Longhurst Group

Consolidated Financial Statements 2015

Contents

Board Members and Executive Staff

Board Members:

Ms A Adamthwaite
(Chair Person – Appointed 16/07/2014)

Mr D Armes
(Resigned 11/03/2015)

Ms L Bowen

Mr J Farrar

Mr E Hendricks

Mr R Lankey

Ms C McEwen
(Resigned 24/09/2014)

Mr S McFarlane MBE

Ms J Reader-Sullivan

Mr J Robson FCIH

Mr R Rudd

Mr R Wilson
(Vice Chair – Confirmed 16/07/2014)

Mr D Young MBE, JP

Executive Officers:

Mr R V Walder BSc, FCIH
Group Chief Executive –
Resigned 30/06/2015

Ms J Doyle DMS, MBA, ACIH
Group Chief Executive –
Appointed 01/07/2015
Managing Director – Spire Homes and Group Deputy Chief Executive up to 30/06/2015

Mr R Griffiths FCCA
Chief Financial Officer

Mr M A Hardy BA (Hons), MBA, FCIH
Managing Director - Longhurst and Havelok Homes – Resigned 31/05/2015

Mr P Osborne
Managing Director - Longhurst Group

Mr J Driffill BA (Hons), MSc, MRTPI, ACIH
Managing Director - Friendship Care and Housing

Senior Managers:

Ian Jackson
Director of Development POD/LG

Katie North BSc (Hons), ACA
Director of Operational Finance

Kate Wood MAAT
Director of Corporate Finance

Zoe Wortley BA (Hons)
Group Strategy Director

Registered Head Office:

Leverett House,
Gilbert Drive, Endeavour Park,
Boston, Lincolnshire PE21 7TQ

Principal Bankers:

Lloyds Bank Plc,
Market Place, Boston, Lincolnshire
PE21 7TQ

Auditors:

Beever and Struthers,
Chartered Accountants and
Statutory Auditor,
St George's House,
215 - 219 Chester Road,
Manchester M15 4JE

Solicitors:

Chattertons,
28 Wide Bargate, Boston,
Lincolnshire PE21 6RT

Towers and Hamlins,
Heron House, Albert Square,
Manchester M2 5HD

DWF LLP,
One Snowhill, Snowhill Queensway'
Birmingham B4 6GA

Wright Hassall LLP,
Olympus Avenue, Leamington Spa,
Warwickshire, CV34 6BF

Registered with the Homes and Communities Agency number: L4277

Our homes may be made from bricks and mortar but our communities are built by people.

Report of the Board

The Board is pleased to present the fifteenth Annual Report and Audited Consolidated Financial Statements for the Longhurst Group (the Group) for the year ended 31 March 2015. The Group comprises the parent company and the wholly owned subsidiaries set out below and in note 32.

Background

The Longhurst Group of companies represents a united ambition to improve people's lives across the Midlands and East of England.

Our mission is to deliver high quality housing, care and support services that have a positive impact on individuals and their communities.

Longhurst Group Limited was first registered at Companies House on 23 March 2000 and started trading during the 2000/01 financial year. The Group was formed with the assistance of the Board of Longhurst Housing Association Limited (now Longhurst & Havelok Homes). The initial Group structure consisted of Longhurst Housing Association, East Northamptonshire Housing Limited (later known as Spire (LG) Homes) - and Home from Home (Lincs) Limited.

Since its inception the Group has grown and evolved and now consists of 7 member companies, working across 43 Local Authorities, employing over 900 staff in total and servicing in excess of 50,000 customers. Spire Homes, L&H Homes and Friendship Care and Housing, own and manage nearly 18,600 homes between them, and provide care and support services to thousands of customers throughout the region. Libra Treasury Plc is the Group's special purpose funding vehicle through which all new funding is arranged. Keystone Developments (LG) is the Group's commercial development company.

Our shared strength affords our members the flexibility to focus on their individual goals, which fit with our Group-wide ethos and shared values of working with integrity and striving for excellence.

Principal Activities

The Group is a leading provider of affordable housing in the Midlands region, now managing over eighteen thousand homes in the region.

The Company's principal role is that of parent company for the Longhurst Group of companies.

The Group consists of the following organisations:-

- **Longhurst Group Limited** (the parent)
- **Longhurst and Havelok Homes Limited** (subsidiary)
- **Spire Homes (LG) Limited** (subsidiary)

- **Friendship Care and Housing Limited** (subsidiary)
- **Keystone Developments (LG) Limited** (subsidiary)
- **Libra (Longhurst Group) Treasury PLC** (subsidiary)
- **Beechdale Community Development Limited** (subsidiary)
- **Jubilee Teetotal Homes Limited** (subsidiary)

Basis of Consolidation

The results of the constituent members of the Group have been aggregated as this provides the most meaningful consolidated results for the Group.

The results for the Group presented in these financial statements are for the year ended 31 March 2015.

Board Members

The Members of the Board who served during the year are shown on page 1.

Employees

The Group places considerable value on the involvement of its employees and continues its practice of keeping them informed on matters involving them as employees and on the various factors involving performance of the group. This is achieved through regular formal and informal meetings, briefings and the intranet.

