Registered number: L3808

TUNTUM HOUSING ASSOCIATION LIMITED

Financial Statements

Year ended 31 March 2016

TUNTUM HOUSING ASSOCIATION LIMITED

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TUNTUM HOUSING ASSOCIATION LIMITED

COMPANY INFORMATION

BOARD OF MANAGEMENT
Junior Hemans -Chair –
Michael Khouri-Bent-Vice Chair
Sonia Thompson
Lin Hinson
Sharon Stevens
Mark Taylor
Avtar Johal
Ade Aderogba
Michelle Bateman
Yvette Downer – Tenant
Murray Macdonald
Paul Moat

DIRECTORS
Richard Renwick MBE
Steve White
Rafik Ghumra

SECRETARY
Richard Renwick MBE

REGISTERED OFFICE
90 Beech Avenue
New Basford
Nottingham
NG7 7LW

HCA REGISTERED NUMBER
L3808

CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETIES ACT 2014 NUMBER
IP-26310R

AUDITOR
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BOARD ANNUAL REPORT 2016

The Board of Management present their report and the financial statements for the year ended 31st March 2016.

BOARD OPERATING AND FINANCIAL REVIEW

Overview and Strategic Direction

The Executive and Board of Tuntum started the year 2015/16 with enthusiasm and optimism following eight months of hard work successfully delivering all the targets agreed with the Homes and Communities Agency (HCA) as part of a Voluntary Undertaking. As a result, in August 2015 the HCA published a revised Regulatory Judgement which returned the Association to compliant grades G2 and V2. This was later followed with an upgrade on the Viability Judgement to V1 in March 2016.

There were a number of challenges faced during the year, the most significant being the decision by the Chancellor of the Exchequer in July 2015 to impose a rent reduction of 1% for all housing associations over the next four years. The Board addressed this significant reduction in projected income, by approving in October 2015 a revised five year business plan which included various efficiency measures leading to a planned £150,000 reduction in operating costs as well as no further increases in staff salary budgets for the next 4 years. This was later reflected in the budget for 2016/17 approved by the Board which included a projected efficiency saving of approximately 4% on the previous year's budget.

Despite these financial challenges, the Board agreed that the Association must nevertheless continue to develop new homes to meet the growing demand from people in housing need. This is after a break of 12 months not commissioning any new developments. A new housing development strategy was approved in December 2015 with the aim of developing 200 new homes over the next 5 years. To achieve this target, the Association joined the Blue Skies Consortium following a due diligence assessment. This is to access investment subsidy from the HCA and to participate in feasible development opportunities including Section 106 arrangements.

To finance these new plans a revised Treasury Strategy was also approved aimed at refinancing various loans, improving cashflow and providing funds for the new developments. The first phase of this strategy resulted in the Board approving a Revolving Credit Facility (RCF) of £15 million with Clydesdale Bank which is being used to repay loans with Lloyds Bank and Yorkshire Bank as well as providing approximately £5.4 million for new homes. The second phase of this strategy will see additional funds being sought probably through private placement bonds in order to continue the development programme and refinance the above RCF in the future.

During the year the Director of Operations announced that he will be retiring in the spring of 2016 and the Board used the opportunity to approve a restructure of this post resulting in the creation of a new post entitled the Director of Business Development. The objective of this post is to improve the viability and efficiency of the subsidiary Home Care Plus and to create growth in the areas of specialist housing. This was an indication from the Board that strategically the Association will continue to meet the housing needs of the more vulnerable groups in society.

Delivering on Social Value

Despite the need for significant efficiency measures the Board agreed to continue with various social value projects aimed at benefiting vulnerable groups. This is in addition to the services already being delivered to teenage mothers, refugees, young vulnerable women, and women fleeing domestic violence, the elderly and people with learning disabilities.

These specific projects include: The 'Sound as a Pound' project; The Homecare Plus Academy; The Karibu Food and Clothing Bank; The Nottingham Carnival and Refugee Futures. The latter project was instrumental in assisting Nottingham City and Nottinghamshire County Council with the housing of 14 refugee families from Syria over the Christmas period of 2015. The Social Value of these projects is estimated at well in excess of £1.4 million.

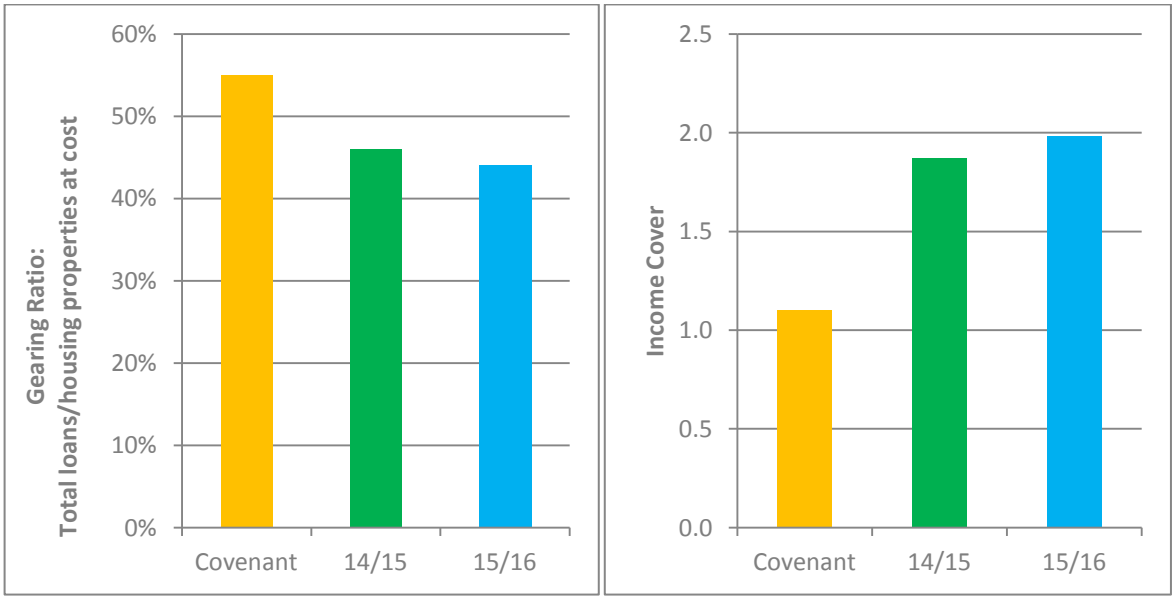
Overall Financial Performance

The performance during 2015/16 was improved on the previous year as shown below. In addition, the HCA published the Association's costs per unit in 2014/15 which showed that the average operational cost per unit of £3,350 was well within the lower quartile for the sector, demonstrating the efficiency of the Association's operations.

Group Accounts – Analysis of Key Performance (with 14/15 restated)				
ITEM	**14/15 £'000**	**15/16 £'000**	**Increase £'000**	**Increase %**
Turnover	7,885	8,323	438	6
Sale of Properties	289	195	(94)	(32)
Total Turnover	8,174	8,518	344	4
Operating surplus	2,381	2,567	186	8
Interest payable	1,676	1,816	140	8
Net surplus	718	760	42	6
- As a % of turnover	9%	9%	0	0
Property assets	87,009	89,308	2,299	3
Loans	40,642	39,048	(1,594)	(4)

A critical aspect of sound financial management is to ensure compliance with all loan covenants. The following outlines performance against key lenders covenants at the end of 31st March 2016:

Lenders Key Covenants:



Subsidiary – Homecare Plus (HCP)

HCP continues to be a financial challenge to the Association and during the year the Board considered a proposal to dissolve HCP and to integrate its operations with the services of Tuntum. The intention being to create a more efficient and focussed approach towards services for the elderly including sheltered housing services.

This proposal was discussed at some length by the Board on 3 separate occasions but at the third meeting in December 2015, the Board decided to postpone a final decision following disappointing results from a CQC inspection in November 2015. The result was an overall grade of 'requiring improvement' even though 2 of the 5 categories assessed were rated 'good'. The proposal will be reviewed again following a CQC re-inspection in the autumn 2016.

In the meantime the Board also approved a plan to address the financial challenges and this is being revised and implemented with the support of the newly appointed Director of Business Development.

VALUE FOR MONEY (VFM)

Statement from the Tuntum Board

Tuntum is committed to providing VFM services as well as a high quality service to our tenants. The Board recognises that due to the introduction of the 1% rent reduction and welfare reform, a robust approach to Value For Money is needed more than ever before. As a result, the Board and executive officers responded to these changes by revisiting the Business Plan to ensure that VFM and efficiency savings are built in to all operational and strategic decisions.

During the last year, the following actions were introduced successfully and implemented:

- The VFM Efficiency Review group has successfully delivered operational efficiencies throughout 2015/16 saving £75,605.
- Put the Audit Committee at the heart of championing VFM and as a result from time to time made recommendations for improvements.
- We have continued with our internal control framework when procuring goods and services.
- Based on the evidence provided below, the Board of Tuntum are confident that they meet the requirements and comply with the regulators VFM standard.
- As described above, as a result of the Chancellor's imposed 1% rent reduction, revisited the Business Plan and programmed cost savings of £150,000 per annum over the next 4 years. This was made up of: 50k on day to day repairs, £30k on salaries in Specialist Housing, £20k on salaries in Head Office salary costs and £50k on management overheads & other efficiencies

VFM Aims

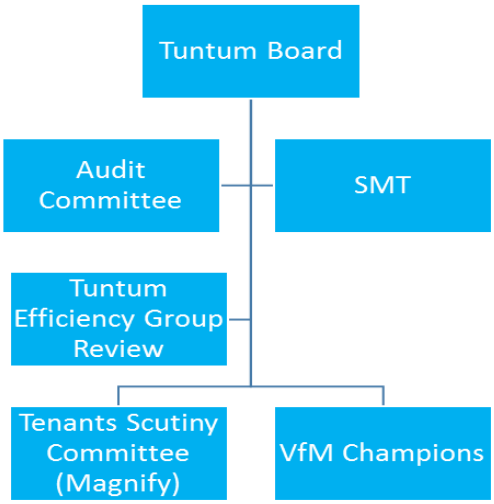
Value for money is an ongoing process and embedded in the systems and culture of the Tuntum. There is a clear track record of reduced costs, improved performance and generating savings for further investment. VFM flows through the Business Plan and is closely linked to our operational plan.

Tuntum's VFM strategy was reviewed in 2015. Its aims include:

- Delivering excellent services that cater for the needs of the communities we serve.
- Improving the lives of tenants through providing safe, warm and secure homes.
- Specifically meeting the housing requirements of BME communities.

- Maintaining financial security so that independence can be retained.
- Embedding VFM across all business areas to achieve continuous improvement.
- Delivery of the Business Plan and strategic objectives.
- Maximising returns from housing stock.
- Generating social and environmental returns from operations and investments.

VFM Structure

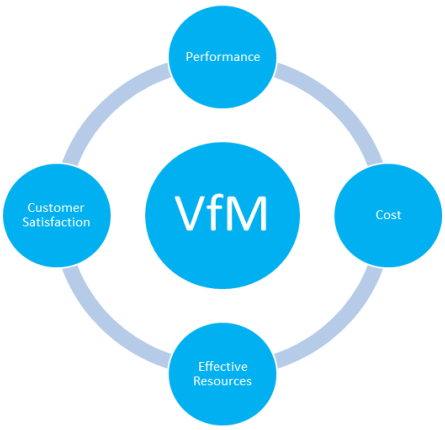


Tuntum's VFM Approach

Tuntum's approach to VFM is based on achieving the three Es in all areas of Tuntum's work; economy, efficiency and effectiveness. This is done by carefully monitoring of employee costs, overheads and operational costs.

Tuntum also believes that any approach to VFM should reflect the needs of tenants. This will sometimes conflict with the priority of achieving cost savings. So, for example, if a service is high cost but is clearly valued by tenants and helps achieve performance targets then, subject to regular service reviews, it may be justified.

Diagram - VFM Appproach



How VFM is delivered

A critical aspect of Tuntum's approach has been the establishment of the VFM structure and Efficiency Review Group. The group is made up of staff members encompassing all functional areas of the Association and is led by the Director of Risk and Resources. The group meets on a monthly basis to review the VFM Action Plan.

