕਰਨੇ ਪਰ ਭੜੀ  
ਚੋਪਾਨੀ ਯਾ ਡਿਗਰ ਸੁਰਤੋਨ ਮਿਨ ਡਸਟਿਯਾਬ ਏ. ਆਪ  
ਅਸ ਕਾ ਟਰਜ਼ਮ ਡੋਸਰੀ ਝਬਾਨ ਮਿਨ ਭੋਯੀ ਟਲਬ ਕਰ  
ਸਕਤੇ ਏਏ

ਏਹ ਸਲਾਨਾ ਰਿਪੋਰਟ ਬੇਨਤੀ ਕਰਨ ਤੇ  
ਵੱਡੇ ਅੱਖਰਾਂ ਵਿੱਚ ਜਾਂ ਦੂਜੇ ਰੂਪਾਂਤਰਾਂ ਵਿੱਚ  
ਮਿਲ ਸਕਦੀ ਹੈ। ਤੁਸੀਂ ਕਿਸੇ ਦੂਸਰੀ ਭਾਸ਼ਾ  
ਵਿੱਚ ਅਨੁਵਾਦ ਦੀ ਵੀ ਮੰਗ ਕਰ ਸਕਦੇ ਹੋ

Ten Roczny Raport dostępny  
jest dużym drukiem i w innych  
formatach na żądanie. Mogą  
Państwo również poprosić o  
tłumaczenie w innym języku.

#### Registered Office

Rowan House  
Avenue One  
Letchworth Garden City  
Hertfordshire SG6 2WW

North Hertfordshire Homes is a  
Community Benefit Society registered  
with the Financial Conduct Authority:  
Registration number 30003R

North Hertfordshire Homes is registered  
with the Homes and Communities Agency:  
Registration number L4370

#### Further copies of this report can be obtained from:

The Communications Team  
North Hertfordshire Homes  
Rowan House  
Avenue One  
Letchworth Garden City  
Hertfordshire SG6 2WW

**Telephone:** 01462 704107

**E-mail:** communicationsteam@nhh.org.uk

 **business for neighbourhoods**

 **INVESTORS  
IN PEOPLE** | Silver

 **Institute of  
Customer Service**  
Member