Disabled Employees

Applications for employment by disabled employees are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and appropriate training is made available. It is the policy of the group that training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Statement of the Board's Responsibilities in Respect of the Accounts

The Board is required to prepare financial statements for each financial year that give a true and fair view of the Company's state of affairs and of its income and expenditure for that period. Under company law the Board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time, the financial position of the Company and enable it to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2012. The Board is also responsible for safeguarding the Company assets and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

As far as the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

When approving financial statements the Board is required to make an assessment of the Group's ability to continue as a going concern. In doing this the Board need to consider all available information about the future, which is at least but not limited to, twelve months from the date when the financial statements are approved and signed.

Following the Government's Summer Budget on 8 July 2015, where a reduction of 1% per annum on rents for four years was announced, the Board are in the process of reviewing its longer term cashflow forecasts and will ensure the Group and Association has plans in place that protect the long term sustainability of business. The Executive Team will make a recommendation to the Board in due course. Given the scale of the proposed changes, the Board has reviewed the medium term cashflow and is assured that the Group has sufficient cash to fund its liabilities for the remainder of the forthcoming 12 months from the date of approving and signing these financial statements and that therefore the Group and Association is considered to be a going concern.

Directors' Statement on Internal Controls

The Group Board acknowledges its ultimate responsibility in ensuring that the Company has an effective system of internal controls in place. The system of internal controls is designed to manage key risks, provide reasonable assurance that planned business objectives are achieved and well-managed and to protect the Group's assets and interests from loss of any kind.

Risk management is a key element of the system of internal controls in place across the Group. The Group has continued to develop the system which is used to assess, record and monitor risks, both at a company level and at an overall Group level.

It is the Group Board's responsibility to establish and maintain appropriate systems of internal control for Longhurst Group. The Group Board also has overall responsibility for ensuring that the appropriate level of internal control is in place across all Group companies. Such systems of control can only provide reasonable and not absolute assurance against material financial misstatement or loss. The Group Board is supported in its responsibility in overseeing the adequacy and effectiveness of internal controls across the Group by the Audit Committee.

The Board and the Audit Committee receive an independent assessment on the overall quality and robustness of internal controls via the programme of work undertaken by the Group's Internal Auditors. The Group's Internal Auditors are PWC who were appointed as Internal Auditors at the beginning of the 2012/13 financial year. The focus of internal audit work in 2014/15 was aligned to key risks on the Group's risk map and was further informed via meetings with Board members and Senior Officers along with sector specific risks identified by PWC.

The Board's approach to risk management includes the regular evaluation of the nature and extent of the risks to which the Company is exposed. This approach is consistent with the combined code on Corporate Governance and its associated guidance. Key elements of the system of internal control and approach to risk management include:

i) Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Company's assets.

ii) The Group Board has adopted a clear anti-fraud and anti-bribery policy statement and approved a detailed fraud response plan. The policy statement has been communicated to staff and is part of the Governance Policy of the Company. The Audit Committee has reviewed the fraud register on a quarterly basis during 2014/15. There were no matters which were required to be reported to the HCA.

iii) The Group Board has approved a risk management strategy and continues to develop procedures to identify, assess and manage risks to which the Company is exposed.

iv) The Group has implemented an integrated Group-wide risk management system to co-ordinate work on key risks across the Group and to ensure that risks are appropriately managed and reported to the Board and Audit Committee.

v) The Group Board has approved a Group-wide contingency plan. The contingency plan was developed in recognition of the changing nature of the risks faced by our business and the sector as a whole. The contingency plan supplements the work undertaken on risk management and incorporates additional stress testing on the Business Plan.

vi) Experienced and suitably qualified staff have responsibility for important business functions with roles and responsibilities clearly defined. Annual appraisal procedures have been established for both Board and members of staff to maintain standards of performance.

vii Forecasts and budgets are prepared which allow the Group Board and management to monitor the key business risks and financial objectives. The Board, Audit Committee and Senior Officers have monitored performance against the approved budget and other key performance indicators.

viii) All significant new initiatives, major commitments and investment projects are subject to a robust risk assessment, formal authorisation procedures, through relevant sub-committees comprising Group Board members and others.

ix) The Audit Committee reviews reports from management, from the Internal Auditors and from the External Auditors to provide reasonable assurance that control procedures are in place and being followed. This includes a review of the major risks facing each Company within the Group.

x) A Group-wide Finance & Treasury Committee (reporting through Libra) which meets four times a year.

xi) Formal procedures have been established for instituting appropriate action to correct weaknesses identified by the internal and external auditors as well as issues identified by the Audit Committee and individual Boards across the group.

Using the key controls identified above, the Chief Executive and Senior Officers have reviewed the effectiveness of the system of internal control in existence in the Group for the year ended 31 March 2015 and until the date of approval of these accounts. A report has been made to the respective Boards on the overall effectiveness of the system of controls in operation during the year and up to the date of approval of these Financial Statements. No weaknesses were found in internal controls that resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements or in the auditor's report on the financial statements.

Strategic Report

The Company has chosen, in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, to set out in the Group's Strategic Report and Operating Financial Review the information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Political and charitable

There were no political and charitable contributions during the financial year ended 31 March 2015 (2014: Nil).