Since its formation, the Efficiency Review Group (ERG) has successfully implemented the following;

- An overhead cost reduction action plan
- A VFM register for each departments
- Greater scrutiny of budget costs, the procurement programme, contractor costs and benchmarking this data with peers and national organisations
- Training of all employees to communicate the importance of VFM and good practice on how it should be delivered.
- Implemented a system of systematic budget monitoring by Heads of Department.
- Completion of the Assets and Liabilities Register

The Tenant Scrutiny Panel (MAGNIFY), as part of co-regulation, has continued to play an important role in VFM and this is explicitly stated in their terms of reference. During the last year, Magnify has contributed the following towards VFM:

- A comprehensive review of the voids management process leading to improved void turnaround times.
- A review of the repairs delivery service and target times leading to improved repairs efficiency and tenant satisfaction.
- Led on various estate inspection visits which resulted in the gathering of important information on service delivery leading to improved performance and efficiencies generally.
- Following consultation, agreed with the recommendation that the tenant newsletter can be produced digitally.

Specific VFM cost savings achieved by ERG

As stated above the ERG is fully operational and as a result of implementing the VFM Strategy has made a number of savings throughout the year the financial year 15/16 as follows:

Identified Gains

Business Area	Saving	How it was Achieved
Day to Day Repairs	£14,000	Better contract management and increase of work by the DLO.
Employee Savings	£56,605	Restructure and absorbing of Head of HR
Water Risk Assessments	£5,000	Re-Tender of contract has created savings
Total	£75,605	

VFM Strategic Successes

The following is a summary of the VFM strategic successes achieved during the last year:

VFM Actions	Delivery
Implement the revised Business plan- Implement the cost reductions agreed in October 2015 for the revised 5 year Business Plan to mitigate the impact of the rent reduction.	The budget set for 2016-17 included cost reductions in excess of those agreed and a revised business plan was submitted to the Board and the Regulator as part of the FFR Return.
Management Information- Improve the performance management framework and incorporate benchmarking data to form the basis of service reviews.	The use of benchmarking is now an integral part of Tuntum's VFM review. The IT system has been reviewed and is currently being enhanced As a result, cost and performance dashboards will be used going forward to enhance current management information.
VFM Register – Introduced a VFM register to record all the financial and non-financial efficiency savings made throughout the year. This is managed by the heads of service to ensure this is incorporated into day-to-day activities.	This has now successfully been implemented and each department has demonstrated savings they have made throughout the year.
VFM Champions – Each department will have a VFM lead to ensure that VFM is at the forefront of business activities.	This has been successfully delivered and the VFM champions are also part of the Efficiency Review Group.
Budget analysis – Each Heads of Service will have their budgets scrutinised in detail on a quarterly basis.	This is now happening and has resulted in ongoing efficiencies being achieved.
Tenants Involvement– Magnify to be involved in the review of VFM initiatives and to be encouraged to contribute to various ideas.	Magnify now contribute to the VFM agenda through a planned programme of meetings as described above. In addition, an annual question is asked to our tenants in relation to whether they are getting value for money

Benchmarking and Peer Comparison

Benchmarking is critical to the on-going assessment and analysis of VFM.

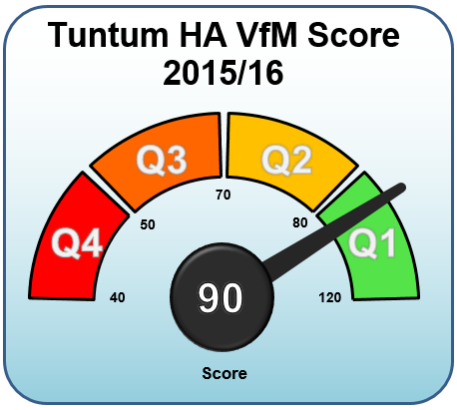
The following is the selected peer group chosen based on size (800 to 2000), nature of the client group (BME in some cases) and located across the country.

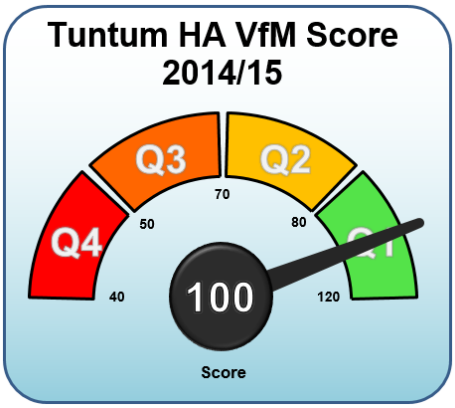
Peer organisations to benchmark against

Organisation	Unit Numbers	Group Status
Horizon Housing Association	826	Independent
AKSA Homes	887	New Chartered Group
Prospect Community Housing	938	Independent
Cernach Housing Association	949	Independent
Solon South West Housing Association	1085	Independent
Nehemiah UCHA	1111	Independent
Arches Housing	1140	Independent
Pickering and Ferens Homes	1261	Independent
Hundred Houses Society	1263	Independent
Cornerstone Housing	1266	Independent
Tuntum Housing Association	**1318**	**Independent**
Arcon Housing Association	1322	Independent
Manningham Housing Association	1428	Independent
Railway Housing Association	1494	Independent
Islington and Shoreditch HA	2011	Independent

The following is the QAHC (Quality Assured Housing Consulting) efficiency measure using standard software which uses the combination of cost, various financial indicators and performance to provide an overall score (see below)). This data is used to asses high cost areas against the peer benchmarking group and the scoring is based on quartile performance for each measure indicated below. 30 points would represent top quartile performance, 20 for median quartile and 10 for bottom quartile. The overall score for Tuntum remains positive and in the upper quartile however the overall score has reduced to 90. The main reason for the change is due to the introduction of the finance score which now includes operating margin, interest cover, and gearing ratio and growth in turnover.

QAHC Efficiency Score





Efficiency Score Compiled (excluding depreciation)

VFM Measure	Results 2015/16	Results 2014/15	Peer Median 2015/16	Quartile	VFM Score 2015/16
Total Cost per unit	£2,695	£2,820	£3,485		30
Total Performance Score	220	220	220		20
Total Satisfaction Score	120	160	110		20
Total Finance Score	70	n/a	70		20
Total VFM Score	**90**	**100**	**70**		**90**

Breakdown of Comparative Costs

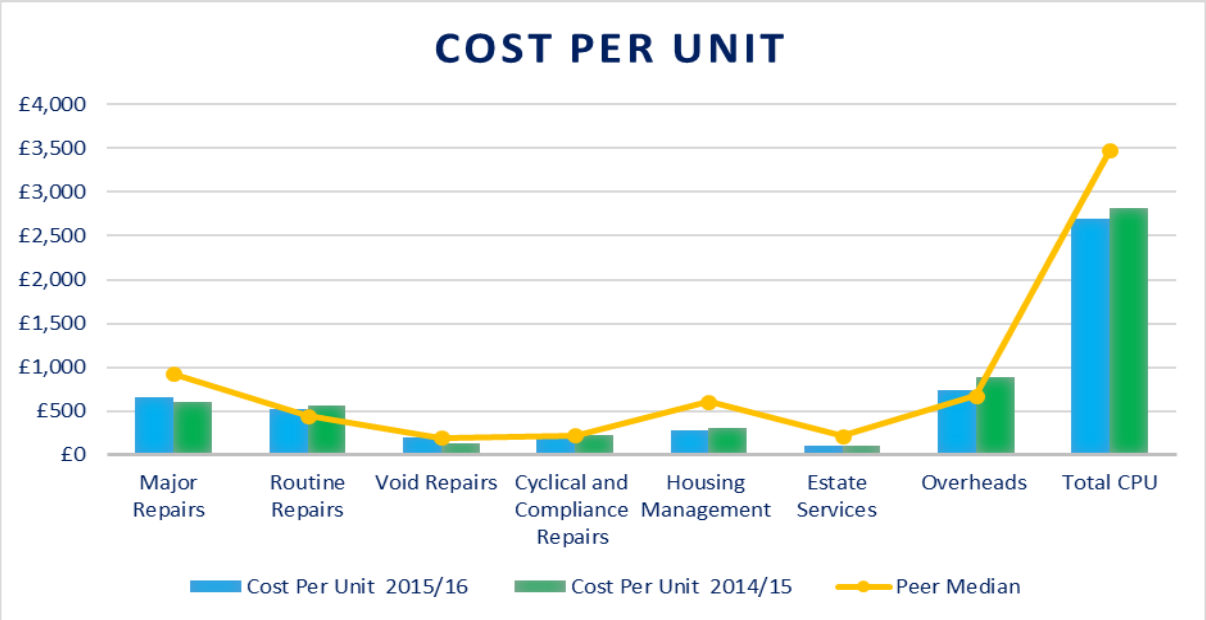
The following is a summary the comparative costs which are shown in the table and chart below:

- The total cost per unit has once again reduced especially for responsive repairs and overhead costs.
- Routine repairs have reduced by £32 per unit following a review last year and this resulted with an increase in the number of jobs carried out by the DLO.
- The overhead costs per unit has reduced due to a reduction of £55,605 of total overhead cost however these still remain high compared to our peer group. This was partly achieved by streamlining the structure of the Finance Team and the removal of the role of Head of HR.
- Housing management costs have reduced due to streamlining of housing management staff.

Efficiency Costs per Unit – Table

Service Area	Cost Per Unit 2015/16	Cost Per Unit 2014/15	Peer Median	Quartile
Major Repairs	£656	£608	£922	
Routine Repairs	£526	£558	£444	
Void Repairs	£194	£135	£193	
Cyclical and Compliance Repairs	£207	£225	£221	
Housing Management	£275	£305	£602	
Estate Services	£101	£105	£213	
Overheads	£735	£885	£675	
Total CPU	£2,695	£2,820	£3,485	

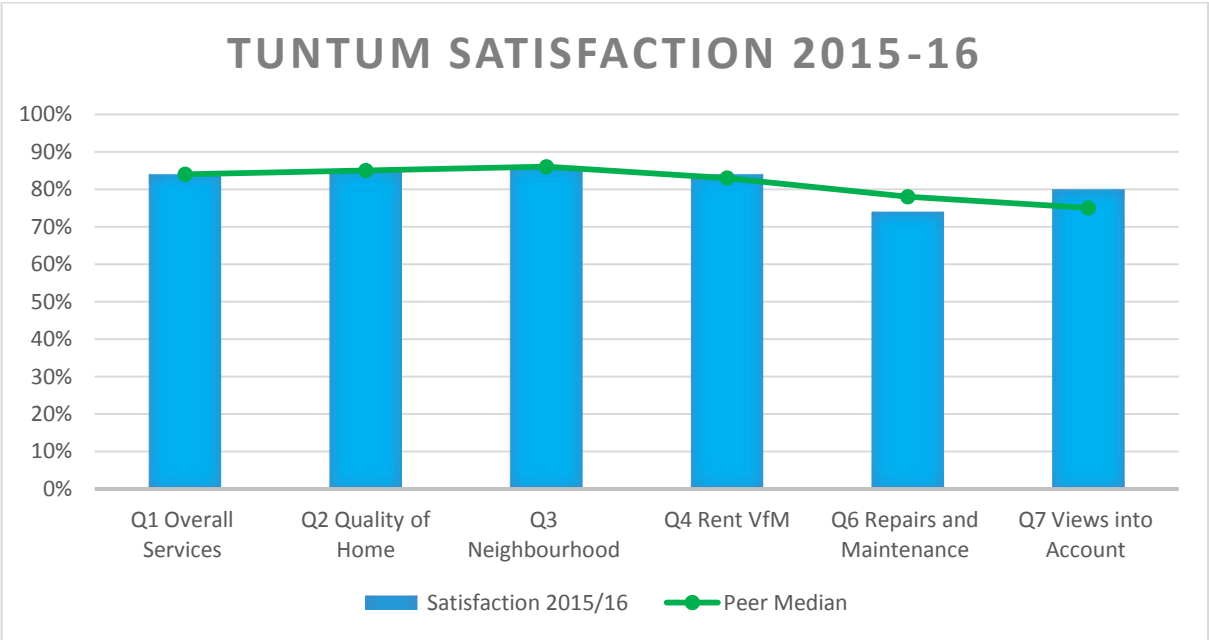
Efficiency Costs per Unit - Graph



Tenant Satisfaction Levels

Tenant satisfaction results remain at the median position compared to peers with the exception of repairs and maintenance. The performance area that contributed to this score was the time taken to complete repairs. This is being worked on with improved contractor management. Magnify also continue to be used as a means of obtaining feedback on the causes of poor performance levels.

Tenants Satisfaction Levels Compared to Peers



Homes and Communities Agency (HCA) Unit Cost Analysis – An explanation

In June 2016, the HCA published a regression analysis of costs per unit for all housing associations based on the 2014/15 accounts. This enabled the sector to further understand cost drivers when compared to other housing associations (see below). The following are the costs published by the HCA for Tuntum in June 2016.

HCA Unit cost analysis

Entity	Closed Social Units Managed	Headline Social Housing Cost CPU (£K)	Management CPU (£K)	Service Charge CPU (£K)	Maintenance CPU (£K)	Major Repairs CPU (£K)	Other Social Housing Costs CPU (£K)
Tuntum Housing Assoication Limited	1302	3.35	1.23	0.62	0.82	0.5	0.19
Sector Level Data							
Upper Quartile		4.3	1.27	0.61	1.18	1.13	0.41
Median		3.55	0.95	0.36	0.98	0.8	0.2
Lower Quartile		3.19	0.7	0.23	0.81	0.53	0.08

Entity	% Supported Housing	% Housing for Older People	Provider Type	Date of Largest Transfer	LSVT Age	Region	ASHE Regional Wage Index (England = 1)
Tuntum Housing Assoication Limited	6.4%	4.5%	Traditional			East Midlands	0.92
Sector Level Data							
Upper Quartile	4%	15%					
Median	1%	8%					
Lower Quartile	0%	4%					

Management Costs Breakdown - HCA Unit Cost Analysis

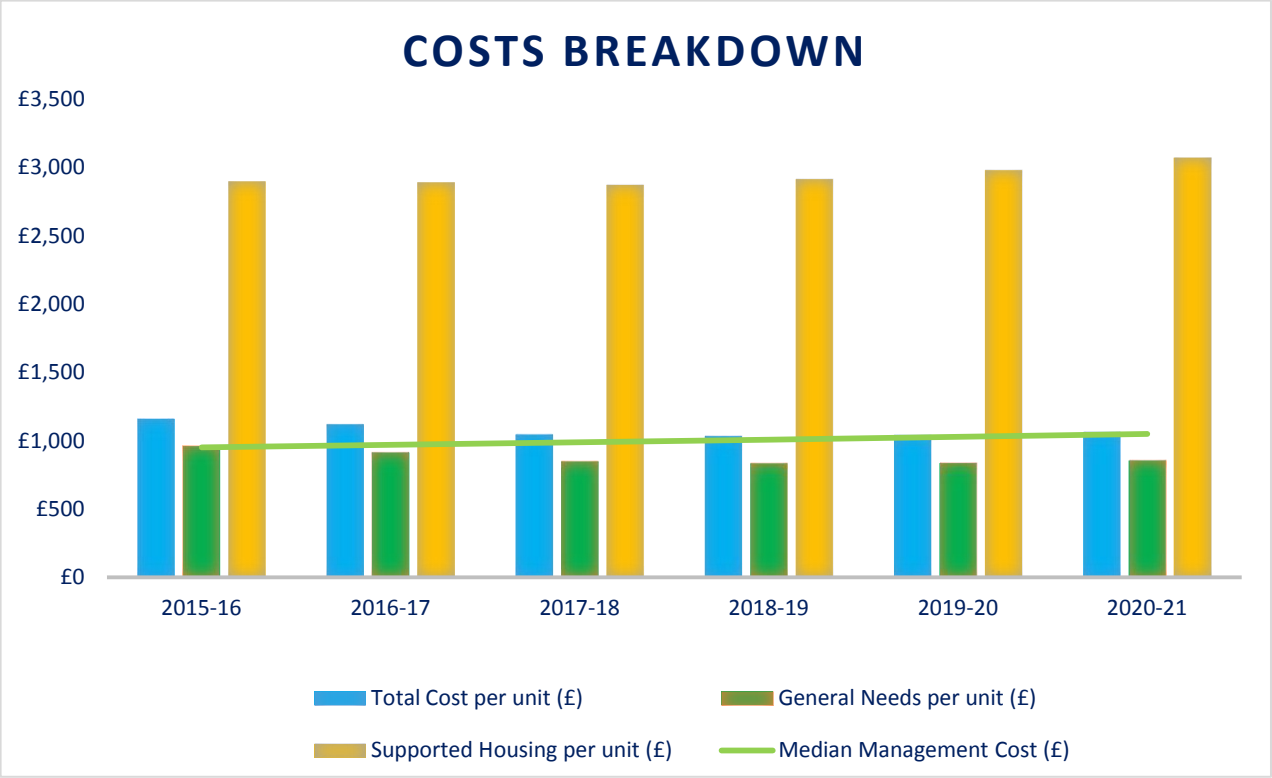
The above shows that the Association's overall headline social housing cost which is within the lower quartile. Nevertheless, at the request of the Board a further analysis was carried out in order to explain the differences between the management costs per unit and the service costs per unit. It is clear that the cost driver for the upper quartile management cost is the supported housing employee cost and as shown Tuntum has a significantly higher proportion of supported housing units (6.4%) than other housing associations. In addition, the Association has other schemes such as Refugee Futures and Sound as a Pound which are not related to housing units but still treated as part of the management costs.

Information was extracted from the Five Year Business Plan to separate the management costs per unit from the supported housing costs and to examine those going forward. On the basis that the ratio of general needs to supported and sheltered together is approximately 9:1, the following are the projected management costs per unit over five years. In addition, this is compared with the sector median costs on the basis that these will be increasing by 2% per annum.

Analysis of Management and Supported Housing Costs over 5 years - Table

Cost Breadown	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Total Cost per unit (£)	£1,160	£1,120	£1,045	£1,033	£1,040	£1,063
General Needs per unit (£)	£959	£914	£847	£834	£837	£855
Supported Housing per unit (£)	£2,899	£2,891	£2,872	£2,915	£2,979	£3,071
Median Management Cost (£)	£950	£969	£988	£1,008	£1,028	£1,049

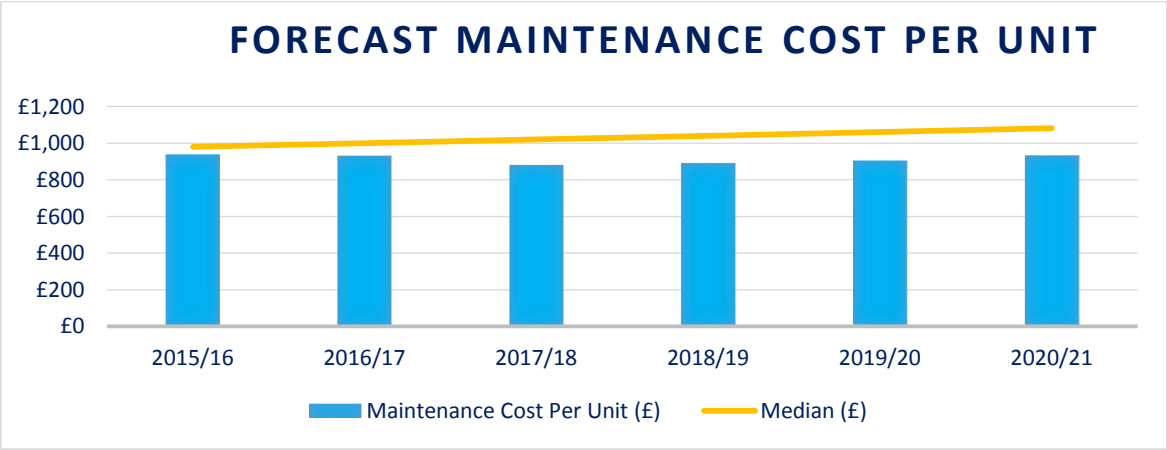
Analysis of Management and Supported Housing Costs over 5 years - Graph



Maintenance Costs Breakdown - HCA Unit Cost Analysis

The Association's maintenance costs are just below the median level of unit cost and these are forecasted to come down (see below) as the number of units increase and more new build units are acquired.

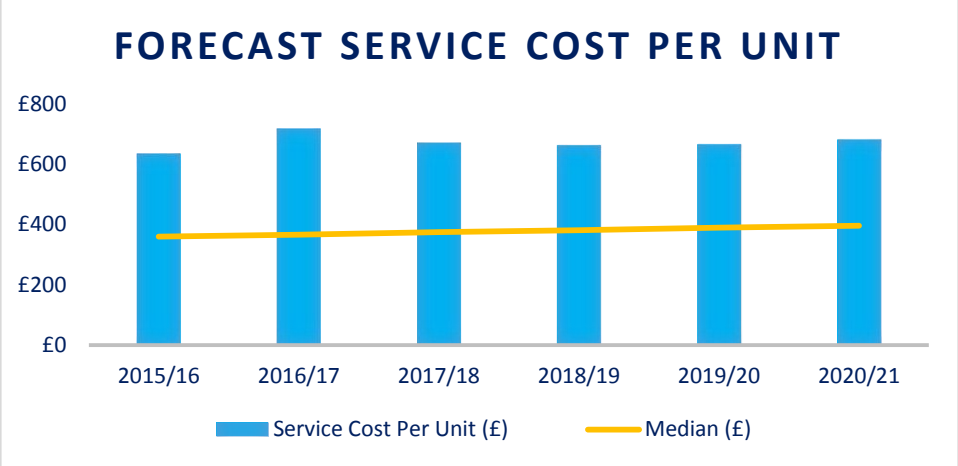
Maintenance Costs vs Sector Median Costs



Service Costs Breakdown - HCA Unit Cost Analysis

The Association has 130 units of supported housing where the service charges reflect the needs of the clientele that are being served. The service costs comprise both general needs services and supported housing services and because of the high proportion of supported housing service costs, the overall service costs per unit are significantly higher than the median. The service costs charged include; upkeep and maintenance of the communal areas, Night Concierge provision and intensive housing management costs. The projected service costs per unit over the next five years compared with the median which is assumed to increase by 2% per annum is as follows:

Service Costs vs Sector Median Average Over 5 years



Asset Performance

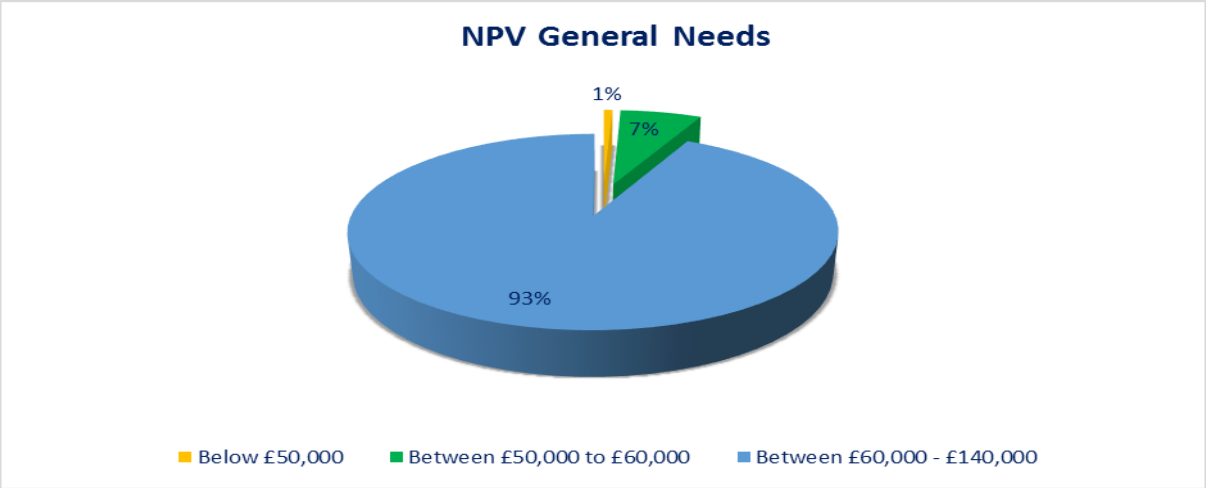
During the year the Association acquired 19 units in Long Eaton, which consisted of 15 general needs and 4 Shared ownership units at a cost of £2.5m with a grant of £680k from the HCA. All the shared ownership units were sold within 4 months of acquisition.