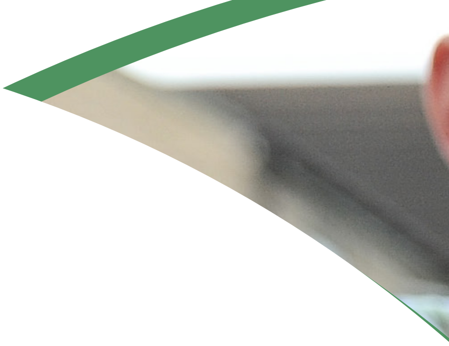
Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to re-appoint the Company's auditors, Beever and Struthers, will be proposed at the Annual General Meeting.

Approved by the Group Audit Committee on 16th July 2015 under delegated authority from the Board on 15th July 2015 and signed on its behalf by:

R Griffiths FCCA
Company Secretary

Date: 16th July 2015



Group Strategic Report And Operating Financial Review

For The Year Ended 31 March 2015

The Board is pleased to present the Group Strategic Report and Operating Financial Review for the year ended 31 March 2015.

Company Background and Principal Activities

Together the Longhurst Group of companies provide nearly 18,600 homes across the Midlands and East of England and are significant developers of new homes for rent and home ownership. The Group also provides a number of related services such as the Blue Skies development consortium, Care and Support for elderly and vulnerable people, leasehold management services and property development services. Longhurst Group Ltd, the parent company, provides strategic direction, support and corporate services to all member companies.

The Group has grown through property development, stock acquisitions and corporate amalgamations and we have added over 10,000 homes to our stock since 2001. The Group Board is made up of eight independent members and three members from the Group's subsidiary companies. The Group Board approves the group-wide Business Plan, the consolidated financial accounts and all new borrowing arrangements and monitors the performance of all companies in the Group. An Audit Committee oversees the detailed audit processes and risk arrangements for the group and ensures conformity to good financial and governance procedures.

Each subsidiary Company has its own Board and business improvement processes to ensure that day to day performance is properly scrutinised and plans for the future development of the business are put in place.

During 2012/2013 Libra (Longhurst Group) Treasury PLC was formed to assist the Group in launching and managing its £250 million listed bond and reserve issue and to act as Loans Manager for the bank debt which was refinanced at the same time as the Bond issue. The Board of Libra also act as the Group's Finance & Treasury Committee having responsibility for scrutinising Group-wide financial performance and planning on behalf

The Group has grown through property development, stock acquisistions, and corporate amalgamations and we have added over 10,000 homes to our stock since 2001.

of all Group companies along with advising the Group Board on the development of the Group's Treasury Strategy.

Business Review: Summary of Key Events for 2014/15

The last financial year has been one of considerable success for the Group. In 2014/15 we completed 582 new homes for rent and sale and recorded our best set of results since the inception of the Group in 2001. In the year ending 31st March 2015 we achieved a surplus of £9.7m.

Despite the challenging operating environment and continued cuts to public services, we have continued to invest in new services and the provision of much needed new homes across the Midlands and East of England. The investment we have made in new housing has almost been entirely funded by private finance with only £1.4m of grant received against a capital investment of over £45m. We have adapted our development programme to take account of changing customer needs and the lack of grant funding available for new developments. Our programme of delivery is still focussed on providing new affordable homes for rent and sale. However, we are also expanding our provision of retirement schemes for the elderly and have added to our portfolio of market rent properties.

The on-going availability of private finance at competitive rates is critical in being able to fund our future development aspirations. In July 2014, the Group returned to the capital markets to sell the £25m reserve bonds which were held over from our debut bond issue in July 2012. We are in the process of arranging new funding during 2015 and are appreciative of the continued support of the banks, building societies and investors which provide funding for the Group.

The expansion of our development programme and challenging operating environment brings with it an increasing number of risks and uncertainties. The Board welcome the publication of the new Regulatory Framework and the requirement for Registered Providers to maintain detailed asset and liability registers. Our team have been working on this project for the last year and expect to have completed work on our asset and liability register by September 2015.

We recognise that the environment for our customers is challenging and we are committed to supporting them in any way we can. We continue to provide advice and guidance in helping our customers find employment and are working alongside some of our contractors to ensure apprenticeship and work opportunities are available to people in our local communities. We have also continued to invest in money advice training for our customers and support them in ensuring that they have full access to the benefits which they are entitled to.

The on-going transition to Universal Credit still represents a significant risk to our revenue streams, albeit to date, the implementation and impact of this has been much slower and less severe than we had expected. Our teams have continued to prepare for the implementation of Universal Credit and have focussed on reducing our base arrears across the Group in the last year. The work our income teams have undertaken has resulted in our net rent

arrears reducing by £375k in the last year.