New development projects are assessed by the Risk Assessment Panel and then approved by the Board to ensure that they will make an adequate return on investment. These projects are appraised using the financial criteria approved by the Board.

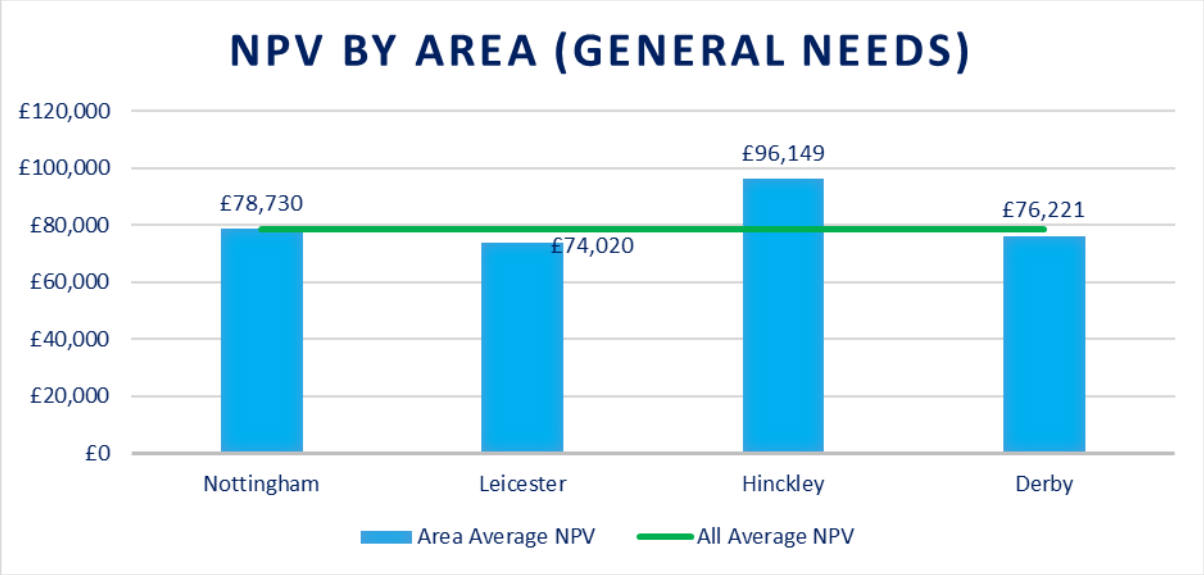
An understanding of asset performance is vital to assess the viability of properties and their impact on the business plan. The NPV (Net Present Value) was reviewed for all properties using a discount rate of 5.75% which is more in line with the average costs of borrowing.

All our properties were shown to have a positive NPV with the new assumptions used and only 1% of properties fall below the £50,000 level which represents 7 properties. The average NPV for all properties was £78,631, but the properties in Leicester displayed a lower NPV than the average. These properties will be assessed further to investigate their viability and if needed alternative use.

Return on Assets

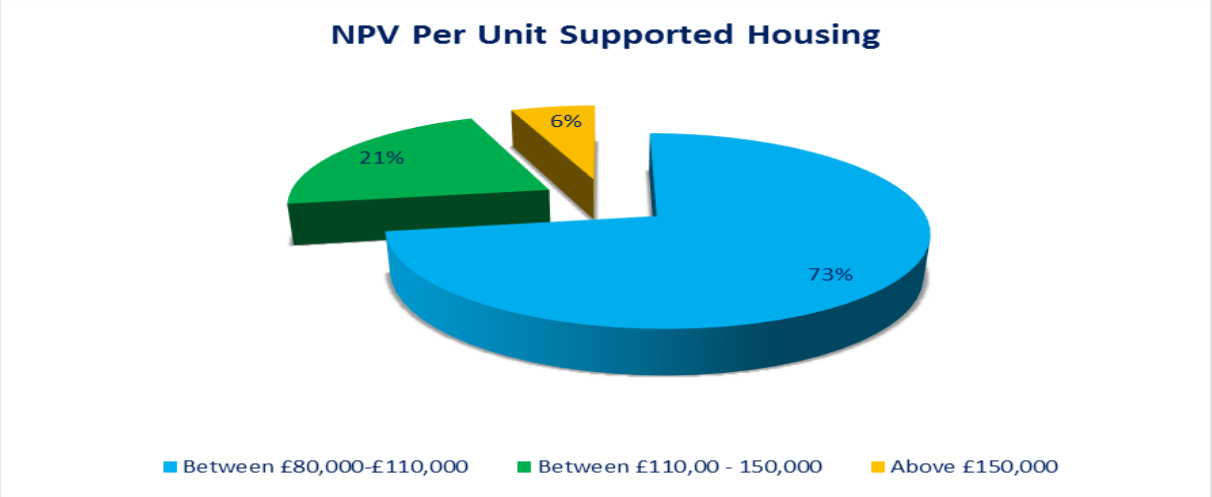


Return on Assets by Area



Supported housing units have a higher management cost, however they also have a higher level of income. This is due to the support provided for these units in particular the specialist projects. The support allows tenants to live independent lives as well as supporting venerable individuals. These properties also provide a social gain as well as financial. As shown below NPV for these properties is positive and further support the Associations corporate objectives as previously stated.

Return on Assets on Supported Housing



Investment in Assets

Tuntum actively manages its assets and there is an ongoing survey of 10% of all properties carried out annually. This informs the plan for major works more effectively. Tuntum is also proactive with the assessment of properties at the voids stage with an assessment done to consider long term viability. The property is assessed for demand, future major repairs cost, voids repair costs and the historical annual cost of maintaining these properties.

Investment in Assets – Table

Item	2014/15		2015/16		
	No.	Average Unit Cost	No.	Average Unit Cost	Efficiency Saving
Kitchens	66	£2,950	51	£3,520	2015/16 - Kitchen surveys and supply arranged directly by the contractor. Additional electrical works included. Savings on procurement by using EEM. All walls receive a skim coat of plaster.
Bathrooms	31	£1,944	19	£2,410	2015/16 - Materials ordered directly by the contractor. Additional electrical works included. Savings on procurement by using EEM.
Windows & Doors	51	£2,589	43	£2,954	Increase in average price in 2015/16 due to the majority of properties having all windows and doors replaced (not partial replacement), along with many also having French doors. Procurement savings through EEM. Increased tenant choice on door styles, color and furniture. Lock specification improved to increase security and tenants home insurance costs. Adjustable door hinges used to enable ease of adjusting - Increased window hinge specification for ease of cleaning for tenants.
Boiler Heating Systems	23	£1,840	38	£1771	Boilers upgraded to swap old back boilers and g rated appliances for modern appliances. Through EEM negotiated a supply of boilers and working with contractor, at no cost to the Association. Have established a social fund and contribute £5 per boiler fitted.

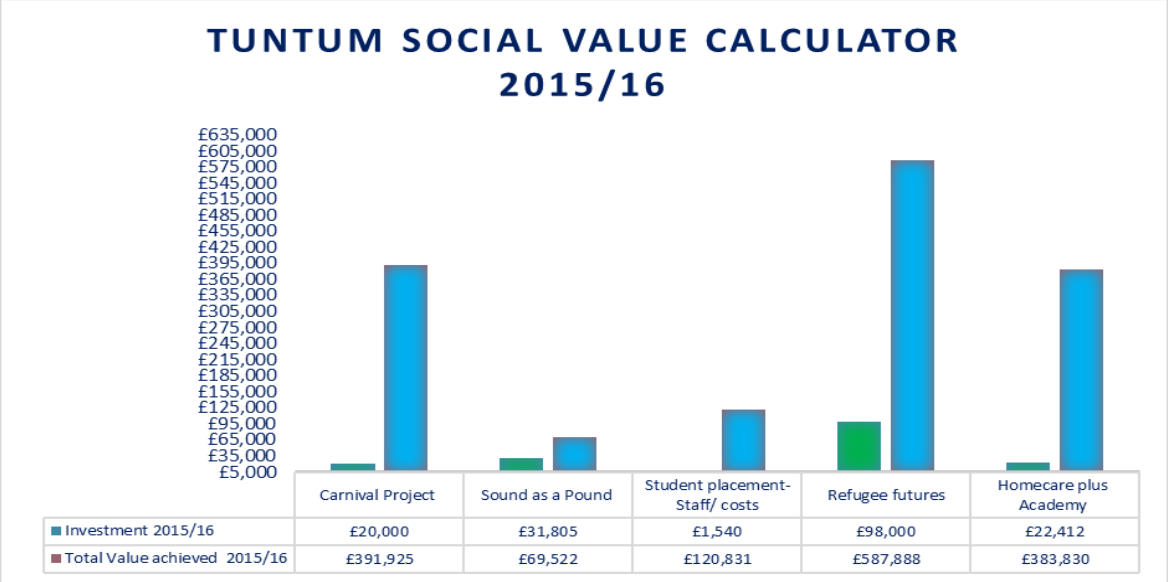
Social Value

Delivering social value to disadvantaged communities continue to form part of Tuntum's mission. During the last year Tuntum has continued to deliver various social value projects as follows.

- **Sound as a Pound Project** - This project has assisted 41 individuals under the age of 25 to manage their finances more effectively and avoid getting into financial difficulty.
- **Nottingham Carnival** – Tuntum continues to take great pride in being involved in this project for over the last 18 years which creates a real sense of community cohesion as a result of the diversity of its participants. It is estimated that at least 500 tenants benefit from the event by attending and taking part and the Association gets enormous publicity each year for its involvement in this event. The direct support from staff voluntarily for this event is estimated at approximately £20,000 'in kind' which is provided by giving their time often voluntarily and outside of working hours.
- **Homecare Plus Academy** - In partnership with Jobcentre plus and local colleges, the Homecare Plus Academy continues to train unemployed people in the skills to provide domiciliary care services, from which a number continue to be offered permanent jobs with Homecare Plus. This year there were 40 individuals who participated in the training provided by the Academy
- **Student Services** – in collaboration with a number of universities based in the East Midlands the Association runs a student placement scheme. Second and third year social work students are offered 10-80 days placements at various specialist housing projects. This enables them to link their academic studies to first-hand practice. This has a mutual benefit: Tuntum receives additional staff resources and the students gain insights into the practical aspects of social work. This in turn opens up career opportunities on graduation.
- **Karibu Food Bank** – This continues to help numerous vulnerable households, many of whom are refugees, with food parcels.
- **Refugee Futures** – since 2008 Tuntum has run a support service for Refugees in the city of Nottingham. Whilst of immeasurable benefit to the individuals, there is a clear social inclusion benefit as these families integrate into civic life and become productive British citizens,

To quantify the social value, Tuntum has used the HACT Social Value Calculator. The results below show that the spend on these projects is justified due to the impact they are having on the wider disadvantaged communities serve. The total Social Value (see below) provided is estimated at **£1,533,996**.

Calculated Social Value Return



	Carnival Project	Sound as a Pound	Student placement- Staff/ costs	Refugee futures	Homecare plus Academy
Investment 2015/16	£20,000	£31,805	£1,540	£98,000	£22,412
Total Value achieved 2015/16	£391,925	£69,522	£120,831	£587,888	£383,830

Future VFM Planning

The Board and Efficiency Review Group are very much committed to actively following the Association's VFM Strategy.

The following efficiencies for 2016/17 have been highlighted and reviews commenced for some priorities. These will be in addition to the revisited Business Plan efficiencies. The heads of services will lead the relevant reviews and feed progress back into the Efficiency Review Group and Audit Committee.

In addition to the significant savings fed into the budget this year, the following are additional reviews planned and the estimated savings anticipated.

Planned Future VFM Activities

Review Area	Estimated Savings
Tender of Insurance services	£7000
Review of the telephone systems and Communications contract	£3,500
Tender for the gas and Electricity contracts	£10,000
Review the efficiency of the DLO operations	Hopefully, increased value through improved performance.
Fencing works Timber used not long enough lifespan to concrete post and kit boards	£10,000
Reviewing the van leasing arrangements	Unknown – to be investigated

The strategic report was approved by the Board of management and signed on its behalf by

Junior Hemans

14th September 2016

Prinicpal Activities

Tuntum Housing Association Limited is registered under Co-operative and Community Benefit Societies Act 2014 number IP-26310R and with the Home and Communities Agency in its capacity as the Regulator of Social Housing (L 3808).
The registration with the Housing Corporation took place in December 1988 as part of a national strategy to register and develop BME led housing associations. Tuntum still continues to operate under this category today and is the only independent BME led housing association left in the East Midlands registered under this strategy. Tuntum is an active member of BME National, an NHF supported grouping of like minded housing associations.

The principal activities of Tuntum are aimed at benefiting the community, primarily people on low income, by developing and managing housing and providing related assistance, facilities and amenities.

Tuntum operates in 11 local authority areas comprising the cities of Nottingham, Leicester and Derby and the boroughs of Hinckley and Bosworth, Rushcliffe, Erewash, Gedling, Broxtowe, Mansfield, Charnwood and Ashfield.

Tuntum has one subsidiary – HomeCare Plus (formerly Time Out Care Services) which is a registered charity and an incorporated company limited by guarantee.

As at 31st March 2016 Tuntum employed 96 full-time and part-time staff including those employed at Homecare Plus.

Governance

During the year board members attended over 18 full board and committee meetings including a number of meetings of the Risk Assessment Panel (RAP). The board also conducted two planning away days in July 2015 and October 2015. The board was strengthened when Paul Moat, a previously co-opted board member agreed to be elected as a permanent at the AGM in September 2015.

All Board members underwent a thorough appraisal process in February 2016 building on the robust appraisals carried out in the previous year by external consultants Campbell Tickell.

In August 2015, the Board adopted the 2015 NHF Code of Governance and in this report certify compliance with all the key elements of the Code. Also, at the AGM in September 2015, the shareholders approved the adoption of the NHF 2015 Model Rules.

Compliance with the Governance and Financial Viability Standard

The new Governance and Financial Viability Standard, together with a Code of Practice, was introduced by the Homes and Communities Agency in April 2015. One of the new requirements was that the boards of associations certify their compliance with the standards in the statutory accounts on an annual basis.

The Board is hereby certifying the Association's compliance based on the following evidence:

- The Association's grading on the HCA Regulatory Judgement for both Governance and Financial Viability was improved during the year from G3 to G2 in August 2015 and from V2 to V1 in March 2016.
- Regular communication with the Regulator which contributed in the upgrades listed above.
- The evidence that the Association comfortably meets all the financial covenants linked to its Loan Financing and has consistently met the liquidity targets set by the Board.
- The robustness of the Association's Business Planning framework which includes significant stress testing of projections and assumptions together with mitigating strategies

- The results from the Internal Audit reports into 'Risk Management' and 'Board Assurance on management accounts' published during the year both of which received 'Substantial Assurance' assessments by the Internal Auditors RSM.
- The Board's adoption of the NHF 2015 Code of Governance and its evidence of compliance with the Code produced at meetings held in 2015 and July 2016.
- The appropriateness of the Association's Internal Control framework as highlighted in this report.

STATEMENT ON THE SYSTEM OF INTERNAL CONTROL

The Board is ultimately responsible for the Association's system of internal control and for reviewing its effectiveness. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board confirms there is an ongoing process for identifying, evaluating, and managing the significant risks faced by the Association, that has been in place for the year under review and up to the date of approval of the annual report and accounts, and that this process is regularly reviewed by the Board.

This report outlines the system of internal controls and scrutiny which demonstrate the robustness of the Assurance framework and has the following components:

- Business Planning and Budgeting
- Strategies, Policies and Procedures
- Governance - Board and Management Reporting
- Risk Management
- Internal and External Audit
- Conclusion

Business Planning and Budgeting

The Association has a rolling five-year Business plan and a robust process of developing and setting the Corporate objectives and targets contained within the Plan.

The Business Planning process involves engagement with; the Board, the Senior Management Team, the staff, the tenants and eventually some external stakeholders. During the previous financial year the Board reviewed the Five Year Business Plan in June 2015 and then October 2015 following the changes to the rent regime imposed by the Chancellor.

The Corporate objectives set by the Five-Year Business Plan are devolved each year into an Annual Operational Action Plan which is monitored by the Board on a quarterly basis. These objectives are as follows:

- To ensure that Board and staff are adequately skilled and deliver effective governance and efficient operational performance
- To deliver excellent standard of services to tenants and leaseholders which are highly appreciated by them
- To develop more homes for people in housing need including specialist housing and homes for sale.
- To be more entrepreneurial by exploring new business opportunities which are non-housing but building on the good reputation of the Association and the existing staff skills and profile.

- To remain financially strong within a sound risk management and value for money framework.
- To deliver a viable and efficient care service which meets good standards with the regulator
- To deliver initiatives which enhance the social, economic and environmental situations of local communities.

The Budget setting process includes detailed scrutiny by key staff and the Board at a specially convened meeting held on the 9th March 2016 before finally being approved at a Board meeting on the 17th March 2016. The budget also undergoes significant stress testing which is put to the Board as part of the approval process.

Strategies, Policies and Procedures

The Association has a comprehensive set of strategies, policies and procedures which are reviewed on an annual or three year basis. These strategies and policies have been developed to ensure that the Association is able to operate effectively in accordance with best practice and to reflect changing circumstances. These also underpin the effectiveness of the internal control framework.

The following strategies, polices and standing orders were reviewed during the last financial year:-

- Rolling 5-year Business Plan
- Annual Budget
- Annual Operational Action Plan
- The Annual Value for Money Action Plan
- Annual Strategic Risk Register and Operational Risk Maps
- Loan Re-financing Strategy
- Review of Board performance against NHF Code of Governance
- Board members annual appraisal
- The KPI format and structure
- Board Members Code of Conduct
- Senior Management Team Structure
- Five –Year Development Strategy
- Future role of Home Care Plus.

Governance – Board and Management Reporting

A process of regular reporting by the Executive to the Board, the Audit Committee and the Governance and Remuneration Committee are an essential part of the internal controls framework and provide reasonable assurance to the Board that the controls are working effectively. It also enables the board to have a comprehensive overview of the Executives' performance. During the last financial year the board and the committees met 18 times and also had 2 planning weekends.

The board adopted the NHF Code of Governance 2015 and reviewed its performance against the Code in May 2015. This review highlighted compliance in all but 2 areas and gave the board further assurance that the Governance system and practices were robust and supporting the internal controls framework.

Where necessary the Board will authorise the engagement of external consultants to assist them with the decisions they take by providing an external view on such matters. This process sometimes helps provide the Board with further assurance about the effectiveness of the Association's internal controls.

Risk Management

The Board continued to embed the fundamental changes to the risk management framework started in 2014. This resulted, during the last financial year, in a number of risk reports to the Board and Audit Committee and 4 meetings of the Risk Assessment Panel. These reports included the annual risk register and update reports, the annual risk assurance statement, a review of risk tolerances and risk appetite, the adoption of operational risk registers and quarterly updates. The operational risk registers covered the following areas; Property Maintenance, Housing Management, Specialist Housing, Finance, Customer Services and Homecare Plus.

The Internal Auditors were asked to carry out a quality control check on the enhanced risk management system and this resulted in a Green which means the following:

'Taking account of the issues identified, the Board can take substantial assurance that the controls upon which the organisation relies to manage risk are suitably designed, consistently applied and effective'

Internal and External Audit

Both internal and external audit form an integral part of the Association's Internal Control Framework.

The annual internal audit programme is an independent, objective assurance and consulting activity designed to add value and improve the Association's operations. The programme of work is set and reviewed by the Audit Committee, sometimes in the absence of the Executive. The Committee also receives an Annual Review of the effectiveness of the system of internal control.

During the year 15/16 the following areas were reviewed by the internal auditors, RSM as part of an annual programme.

Subject	Result
Risk Management	Green: Substantial Assurance
Procurement and Creditors	Green: Substantial Assurance
Board Assurance and Management Accounts	Green: Substantial Assurance
Payroll and HR Compliance	Green: Substantial Assurance

External audit is also a key part of Association's internal control framework. For the year ending 31st March 2016, the external auditors have concluded their work and have provided an unqualified opinion. The external auditors also report directly to the Board without the presence of the executive.

BOARD RESPONSIBILITIES

Registered Provider legislation requires the Board to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of Tuntum Housing Association Limited and its subsidiary as at the end of the financial year and of their surplus or deficit for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed, to the best of the Board's knowledge and belief by reference to reasonable and prudent judgments and estimates and applied consistently. Applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that Tuntum Housing Association Limited is a going concern.

The Board is responsible for ensuring arrangements are made for keeping proper books of account with respect to the transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Group's books of account and transaction. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Board considers that Tuntum Housing Association Limited is well positioned to manage its business risks successfully. After careful consideration and enquiry, the Board has a reasonable expectation that Tuntum Housing Association Limited and its subsidiary has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Board continues to adopt the going concern basis in preparing these financial statements.

FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a number of potential financial risks including credit risk, cash flow risk and liquidity risk.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each Board member at the date of approval of this report have confirmed that:

- As far as the Board is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- The Board has taken all steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

The Board report was approved by the Board of management and signed on its behalf by

J. Hemans

14th September 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TUNTUM HOUSING ASSOCIATION LIMITED

We have audited the financial statements of Tuntum Housing Association Limited for the year ended 31 March 2016 which comprise the Consolidated and Parent Association Statements of Comprehensive Income, the Consolidated and Parent Association Statements of Financial Position, Consolidated and Parent Association Statements of Changes in Reserves, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Respective responsibilities of the board and the auditor
As explained more fully in the Statement of Board's Responsibilities set out on page 22, the Board is responsible for the preparation of 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 (APB's) Ethical Standards for Auditors.

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

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

Opinion on financial statements
In our opinion the financial statements;

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

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion;

- a satisfactory system of control over transactions has not been maintained; or
- the Parent 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.

Mazars LLP

Mazars LLP
Chartered Accountants and Statutory Auditor
45 Church Street
Birmingham
B3 2RT

28th September 2016

TUNTUM HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2016

	Notes	**Group 2016 £'000**	Group 2015 £'000
TURNOVER	3	**8,518**	8,174
Operating costs	3	**(5,721)**	(5,764)
Pension deficit charge	3	**(230)**	(29)
OPERATING SURPLUS	3	**2,567**	2,381
Surplus on disposal of properties	5	**-**	9
Interest receivable		**9**	4
Interest and financing costs	6	**(1,816)**	(1,676)
SURPLUS FOR THE YEAR	7	**760**	718
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**760**	718

The Group's turnover and expenses all relate to continuing activities.

The notes on pages 33 to 56 form part of the financial statements.

TUNTUM HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2015

	Notes	**Association 2016 £'000**	Association 2015 £'000
TURNOVER	3	**8,113**	7,757
Operating costs	3	**(5,335)**	(5,342)
Pension deficit charge	3	**(230)**	(29)
OPERATING SURPLUS	3	**2,548**	2,386
Surplus on disposal of properties	5	**-**	9
Interest receivable		**9**	4
Interest and financing costs	6	**(1,816)**	(1,676)
SURPLUS FOR THE YEAR	7	**741**	723
Other comprehensive income		**-**	-
TOTAL COMPREHENSIVE INCOME		**741**	723

The Association's turnover and expenses all relate to continuing activities.

The notes on pages 33 to 56 form part of the financial statements.

TUNTUM HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN RESERVES
For the year ended 31 March 2015

	Revenue Reserve £'000	Total £'000
At 1st April 2015	1,861	**1,861**
Surplus for the year	760	**760**
Other comprehensive income	-	**-**
Total comprehensive income	760	**760**
At 31st March 2016	2,621	**2,621**

	Revenue Reserve £'000	Total £'000
At 1st April 2014	1,143	**1,143**
Surplus for the year	718	**718**
Other comprehensive income	-	**-**
Total comprehensive income	718	**718**
At 31st March 2015	1,861	**1,861**

Reserves

Revenue Reserve

The Revenue reserve represents cumulative surpluses and deficits of the Group.