Examples of some of the Group's other key achievements in the last 12 months include:

- Longhurst Group secured multiple national accreditations in 2014/15, with L&H Homes securing the Cabinet Office's Customer Service Excellent Standard for another year and Friendship meeting the requirements to maintain the Investors in Excellence Standard. We achieved Group-wide Investors in People Gold accreditation back in September and have been recognised as Investors in the environment. Spire Homes were also awarded 'three stars' by Best Companies and ranked 16th on the Sunday Times 100 Best Not-for Profit organisations to work for list in February 2015.
- Keystone Developments has had a strong year as work completed on The Croft in Bourne and planning permission was granted for the first 16 homes on a 400 home site in Humberston. Construction is on-going at a 29 home retirement living scheme in Thrapston; an open day held in the autumn has generated significant interest from potential buyers with sales expected to start from January 2016.
- Longhurst Group delivered 582 new homes across the region in 2014/15.
- The general election generated a lot of debate in the housing sector and in March, Longhurst Group took part in the NHF's Relay to the Rally as part of the Homes for Britain Campaign. Spire Homes hosted an event as part of the Midlands relay raising local awareness of housing as an item on the election agenda.
- Alongside legal advisors from Wright Hassall, Longhurst Group has played a key role in working with the NHF to campaign for a change to the Section 133 restriction on local authority transfer properties. The restriction limits the borrowing capacity of LSVT organisations. The issue was acknowledged in the government's 2014 pre-Autumn Statement and was part of a CLG consultation which ran until the end of May.
- As we ready ourselves to explore new opportunities to grow, we invited stakeholders to participate in a perception survey. The results have been shared with the Group Board and senior teams and will be used to guide our strategies as we focus on strong partnerships, new growth and continued excellence.
- All tenants across the Group can now manage their tenancies online. 'My Account', an online portal which offers tenants access to the details of their tenancies and rent accounts, was launched last year and further developments in the service will be made during 2015/16.

- Responding to the changing care and support landscape, Spire Homes has launched the Rutland Community Agents. Run in partnership with the Leicestershire and Rutland Rural Community Council this new service offers information and support to people of all ages.
- In partnership with Birmingham City Council, Friendship has launched a pilot programme designed to educate new tenants about how to manage a tenancy. The House2Home project offers practical training on running a home on a budget to help tenants avoid slipping into arrears.

Development Activity

During 2014/15 Longhurst Group retained its status as a partner of the HCA.

Since 2005/06 the Group has led the Blue Skies Consortium and we continue to develop new homes on behalf of the consortium working in partnership with Nottingham Community Housing Association as part of Partnerships Opportunities Development LLP (POD), our specialist development consultancy. Blue Skies is a partnership of 16 housing organisations providing collective strength through shared skills, expertise and resources – enabling members to access development opportunities that would not be available to them individually. POD continued to trade successfully during the year and can look forward to an increasing programme in future years because of the increased activity of Blue Skies Consortium members, with the addition of three new members Beacon Homes, Grimsby YMCA and Boston Mayflower.

During the year, both Consortium and Longhurst Group members continued to deliver a substantial number of homes across the operational area.

To summarise our achievements during 2014/15, the development team:-

- Completed 582 homes on behalf of the member companies in the Group
- 162 of the homes completed were on brownfield regeneration sites in Peterborough
- Commenced work on a new 29 home retirement living scheme for sale in Thrapston, Northamptonshire for Keystone Developments
- Completed 38 homes on behalf of the Blue Skies Consortium

The Group's forward development programme is very strong with the aim of building 2,500 homes over the next five years. We are forecasting the completion of 487 new homes in 2015/16 and approximately another 80 for the Blue Skies Consortium members. Keystone Developments will commence work on the 400 home joint venture project at Humberston after a protracted planning process with the first homes available in 2016.

Group Strategy and Objectives

The Group's strategic objectives are considered annually as part of the business planning process. During 2014/15 the Group Board agreed key objectives for the year ahead, and strategies that we believe will help to achieve those objectives.

Vision

Our vision is:
"To be a leading provider of excellent housing, care and support services, making a positive impact in local communities".

Values

The Longhurst Group ethos means that the decisions we take not only ensure we meet our objectives but are also financially, socially and ethically sound. Over many years we have built the solid foundations of our business upon lasting social values that are as relevant now as they were when we started. These values continue to underpin our work and we identify them as follows:

1. we put customers first
2. we are open, honest and accountable
3. we respect all people and value diversity
4. we deliver on our promises
5. we work collaboratively and sustainably

Strategic Objectives

Provide at least 2,500 new homes in the next 5 years.

We will continue to maximise traditional development models where they are available to us. We will increase our use of creative and innovative solutions to enable us to meet a broad range of needs through a diverse range of housing options.

Our Development Strategy ensures we have a comprehensive understanding of the opportunities and challenges across our operating area and can maximise the combined resources of our Group funding model.

We have been very successful in the scale of our ability to develop without grant and will build on this success in the year ahead by exploring models of tenure that allow cross-subsidy.

Protect and maximise our income.

The primary income stream across Longhurst Group is rental income. A Group-wide review of our approach to income management is underway and over the next 12 months we will aim to achieve a 10% reduction in the Group's net current tenant arrears.

Universal Credit is now being rolled out in all operating areas across the Group and poses a significant challenge to our business. We will continue to offer support and advice services for our customers to assist each household affected by welfare reform.

Significant additional rental income is reflected in our business plan as a result of our ambitious development programme. The £225 million bond funding secured in 2012 and the subsequent sale of our £25million reserve bonds in the summer of 2014 underpins our development programme for the coming year. Further funding is being arranged which will finance our development programme for the next 2-3 years.

Continue to deliver excellent services and value for money.