The notes on pages 33 to 56 form part of the financial statements.

TUNTUM HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	Notes	**Group 2016 £'000**	Group 2015 £'000
FIXED ASSETS			
Housing properties			
Cost less depreciation	10	**74,463**	73,126
Other property, plant and equipment	10	**265**	318
		74,728	73,444
CURRENT ASSETS			
Inventories	13	**-**	49
Debtors	14	**394**	362
Cash at bank and short term deposits		**1,949**	3,925
		2,343	4,336
CREDITORS			
Amounts falling due within one year	15	**(3,427)**	(4,596)
NET CURRENT LIABILITIES		**(1,084)**	(260)
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,644**	73,184
CREDITORS			
Amounts falling due after more than one year	16	**71,023**	71,323
CAPITAL AND RESERVES			
Called up share capital	17	**-**	-
Revenue reserve		**2,621**	1,861
		73,644	73,184

The notes on pages 33 to 56 form part of the financial statements.

The financial statements were approved by the Board of Management on 14th September 2016 and were signed on its behalf by

J. Hemans - **Chairperson**

L. Hinson - **Board Member**

R. Renwick MBE - **Secretary**

TUNTUM HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF FINANCIAL POSITION
At 31 March 2016

	Notes	**Association 2016 £'000**	Association 2015 £'000
FIXED ASSETS			
Housing properties			
Cost less depreciation	11	**74,463**	73,126
Other property, plant and equipment	11	**263**	315
		74,726	73,441
CURRENT ASSETS			
Inventories	13	**-**	49
Debtors	14	**342**	351
Cash at bank		**1,947**	3,925
		2,289	4,325
CREDITORS			
Amounts falling due within one year	15	**(3,391)**	(4,583)
NET CURRENT LIABILITIES		**(1,102)**	(258)
TOTAL ASSETS LESS CURRENT LIABILITIES		**73,624**	73,183
CREDITORS			
Amounts falling due after more than one year	16	**71,023**	71,323
CAPITAL AND RESERVES			
Called up share capital	17	**-**	-
Revenue reserve		**2,601**	1,860
		73,624	73,183

The notes on pages 33 to 56 form part of the financial statements.

The financial statements were approved by the Board of Management on the 14th September 2016 and were signed on its behalf by

J. Hemans - **Chairperson**

L. Hinson - **Board Member**

R. Renwick MBE - **Secretary**

TUNTUM HOUSING ASSOCIATION LIMITED

ASSOCIATION STATEMENT OF CHANGES IN RESERVES

For the year ended 31 March 2016

	Revenue Reserve £'000	Total £'000
At 1st April 2015	1,860	**1,860**
Surplus for the year	741	**741**
Other comprehensive income	-	**-**
Total comprehensive income	741	**741**
At 31st March 2016	2,601	**2,601**

	Revenue Reserve £'000	Total £'000
At 1st April 2014	1,137	**1,137**
Surplus for the year	723	**723**
Other comprehensive income	-	**-**
Total comprehensive income	723	**723**
At 31st March 2015	1,860	**1,860**

Reserves

Revenue Reserve

The Revenue reserve represents cumulative surpluses and deficits of the Association.

The notes on pages 33 to 56 form part of the financial statements.

TUNTUM HOUSING ASSOCIATION LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

GROUP	**Notes**	**2016**		2015	
		£'000	**£'000**	£'000	£'000
NET CASH GENERATED FROM OPERATING ACTIVITIES			**3,292**		3,534
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received		**9**		4	
Interest paid		**(1,762)**		(1,615)	
Housing loans received		**326**		8,100	
Housing loans repaid		**(1,941)**		(5,274)	
			(3,368)		1,215
			(76)		4,749
CASH FLOWS FROM FINANCING ACTIVITIES					
Acquisitions and construction of housing properties		**(2,846)**		(3,605)	
Capital grants received		**687**		736	
Proceeds from sales of properties		**266**		1,299	
Purchase of other fixed assets		**(7)**		(26)	
			(1,900)		(1,596)
			(1,976)		3,153
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS			**(1,976)**		3,153
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR			**3,925**		772
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			**1,949**		3,925

TUNTUM HOUSING ASSOCIATION LIMITED

NOTES TO THE STATEMENT OF CASH FLOWS
For the year ended 31 March 2016

GROUP

(a) RECONCILIATION OF SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2016	2015
	£'000	£'000
Surplus for the year	**760**	718
ADD BACK non-cash items:		
Pension Adjustment	**154**	45
Changes in stock	**49**	(49)
Interest received	**9**	(4)
Interest paid	**1,816**	1,676
Surplus on disposal of fixed assets	**-**	9
Decrease/(Increase) in < 1 year debtors	**(33)**	155
(Decrease)/Increase in < 1 year creditors	**(253)**	(67)
Movement in capital grants	**(488)**	(377)
Shared Ownership costs	**-**	145
Depreciation	**1,278**	1,283
Net cash generated from operating activities	**3,292**	3,534

1. ACCOUNTING POLICIES

(a) Basis of Accounting

Tuntum Housing Assocition Limited ("the Association") is a registered provider of social housing and a private limited company incorporated in the United Kingdom. The address of its registered office and principal place of business is 90 Beech Avenue, New Basford, Nottingham, NG7 7LW.

These financial statements have been presented in Pounds Sterling as this is the Associations's functional currency, being currency of the primary economic environment in which the Association operates.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing 2015.

Tuntum Housing Association Limited is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Association's shareholders.

In preparing the Association's individual financial statements, the Association has taken advantage of the following exemptions:

- from disclosing key management personnel compensation, as required by paragraph 7 of Section 33 'Related Party Disclosures';
- from presenting a reconciliation of the number of shares outstanding at the beginning and end of the year, as required by paragraph 12 of Section 4 'Statement of Financial Position'; and
- from presenting a statement of cash flows, as required by Section 7 'Statement of Cash Flows'.
- From providing certain disclosures as required by Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues'

The Group financial statements consolidate the financial statements of the Association and its subsidiary undertakings drawn up to 31 March each year.

(b) Statement of compliance

This is the first year that Tuntum Housing Association Limited has prepared financial statements in accordance with FRS 102, accordingly the financial information at 1April 2014 (being the date of transition) and for the year ended 31 March 2015 have been restated for material adjustments on adoption of FRS 102 in the current year. For more information refer to note 25.

(c) Turnover

Turnover represents rent and service charges receivable (net of rent and service charge losses from voids) and disposal proceeds of current assets such as properties developed for outright sale or shared ownership first tranche sales at completion together with revenue grants from local authorities and the Homes and Communities Agency and charitable fees and donations.

Service charge income is recognised when expenditure is incurred as this is considered to be the point at which the service has been performed and the revenue recognition criteria met.

(d) Depreciation and impairment

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold housing properties other than freehold land to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

Housing properties

Structure 100 years (or where otherwise stated)

Impairment of Social Housing Properties

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. When the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

Sales of Housing Properties

The surplus or deficit on the disposal of housing properties, including second or subsequent tranches of shared ownership properties, is accounted for in the Statement of Comprehensive Income in the period in which the disposal occurs as the difference between the net sale proceeds and the net carrying value.

First tranche sales proceeds are recognised in the Statement of Comprehensive Income as turnover with the appropriate proportion of the cost of the properties as cost of sales. All shared ownership properties, including those under construction, are proportionally split between fixed assets and current assets, the split determined by the percentage of the property to be sold under the first tranche sale, which is shown as a current asset, with the remainder classified as a fixed asset.

Works on existing housing properties

The Association capitalises expenditure on housing properties, which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

The Association 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 the following estimated useful economic lives:-

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

- Structure & covering 100 years
- Roofing 50 years
- Bathroom 30 years
- Mechanical systems 5 years
- Windows & external doors 20 years
- Kitchens 20 years
- Lift 15 years
- Gas boilers 20 years
- Central heating carcass 30 years
- Freehold Offices 50 years

(d) Depreciation and impairment (continued)

Other property, plant & equipment (PP&E)

Depreciation is calculated to write off the cost of other PP&E on a straight-line basis over their estimated useful lives as follows:

- Furniture, fixtures, fittings & office equipment 20%
- Laundry equipment 20%
- Computer equipment 20%

(e) Works to existing properties

Expenditure on housing properties, which results in an enhancement of the economic benefits of the property is capitalised, in accordance with the requirements of the SORP.

(f) Social Housing Grant and other Government grants

Where grants are received from government agencies such as the Homes and Communities Agency, local authorities, devolved government agencies, health authorities and the European Commission which meet the definition of government grants they are recognised when there is reasonable assurance that the conditions attached to them will be complied with and that the grant will be received.

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised. Where a grant is receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support with no future related costs, it is recognised as revenue in the period in which it becomes receivable

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Where a grant is received specifically for components of a housing property, the grant is recognised in income over the expected useful life of the component.

Grants received from non-government sources are recognised as revenue using the performance model.

(g) Recycling of grants

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

For shared ownership staircasing sales, when full staircasing has not taken place, the recycling of the grant may be deferred if the net sales proceeds are insufficient to meet the grant obligation relating to the disposal and is not be recognised as a provision. On subsequent staircasing sales, the requirement to recycle the grant becomes an obligation if sufficient sales proceeds are generated to meet the obligation and a provision is recognised at this point.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, any unamortised grant remaining within liabilities in the Statement of Financial Position related to this asset is derecognised as a liability and recognised as revenue in surplus or deficit in the Statement of Comprehensive Income.

(h) Capitalisation of interest and administration costs

Interest on loans financing development is capitalised up to the date of the completion of the scheme and only when development activity is in progress. Administration costs relating to development activities are capitalised only to the extent that they are incremental to the development process and directly attributable to bringing the property into their intended use.

(i) Leased assets

Rentals paid under operating leases are charged to the Statement of Comprehensive Income as incurred.

(j) Pension costs

The Group participates in an industry wide multi-employer defined benefit pension scheme where the scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the scheme as defined benefit. For this multi-employer scheme, there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded and a liability is recognised in the Statement of Financial Position and the resulting expense in surplus or deficit in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

(k) Impairment of social housing properties

Properties held for their social benefits are not held solely for the cash flows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in surplus or deficit in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in surplus or deficit in the Statement of Comprehensive Income.

(l) Taxation

The Association has been accepted as having charitable status by H M Revenue and Customs with effect from 8 October 1997 and accordingly no tax is payable for the year.

(m) Value Added Tax

The Association is VAT registered, but the majority of its income being housing rents is exempt for VAT purposes. This gives rise to a recovery of VAT through a partial exemption calculation each year. Expenditure is therefore shown gross of the relevant VAT within the Statement of Comprehensive Income.

(n) Investments

Investments that are publicly traded or whose fair value can be measured reliably are stated at fair value with changes in fair value recognised as a surplus or deficit in the Statement of Comprehensive Income.

(o) Interest and financing costs

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the Statement of Comprehensive Income.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, high liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

q) Financial instruments

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

Financial assets carried at amortised cost

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at transaction value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If the arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial liabilities carried at amortised cost

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments, which meet the necessary conditions in FRS 102, are initially recognised at transaction value adjusted for any directly attributable transaction cost and subsequently measured as amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A finance liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

Financing transactions

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements, the arrears are measured at present value of the future payments discounted at an appropriate market rate of interest.

2. SIGNIFICANT MANAGEMENT JUDGEMENTS & KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical evidence and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Association has to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP.

Estimation uncertainty

The Association makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Bad and Doubtful Debts

Provision is made against rent and service charge arrears for both current and former tenants and against sundry debts to the to the extent that they are considered by management not to be recoverable at their full value. The level of provision is based on historical experience and future expectations.

Economic life of Assets

An estimation of the useful economic life of the organisation's assets are determined by management and disclosed within Accounting Policies. The estimates are based on industry standards adjusted to reflect our own experience, quality of components and maintenance procedures.

3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	GROUP					
	2016			2015		
	Turnover £'000	**Operating costs £'000**	**Operating surplus/ (deficit) £'000**	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	**7,818**	**(5,028)**	**2,790**	7,379	(4,933)	2,446
Other social housing activities						
1st tranche sale of shared ownership properties	**195**	**(191)**	**4**	289	(319)	(30)
Charges for support services	**100**	**(99)**	**1**	89	(83)	6
Pension deficit charged	**-**	**(230)**	**(230)**	-	(29)	(29)
Other						
Activities other than social housing	**405**	**(403)**	**2**	417	(429)	(12)
	8,518	**(5,951)**	**2,567**	8,174	(5,793)	2,381

	PARENT					
	2016			2015		
	Turnover £'000	**Operating costs £'000**	**Operating surplus/ (deficit) £'000**	Turnover £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
Social housing lettings	**7,818**	**(5,028)**	**2,790**	7,379	(4,933)	2,446
Other social housing activities						
1st tranche sale of shared ownership properties	**195**	**(191)**	**4**	289	(319)	(30)
Charges for support services	**100**	**(99)**	**1**	89	(83)	6
Pension deficit charged	**-**	**(230)**	**(230)**	-	(29)	(29)
Other						
Activities other than social housing	**-**	**(17)**	**(17)**	-	(7)	(7)
	8,113	**(5,565)**	**2,548**	7,757	(5,371)	2,386

4. PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	General needs £'000	Specialist housing £'000	Total 2016 £'000	Total 2015 £'000
Income				
Rents	**5,790**	**614**	**6,404**	6,058
Service charge	**180**	**773**	**953**	898
Supporting People	**-**	**5**	**5**	11
Amortised government grant	**327**	**38**	**365**	377
Other income	**74**	**17**	**91**	35
TURNOVER FROM SOCIAL HOUSING LETTINGS	**6,371**	**1,447**	**7,818**	7,379
EXPENDITURE				
Services	**158**	**622**	**780**	792
Management	**1,142**	**400**	**1,542**	1,538
Support costs	**-**	**2**	**2**	13
Routine maintenance	**1,201**	**45**	**1,246**	1,064
Rent losses from bad debts	**51**	**30**	**81**	77
Other costs	**145**	**13**	**158**	200
Property depreciation	**1,098**	**121**	**1,219**	1,249
OPERATING COSTS	**3,795**	**1,233**	**5,028**	4,933
OPERATING SURPLUS ON LETTING ACTIVITIES	**2,576**	**214**	**2,790**	2,446
RENT LOSSES FROM VOIDS	**44**	**117**	**161**	144

5 SURPLUS ON DISPOSAL OF PROPERTIES

Group and Parent	**2016 £'000**	2015 £'000
Shared ownership sales		
Sale of subsequent tranche shared ownership properties	**70**	91
Costs of sale	**(95)**	(55)
Transfer to recycle grant fund	**25**	(36)
	-	-
Other sales		
Proceeds from sales	**196**	1,214
Less: costs of sales	**(83)**	(1,189)
Transfer to recycled capital grant fund	**(113)**	(16)
	-	9

6. INTEREST AND FINANCING COSTS – GROUP AND PARENT

	2016	2015
	£'000	£'000
Interest payable	**1,758**	1,664
Net interest on pension liability	**12**	19
Less: capitalised development interest	**-**	(28)
Other loan financing costs	**22**	-
Loan issue cost amortisation	**24**	21
	1,816	1,676

7. SURPLUS FOR THE YEAR - GROUP

	2016	2015
	£'000	£'000
Depreciation of property, plant and equipment	**1,279**	1,249
Government grants	**(383)**	(377)
Audit fee – statutory audit	**14**	11
Operating lease rentals	**32**	32

8. STAFF COSTS

	Group		**Parent**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Staff costs including officers and senior executives:				
Wages and salaries	**1,870**	1,854	**1,547**	1,499
Social security costs	**131**	135	**121**	121
Other pension costs	**109**	186	**109**	181
	2,110	2,175	**1,777**	1,801
The average weekly number of full time equivalent persons (including the Chief Executive) employed during the year was:	**Number**	Number	**Number**	Number
Office staff	**30**	30	**25**	23
Wardens, caretakers, cleaners & DLO staff	**53**	45	**26**	27
	83	75	**51**	50

The number of full time equivalents has been calculated on a 35 hour per week basis for Tuntum Housing Association Limited and 37 hour per week basis for Time-Out Care Services Limited.

9. DIRECTORS' EMOLUMENTS

	2016	2015
	£'000	£'000
Key management personnel - Chief Executive and senior management team		
Salaries	**246**	246
Pension contributions	**29**	26
	275	272

9. DIRECTORS' EMOLUMENTS (continued)

	2016	2015
	£'000	£'000
Emoluments paid to the highest paid senior executive, the Chief Executive (excluding pension contributions)	**102**	100

The Chief Executive is an ordinary member of the Association's pension scheme (note 18). Pension contributions paid during the year were £12,131 (2015: £11,893)

	Number	Number
Number of directors accruing benefit in the pension scheme	**3**	3

The full time equivalent number of staff whose remuneration payable fell within each band of £10,000 from £60,000 upwards is shown below. Remuneration includes wages and salaries.

	Number	Number
Salary band (£)		
60,000 – 69,999	**-**	-
70,000 – 79,999	**2**	2
90,000 – 99,999	**-**	-
100,000 – 109,999	**1**	1

	2016	2015
Payments to Board Members	**£'000**	£'000
The Board of Management remuneration		
Audra Wynter	**-**	3,400
Junior Hemans	**4,500**	1,100
Mark Taylor	**2,145**	2,750
Sean Deer	**-**	660
Micheal Khouri-Bent	**1,375**	2,640
Lin Hinson	**2,805**	3,575
Sharon Stevens	**2,200**	1,870
Sonia Thompson	**1,870**	1,650
Yvette Downer	**1,980**	2,200
Avtar Johal	**1,870**	990
Ade Aderogba	**1,980**	1,870
Michelle Bateman	**1,760**	2,750
Madge Marshall (Co-opted member of TSSC)	**-**	220
Murray MacDonald	**1,760**	1,100
Paul Moat	**1,650**	1,210
	25,895	27,985

Expenses paid during the year to Board members amounted to £4,286 (2015 £2,597).

10 TANGIBLE FIXED ASSETS - GROUP

	Housing properties completed £'000	Housing properties under construction £'000	Completed shared ownership £'000	Fixtures & fittings £'000	Freehold office £'000	Total £'000
Cost						
At 1 April 2015	79,423	82	7,504	956	276	88,241
Additions	1,902	-	398	7	-	2,307
Components capitalised	546	-	-	-	-	546
Components write off	(256)	-	-	-	-	(256)
Disposals	(172)	-	(119)	-	-	(291)
At 31 March 2016	**81,443**	**82**	**7,783**	**963**	**276**	**90,547**
Depreciation						
At 1 April 2015	13,613	-	270	820	94	14,797
Charge for the year	1,156	-	63	54	6	1,279
Depreciation on disposals	(257)	-	-	-		(257)
At 31 March 2016	**14,512**	**-**	**333**	**874**	**100**	**15,819**
Net book values						
At 31 March 2016	**66,931**	**82**	**7,450**	**89**	**176**	**74,728**
At 31 March 2015	65,810	82	7,234	136	182	73,444

The total expenditure on housing properties for lettings comprises of the replacement of components of £546k and routine maintenance of £1,246k.

Freehold land and buildings with an Existing Use Value-Social Housing of £55m (2015: £55m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

11 TANGIBLE FIXED ASSETS - ASSOCIATION

	Housing properties completed	Housing properties under construction	Shared ownership completed	Freehold office	Fixtures & fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
COST						
At 1 April 2015	79,423	82	7,504	276	895	88,180
Additions	1,902	-	398	-	7	2,307
Components capitalised	546	-	-	-	-	546
Component replaced	(256)	-	-	-	-	(256)
Disposals	(172)	-	(119)	-	-	(291)
At 31 March 2016	**81,443**	**82**	**7,783**	**276**	**902**	**90,486**
Depreciation						
At 1 April 2015	13,613	-	270	94	762	14,739
Charge for the year	1,156	-	63	6	53	1,278
Disposals	(257)	-	-	-	-	(257)
At 31 March 2015	**14,512**	**-**	**333**	**100**	**815**	**15,760**
Net book values						
At 31 March 2016	**66,931**	**82**	**7,450**	**176**	**87**	**74,726**
At 31 March 2015	**65,810**	82	**7,234**	182	133	**73,441**

The total expenditure on housing properties for lettings comprises of the replacement of components of £546 and routine maintenance of £1,241.

Freehold land and buildings with an Existing Use Value-Social Housing of £55m (2015: £55m) have been pledged to secure borrowings of the Association. The Association is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

12 GROUP UNDERTAKINGS – PARENT

Details of the Association's subsidiaries at 31 March 2016:

Name	**Nature of business**
Time-Out Care Services Ltd (T/a Homecare Plus)	Charitable care projects

Time-Out Care Services Ltd is a company limited by guarantee and is considered to be a subsidiary by virtue of the fact that the parent controls the composition of the board.

13. STOCKS

	Group		**Parent**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Shared ownership properties	**-**	49	**-**	49

Shared ownership properties comprise properties for resale and work in progress.

14. DEBTORS

	Group		**Parent**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Amounts falling due within one year:				
Rent arrears	**303**	265	**303**	265
Less: provision for bad debts	**(212)**	(236)	**(212)**	(236)
Net rent arrears	**91**	29	**91**	29
Prepayment and accrued income	**303**	333	**251**	279
Due from Time-Out Care Services Ltd	**-**	-	**-**	43
	394	362	**342**	351

No disclosure has been made of the net present value of rental arrears subject to repayment plans as the amount is considered to be insignificant.

15. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

	Group		**Parent**	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
Housing loans	**908**	1,850	**908**	1,850
Grants received in advance	**89**	100	**89**	100
Trade creditors	**530**	919	**517**	906
Prepaid rent arrears	**305**	254	**305**	254
Taxation and social security payable	**40**	39	**40**	39
Accruals and deferred income	**504**	476	**481**	476
Recycled capital grant & disposal proceeds fund	**668**	581	**668**	581
Grants due in one year	**383**	377	**383**	377
	3,427	4,596	**3,391**	4,583

The loans are secured on freehold housing properties. Interest is payable at a combination of fixed and variable rates. The rates of interest range from 2.1% to 9.8%.

The total accumulated amount of capital grant received or receivable at the balance sheet date is £38,270k.

15. CREDITORS (AMOUNTS FALLING DUE WITHIN ONE YEAR) (CONT.)

RECYCLED CAPITAL GRANT FUND

	Group and Parent	
	2016	2015
	£'000	£'000
At 1 April	**450**	398
Inputs to RCGF / DPF	**-**	52
Recycling of grant	**57**	-
At 31 March	**507**	450

DISPOSAL PROCEEDS FUND

	Group and Parent	
	2016	2015
	£'000	£'000
At 1 April	**131**	131
Recycling of grant	**30**	-
At 31 March	**161**	131

16. CREDITORS (AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR)

	Group and Parent	
	2016	2015
	£'000	£'000
Housing loans (see note 16 (a))	**38,140**	38,792
Government grants (see noted 16 (b))	**32,075**	31,882
Pension deficit (see note 18)	**808**	649
At 31 March	**71,023**	71,323

16(a). Housing loans

	Group and Parent	
	2016	2015
	£'000	£'000
Housing loans	**38,263**	38,977
Less: Loan issue costs	**(123)**	(185)
	38,140	38,792

Housing loans from banks and building societies are secured by specific charges on the Association's housing properties and are repayable by instalments by varying rates of interest as follows:

	2016	2015
	£'000	£'000
In one year or less	**908**	1,850
Between one and two years	**4,406**	5,492
Between two and five years	**6,086**	6,778
In five years or more	**27,648**	26,522
	39,048	40,642

16(b). Government grants

	Group		Parent	
	2016	2015	**2016**	2015
	£'000	£'000	**£'000**	£'000
At 1 April	**32,259**	31,810	**32,259**	31,810
Grants receivable	**687**	826	**687**	826
Grants transferred	**(105)**	-	**(105)**	-
Amortisation to Statement of Comprehensive Income	**(383)**	(377)	**(383)**	(377)
At 31 March	**32,458**	32,259	**32,458**	32,259
Due within one year	**383**	377	**383**	377
Due after one year	**32,075**	31,882	**32,075**	31,882

17. CALLED UP SHARE CAPITAL

	Group and Parent	
	2016	2015
	£	£
Allotted, issued and fully paid ordinary shares of £1 each:		
At 1 April 2015	**38**	38
Issued in the year	**1**	-
At 31 March 2016	**39**	38

The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has a full voting right.