Longhurst Group is committed to providing excellent services. As we develop our digital offer we are finding new ways to provide services that are responsive and accessible to customers, while at the same time managing costs and making the most of every contact. Our 'My Account' service went live during the year, enabling our customers to access their accounts on-line. We have also provided help and training for our customers as part of our approach to digital inclusion. One of our rural schemes was also successful in being awarded funding from the Barclays 'Digital Eagles' fund which will provide community Wi-Fi access.

The integration of health and social care provides opportunities for new ways of thinking and to develop new services that can bring in additional income.

We can evidence a holistic approach to value for money that takes account of cost, efficiency, social value and outcomes through our Value for Money Strategy.

Deliver social value to improve the quality of life for people and communities.

At Longhurst Group we pride ourselves on being more than just a landlord. What's important to us is the difference our homes and services make to our customers and families as well as the communities they live in. Appreciating the impact that we make on people's lives is a critical aspect of our value for money approach, which goes well beyond looking at just the financial position. This will be supported by our Social Responsibility Strategy which will be in place by autumn 2015. Our Asset Management System takes account of the social value of our homes alongside the financial modelling of their net present value.

Ensure we reduce our impact on the environment.

Sustainability is an important part of our social responsibility and our focus remains the 'triple bottom line' of environmental, economic and social improvement. We are committed to reducing our environmental impact in the course of our day to day activities, through improved energy efficiency and recycling in our offices for example. However the largest impact can be made through our business activities: including sustainable design and build techniques in our new build development programme, and energy efficiency measures across our existing stock.

During 2015 we will consider the option of investing in solar photovoltaic panels for a proportion of our stock. We will also evaluate air source heat pumps as a replacement for electric storage heaters. Both systems will reduce our impact on the environment and provide better fuel efficiency for our customers.

Actively seek new acquisitions, amalgamations and partnerships.

Longhurst Group is growing as an organisation; our extensive development programme will continue to increase the number of homes under our management year on year. However we remain alert to opportunities to grow through other means. We are open to approaches from others looking to join our Group and we hope that further development of new and existing partnerships will result in significant growth.

Our ambition to grow is supported by our developing Growth Strategy which is helping us consolidate the offer we can make to new and developing partnerships.

Invest in our people at all levels.
Engaged staff are at the heart of our success, we recognise their talent, enthusiasm and commitment as our greatest asset which is why we are dedicated to investing in their futures. Our People Strategy provides a framework for on-going investment in our people and will be refreshed in 2015. We will continue to support wellbeing initiatives to increase employee engagement and ensure we remain an employer of choice.

Manage the risks we face proactively and systematically without becoming either complacent or risk averse.
Our robust and comprehensive approach to risk management underpins all our other objectives. A risk management culture is embedded across the whole organisation through a Group-wide risk management system and clearly identified structures and reporting processes. We will continue to develop these systems to allow us to consistently improve how we record and asses risk in all areas of operation.

The Board and executive team have developed a contingency plan which has been independently verified by external consultants to ensure it presents a robust response to all serious risks and will be used regularly to test out new scenarios as the environment around us changes.

Financial Performance in the Year

Longhurst Group turnover and operating surplus performance for 2014/15 are shown in the table below.

	2015 £'000	2014 £'000
Income and Expenditure Account		
Turnover	104,024	97,546
Cost of sales	(11,956)	(7,297)
Operating costs	(60,800)	(60,693)
Operating Surplus	31,268	29,556
Surplus on the sale of assets	1,524	1,471
Net Interest Costs	(23,019)	(23,301)
Tax	(56)	(10)
Surplus for the year after tax	9,717	7,716
Balance Sheet		
Housing properties at cost less depreciation	751,878	709,034
Social Housing Grant	(273,237)	(274,946)
	478,641	434,088
Other tangible Fixed Assets	14,567	15,038
Net Current Assets/(Liabilities)	4,116	(1,317)
	497,324	447,809
Creditors due after one year	432,241	392,291
Other long term liabilities (pensions)	3,801	3,382
Reserves	61,282	52,136
	497,324	447,809

Income and Expenditure

We are pleased to present the consolidated Group Financial Statements for the year ending 31 March 2015. The consolidated Group surplus for the year was £9.717m compared to a surplus in 2013/14 of £7.716m. The increase in surplus is due to an increase in revenues during the year and savings made on the Group's operating costs (excluding depreciation and impairment).

The notes to the Financial Statements are shown in detail on pages 43 to 76. A review of the key areas of performance is summarised in the following sections:

Income

- Turnover increased to £104.024m in 2014/15 up from £97.546m in 2013/14. The increase in turnover was in the main achieved through an increase in income from social housing lettings of £2m and an increase in development sales of £4m. The increase in turnover from Social Housing Lettings was not as great as in previous years due to the effect of the 53rd weeks' rent debit in 2013/14 and a reduction in revenue grants of £1.3m compared to 2013/14.
- The operating surplus on social housing lettings (see note 4) moved up from £26.5m in 2013/14 to £28.08m in 2014/15. The improvement in operating surplus was due to an increase in rental income in the year of £3.5m, with associated operating costs only going up by £492k. If the effects of depreciation and impairment are excluded the core social housing operating costs actually fell by £852k.
- The impairment charge of £1.056m relates to the write down in the carrying value of a registered care home operated by L&H Homes. The care home is in the course of being sold and the write down in value represents the difference between the agreed sale price and the historic cost of the asset.
- The surplus generated through low cost home ownership sales was £2.3m for the year up from £1.1m in 2013/14. The surplus generated on open market sales was £174k in the year (2013/14 £176k).
- The Group's Net operating surplus was £31.27m compared to £29.56m in the previous year. This equates to an operating margin of 30% in both years.
- Surpluses generated from the sale of assets not developed for sale increased slightly to £1.524m in 2014/15 (£1.471m 2013/14).

Expenditure

- Total Group operating costs increased slightly by £107k in the year to £60.80m. If the effects of increases in depreciation and impairment are excluded then total group operating costs would have fallen by £1.236m.
- The Group's total revenue investments in housing repairs and maintenance increased by £663k in the year to £17.384m. The capital investment programme in existing homes increased by £4.434m in the year to £14.096m.
- The Group's net interest costs reduced by £282k in 2014/15 to £23.019m. The reduction in net interest costs in the year was due

to a slight reduction in the average cost of borrowing and an increase in capitalised interest on new developments of £1.15m.

- Our rent losses from bad debts and provision for doubtful debts have almost halved in the last year reducing from £675k in 2013/14 to £363k in 2014/15. The reduction in bad and doubtful debts reflects the improvement in performance made by our income teams in reducing rent arrears across the Group.

Balance Sheet

- The depreciated historic cost of the Group's housing assets increased by £42.84m in the last year to just under £752m.
- There was a reduction in Social Housing Grant in the year of £1.709m. The reduction in grant was due to £3.158m of grant being recycled from stock sales and additions of £1.449m on new scheme developments.
- Housing properties available for sale and in the course of construction totalled £13.535m at the end of March 2015 an increase of £3.735m on the previous year.
- Cash at bank at the end of March 2015 was up marginally on the previous year at £8.44m.
- Total loans outstanding across the Group increased to £439m up from £402.9m at the start of the year. The increase in debt was facilitated through the sale of reserve bonds (£25m) in July 2014 and the drawdown of debt against agreed bank facilities.
- Total Reserves increased to £61.28m at the end of the year up from £52.13m in 2013/14.

Treasury Management

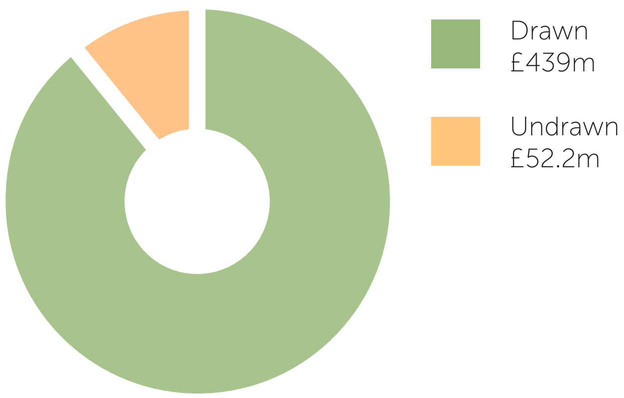
At the 31st March 2015, Longhurst Group had agreed loan facilities totalling £492.1m of which £439.0m was drawn.

Loans and capital market funding are managed through the Group's special purpose funding vehicle, Libra (Longhurst Group) Treasury Plc.

Group Loan Facilities

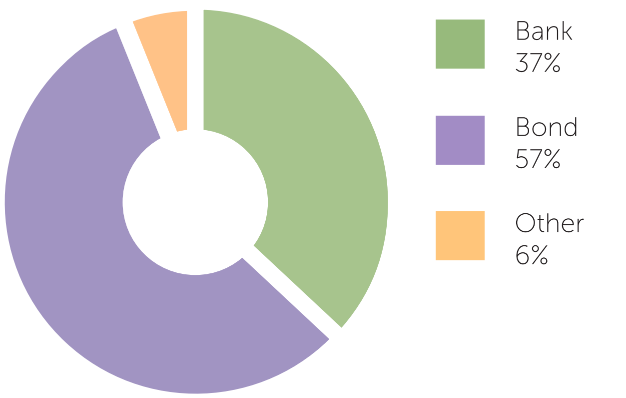
At the 31st March 2015 the Group had total loan facilities available of £492.1m of which £52.2m was undrawn

Total committed funding £492.10m



Committed funding has increased from £480.0m (2013/14) to £492.1m (2014/15) due to the sale of £25m reserve bond in July 2014, repayment of maturing facilities and repayments of revolving credit facilities.