18. PENSION OBLIGATIONS

Social Housing Pension Scheme

The Group participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The scheme is classified as a 'last-man standing arrangement'. Therefore the Group is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

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

Deficit contributions

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

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

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

18. PENSION OBLIGATIONS (CONT.)

PRESENT VALUES OF PROVISION

	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Present value of provision	808	649	675

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Year Ending 31 March 2016 (£000s)	**Year Ending** 31 March 2015 (£000s)
Provision at start of period	649	675
Unwinding of the discount factor (interest expense)	12	19
Deficit contribution paid	(78)	(74)
Remeasurements - impact of any change in assumptions	(5)	29
Remeasurements - amendments to the contribution schedule	230	-
Provision at end of period	808	649

STATEMENT OF COMPREHENSIVE INCOME IMPACT

	Year Ending 31 March 2016 (£000s)	**Year Ending** 31 March 2015 (£000s)
Interest expense	12	19
Remeasurements – impact of any change in assumptions	(5)	29
Remeasurements – amendments to the contribution schedule	230	-
Contributions paid in respect of future service*	109	107
Costs recognised in income and expenditure account	346	155

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

ASSUMPTIONS

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

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

18. PENSION OBLIGATIONS (CONT.)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	102	78	74
Year 2	106	81	78
Year 3	110	84	81
Year 4	115	88	84
Year 5	97	92	88
Year 6	78	74	92
Year 7	81	54	74
Year 8	66	56	54
Year 9	50	40	56
Year 10	51	23	40
Year 11	26	24	23
Year 12	-	12	24
Year 13	-	-	12
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

Defined contribution scheme

The Group also operates a defined contribution pension scheme. The assets of the scheme are administered by the Social Housing pension Scheme managed by the Pensions trust independent from those of the Group.

Total contributions paid in the year were £29,000 (2015: £11,000)

19. TAXATION STATUS

The Group has charitable status. The Board knows of no circumstances which will affect this taxation status in the future.

20. OPERATING LEASES - GROUP AND PARENT

At the Statement of Financial Position date there were outstanding commitments for future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016		2015	
	Land & buildings £'000	**Other £'000**	Land & buildings £'000	Other £'000
Operating leases which expire:	**-**		-	-
Within one year	**-**	**11**	-	17
Within 2 to 5 years	**-**	**-**	-	-
After 5 years	**265**	**-**	291	-
	265	**11**	291	17

21. UNITS/BED SPACES

	2016 Number	2015 Number
General housing	**1,124**	1,101
Shared ownership	**126**	126
Supported housing	**36**	36
	1,286	1,263
Under management at end of year:		
General housing	**1,035**	1,015
Supported housing	**126**	126
Shared ownership	**89**	86
Managed for other bodies	**36**	36
Management by other body	**32**	39
	1,318	1,302

22. RELATED PARTIES AND CONTROL

At 31 March 2016 the Board had one tenant member who held a tenancy agreement on normal terms and cannot use their position on the Board to their advantage The rent paid during the year was £5k. There were no rent arrears outstanding as at 31st March 2016.

Ultimate control lies with the Board of Management.

Subsidiary Organisation

Time-Out Care Services Ltd is a company limited by guarantee and provides specialist culturally appropriate care that addresses the physical, mental and sensory health needs of service users at different levels. It is considered to be a subsidiary by virtue of the fact that the parent controls the composition of the board. It is regulated by an Intra Group Agreement and Tuntum provides corporate services and recharges other revenue costs as appropriate to Time-Out via a Service Level Agreement.

Non-regulated subsidiary	**Recharge**	**Cost in year** £	**Balance at year end** £
Time-Out Care Services Ltd	Intercompany Loan	-	-
	Creditor due within one year (Accrual)	-	-

23. CAPITAL COMMITMENTS - GROUP AND PARENT

	2016 **£'000**	2015 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	2,370
Capital expenditure that has been authorised by the Board of Management but has not yet been contracted for	-	-
	-	2,370
The Association expects to finance the above expenditure by:		
Social Housing Grant receivable	-	665
Loans receivable	-	1,705
Sales proceeds	-	-
	-	2,370

The Group has not committed to any other capital expenditure (2015: £2,370k). Social housing developments will be transferred to the Group on completion by development partners.

24. LEGISLATIVE PROVISIONS

The Association is a registered society under the Co-operative and Community Benefit Societies Act 2014.

25. EXPLANATION OF TRANSITION TO FRS 102

This is the first year the Group has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. The impact of these changes is set out in notes that follow.

Group

Reconciliation of net assets and reserves at 1 April 2014 for the Group - date of transition to FRS 102

	UK GAAP as previously reported	**Effect of transition into FRS 102**				**FRS 102**
		A	**B**	**C**	**D**	
ASSETS						
Fixed assets						
Housing Properties cost	86,597	-	-	-	(1,235)	85,362
Social Housing Grant	(37,057)	-	37,057	-	-	-
Depreciation	(4,737)	(8,190)	-	-	-	(12,927)
Other tangible assets	333	-	-	-	-	333
Total fixed assets	**45,136**	**(8,190)**	**37,057**	**-**	**(1,235)**	**72,768**
Current assets						
Trade and other receivables	517	-	-	-	-	517
Cash	770	-	-	-	-	770
	1,287	-	-	-	-	**1,287**
Total assets	**46,423**	**(8,190)**	**37,057**	**-**	**(1,235)**	**74,055**
Less creditors amounts falling due within one year	**(7,791)**	-	**(378)**	**(25)**	-	**(8,194)**
Net current assets/(liabilities)	**(6,504)**	-	**(378)**	**(25)**	-	**(6,907)**
Less creditors falling due more than one year	(32,416)	-	-	-	-	(32,416)
Social Housing Grant	-	-	**(31,627)**	-	-	(31,627)
Pension deficit liability	-	-	-	(675)	-	(675)
NET ASSETS	**6,216**	**(8,190)**	**5,052**	**(700)**	**(1,235)**	**1,143**
CAPITAL AND RESERVES						
Called up share capital	-	-	-	-	-	-
Designated reserves	708	-	-	(708)	-	-
Restricted reserves	16	-	-	(16)	-	-
Revenue reserves	5,492	(8,190)	5,052	24	(1,235)	1,143
TOTAL RESERVES	**6,216**	**(8,190)**	**5,052**	**(700)**	**(1,235)**	**1,143**

25. EXPLANATION OF TRANSITION TO FRS 102 (Continued)

Reconciliation of net assets and reserves at 31 March 2015 for the Group

	UK GAAP as previously reported	Effect of transition into FRS 102				FRS 102
		A	B	C	D	
ASSETS						
Fixed assets						
Housing Properties cost	88,581	-	-	-	(1,524)	87,057
Social Housing Grant	(37,688)	-	37,688	-	-	-
Depreciation	(5,626)	(8,307)	-	-	-	(13,933)
Other tangible assets	319	-	-	-	-	319
	45,586	**(8,307)**	**37,688**	-	**(1,524)**	**73,443**
Current assets						
Inventories	49	-	-	-	-	49
Trade and other receivables	362	-	-	-	-	362
Cash	3,925	-	-	-	-	3,925
	4,336	-	-	-	-	**4,336**
Total assets	**49,922**	**(8,307)**	**37,688**	-	**(1,524)**	**77,779**
Less creditors falling due within one year	**(4,193)**	-	**(378)**	**(25)**	-	**(4,596)**
Net current assets/(liabilities)	**143**	-	**(378)**	**(25)**	-	**(260)**
Less creditors falling due more than one year	(38,792)	-	-	-	-	(38,792)
Social Housing Grant	-	-	**(31,881)**	-	-	**(31,881)**
Pension deficit	-	-	-	**(649)**	-	**(649)**
NET ASSETS	**6,937**	**(8,307)**	**5,429**	**(674)**	**(1,524)**	**1,861**
CAPITAL AND RESERVES						
Called up share capital	-	-	-	-	-	-
Designated reserves	708	-	-	(708)	-	-
Restricted reserves	11	-	-	(11)	-	-
Revenue reserves	6,218	(8,307)	5,429	45	(1,524)	1,861
TOTAL RESERVES	**6,937**	**(8,307)**	**5,429**	**(674)**	**(1,524)**	**1,861**

25. EXPLANATION OF TRANSITION TO FRS 102 (Continued)

Reconciliation of total comprehensive income for the year ended 31 March 2015

	UK GAAP as previously reported	Effect of transition into FRS 102				FRS 102
		A	B	C	D	
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	7,797	-	377	-	-	8,174
Operating expenditure	(5,433)	(42)	-	-	(289)	(5,764)
Pension deficit	-	-	-	(29)	-	(29)
Operating surplus	2,364	(42)	377	(29)	(289)	2,381
Gain / (loss) on disposal of property, plant and equipment	9	-	-	-	-	9
Interest receivable	4	-	-	-	-	4
Interest and financing costs	(1,657)	-	-	(19)	-	(1,676)
Surplus for the year	**720**	**(42)**	**377**	**(48)**	**(289)**	**718**

25. EXPLANATION OF TRANSITION TO FRS 102 (Continued)

Explanation of transition adjustments

The preparation of a first set of financial statements requires FRS102 to be applied as if it had always been in place. To do so requires restatement of the opening balances at the start and end of the prior period, and restatement of the prior period surplus.

A – Recalcuation of depreciation of housing properties

Under UK GAAP, as noted above, Social Housing Grant was netted off against the cost of land and housing properties. As a result of the reclassification of grant, the depreciation of housing properties has been recalculated to reflect the depreciation on the higher cost value. This has had an impact of increasing the amount required for depreciation by £8,258k at 31 March 2015.

B – Reclassification of Social Housing Grant and subsequent amortisation

Social Housing Grant received has been reclassified to Creditors from Fixed Assets under FRS 102. And further, grant is to be split between current and long term creditors. On transition to FRS 102 the liability totals £32,005k (£37,057k under UK GAAP less the FRS102 £5,052k amortisation).

As at the 31 March 2015 following an amortisation credit to Turnover of £377k for the year the carrying balance of grant is £32,259k split as £377k current and £31,882k long term. During the year 2014-15 additional grant was received / recognised of £826k. Amortisation calculations are based upon the remaining useful life of the building structure at the date of acquisition by Tuntum.

C – Social Housing Pension Scheme – deficit funding obligation

Under previous UK GAAP the Social Housing Pension Scheme, a multi employer defined benefit pension scheme of which Tuntum Housing Association Limited is a member, was accounted for by the Group as a defined contribution scheme. It is not possible for the Group to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme and so continues to account for the scheme as a defined contribution scheme. Where the scheme is in deficit and where the Group has agreed to a deficit funding arrangement the Group now recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The unwinding of the discount rate is recognised as a finance cost. This adjustment has resulted in a decrease to the opening reserves position of £675k on tranistion. In the year to 31 March 2015 an additional charge of £93k was recognised in surplus or deficit in the Statement of Comprehensive Income and the liability at 31 March 2015 was £649k).

FRS 102 requires short term employee benefits to be charged in surplus or deficit to the Statement of Comprehensive Income as the employee service is received. This has resulted in the Group recognising a liability for holiday pay of £25k on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the Income and Expenditure account as they were paid. It is not the normal policy of the Association to pay in lieu of holiday entitlement not taken. This only happens when an employee leaves with annual leave accruing. However this is discouraged by the Association unless there are exceptional circumstances.

D- Changes in accounting treatment

This adjustment relates to the cost of components that are replaced earlier than their expected useful economic life. This was not carried out previously.With the implementation of a Fixed asset system this has resulted in an accelerated depreciation charges of £1,524k as at 31st March 2015.

FRS 102 Transition of the Association

The impact of the transition to FRS 102 is the same for the Consolidated group as it is for the Association.