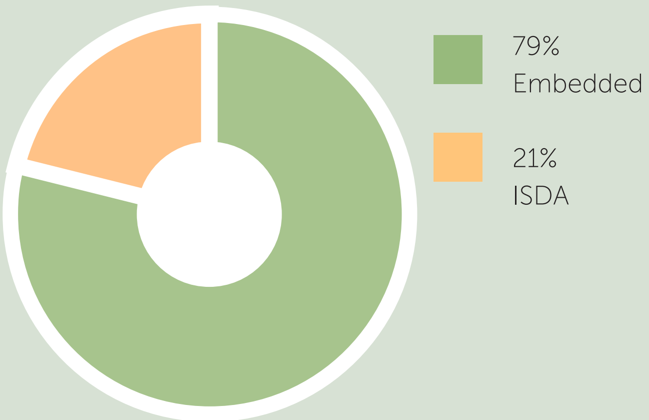
Bank v Capital Market



Bond and capital market debt now accounts for 63% of the total debt across the Group. The balance of debt is provided through a mix of short, medium and long term bank debt.

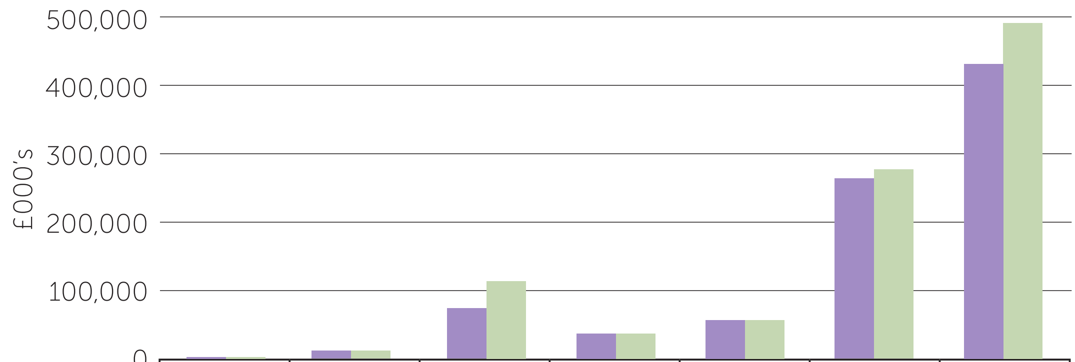
The Group aims to maintain its hedging activity within flexible parameters as defined within the Treasury Management Policy. The Treasury Management Policy states that between 70% and 90% of drawn funds should be fixed or hedged for periods ranging 2-30 years. The remaining 10%-30% should be held as variable rate debt or hedged on a short term basis. The policy allows for the Board to approve operating outside of these parameters for a defined period of time.

Hedging Activity %



The Group's hedging activity is currently in excess of the defined maximum of 90%. This has been approved as an exception by the Board as a result of the decision to sell the Group's reserve bonds in July 2014. It is anticipated that the ratio of fixed to variable rate debt will return to the levels defined within the Treasury Policy during 2015/16.

80% of the Group's loans have been arranged under long term facility periods with 20% being arranged as short term facilities with a final repayment date of between two and five years.

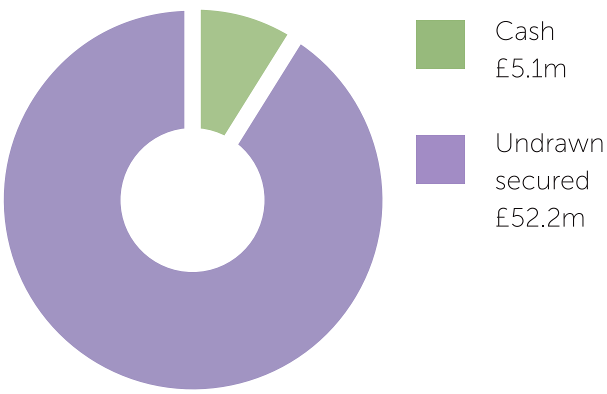


	Within one year	Within one to two years	Within three to five years	Between five and ten years	Between ten and twenty years	Greater than twenty years	Total
Undrawn	£256	£7,262	£76,051	£36,176	£57,246	£262,950	£439,941
Committed	£256	£7,262	£111,251	£36,176	£57,246	£279,950	£492,141

The undrawn committed facilities of £52.2m comprise a £17m Long Term amortising facility (2037) and £35.2m of short term and Revolving Credit Facilities repayable within the next five years.

57% of committed facilities mature in more than twenty years, the majority of which relates to our £250m – 26 year (2038) Bond issue.

Available Liquidity



At the 31st March 2015, the Group has available cash of £5.1m and £52.2m of undrawn facilities available to draw at two days notice.

£25m of security has been ring-fenced to provide collateral (in excess of agreed unsecured thresholds) to cover any mark to market positions

Loan Structure

The majority of the loan facilities for L&H and Spire Homes are now held and/or managed within Libra, the exception being long standing THFC and Housing Corporation (Orchardbrook) loans which are held at company level.

L&H and Spire Homes are both party to the Group Security structure with all lenders and Libra being beneficiaries of their respective Security Trust Deeds allowing for cross collateralisation for all Group facilities.

Friendship Care & Housing loans are currently held at company level.

Loan Covenants & Compliance

The loan covenants are based on interest cover, loan gearing and asset cover ratios. The majority of loan covenants are measured on a Group Consolidated basis with the exception being Friendship Care & Housing where loan covenants are measured at individual company level.

Compliance against loan covenants is monitored by the Group's Treasury Team and reported to the Libra Board. There were no breaches of any loan covenants during the year.

Interest Rate Exposure

At the 31st March 2015, the Group had a negative stand-alone interest swap exposure of £29.9m (2014:£19.5m). This is based on notional debt of £97.5m (2014:£94.5m) paying fixed rate and receiving £3m LIBOR swaps. The weighted duration of swaps was 11 years (2014:12 years).

All of the Group's interest rate swaps allow for the Mark to Market (M2M) position to be covered by either property assets or cash. At the 31st March 2015 the Group's position was covered by property security for the M2M position in excess of the agreed threshold.

The Group's Treasury Policy is approved annually and reviewed quarterly by the Finance and Treasury Committee incorporating the Group's objectives, relating to treasury management activities, together with their policies and practices.

Business Environment

Our business environment continues to remain challenging and fast evolving. The outcome of the general election has provided certainty around the direction of the new Government and we are awaiting details of what this will mean for our sector and business. In particular we are expecting further cuts to the welfare budget through changes to the benefits cap and possible changes to the eligibility criteria for housing benefit. Further changes to the benefits system and the prospect of the extension of the Right to Buy policy to all housing association tenants will represent a significant change and challenge to our operating environment.

The improvements seen in the UK economy in the last year are welcome but have not been experienced and enjoyed by all across our society. Whilst the recovery in the UK economy is the strongest across the Eurozone, it is still fragile and remains susceptible to further instability in the financial markets and the prospect of a default within the Eurozone.

Despite the challenges we face in our core operating markets, we remain well placed to meet the service needs of our existing customers and to deliver much needed new homes over the months and years ahead.

Risk Management

The risk profile of the Group and of the wider housing association sector has changed immeasurably since the onset of the credit crunch in 2007/08. In the context of the environment in which we are working, risk management is a crucial element of the overall system of internal controls across the Longhurst Group and its member companies.

Our approach to risk management has evolved to reflect the changing operating environment and the diverse range of risks which we may be exposed to. The Board recognises that the management of and provision of new social housing is a long term business and as such the Board maintains a long term perspective on managing risk when considering new business initiatives. Our work on risk management aims to ensure that we take a proportionate view of known and possible risks and do not make decisions which put short term gains ahead of the long term sustainability of the business and the security of their social housing assets.

We have developed robust systems to identify, evaluate and manage key business risks and have ensured that our Boards are highly skilled and have the ability to manage the risks of the business both now and in the future.

Any new areas of business or major projects are individually risk-assessed and reported to the Board prior to work commencing. This process includes a prudent financial assessment, sensitivity analysis and exploration of whether additional management controls or insurance is required to mitigate against significant risks or financial loss. The strategic risk register is reviewed by the Group Board each quarter, the Group Audit Committee reviews the strategic and operational risk registers at each of its quarterly meetings.

The Group has a risk management database system across all companies. This has refined the quality of management reporting, enabling more effective co-ordination of risk management activities and providing efficiencies in the administration of risks.

The Board recognises that our business model has changed significantly in recent years in terms of our overall risk profile. To supplement our work on risk management, the Board approved a group wide contingency plan in December 2013. The contingency plan was updated and reviewed by the Board through the year under review.

Some of the key elements which went into the Group's contingency plan have now been made a requirement in the updated governance and viability framework published in February 2015 and applicable to Registered Providers from 1st April 2015.

The contingency plan incorporates additional stress testing of the business plan and a number of extreme negative scenarios. The contingency plan goes beyond the financial modelling of the different multi variate scenarios and considers what the Boards' response would need to be to protect the business and the social housing assets.

A further key aspect of the Group's contingency plan is the incorporation of an Asset & Liability Register as required by the new Regulatory

Framework. Our work to implement an Asset & Liability Register is well advanced and we expect this work to be completed by September 2015. The Asset Register being implemented goes beyond the requirement of the new Regulatory Framework and will improve the way we run the business as well as providing assurance to the Regulator on the protection of Social Housing Assets.

Principal Risks and Uncertainties

The risks identified below are those which are currently seen as presenting the greatest potential impact to our business and the achievement of our business plan objectives.

- Delivery of development programme targeting the construction of 2,500 new rented and low cost home ownership properties over the next 5 years.
- The impact of a sustained period of low CPI on future rent increases, coupled with higher increases in building, maintenance and salary costs.
- Not achieving the financial performance and efficiency savings targeted in the Business Plan and the potential impact this would have on the cost and availability of new funding.
- The Welfare Reform Act and the likelihood of government policy moving to faster and deeper benefit cuts.
- Care & Support services remain financially challenging with Commissioners continuing to look for savings in the packaging and tendering of these services.
- Volatility within the financial markets and the potential for this to impact on the availability and cost of private finance. The continued instability in the Eurozone, particularly around Greece and its ability to service its debt could have the potential to impact on funding markets in the UK.
- Uncertainty around the extension of the Right to Buy policy to all housing association stock and how this might impact on business plans and future development capacity.
- Pensions, performance of defined benefit schemes and their associated costs.

Our Response to the Risks

As well as very specific controls and actions in place to manage the risks detailed above, the Group has a number of key plans, procedures and processes in place which help to mitigate these risks.

- Business Plans & Budgets are produced using prudent assumptions and with appropriate contingencies to manage unforeseen adverse events.
- Business Plans are stress tested against numerous adverse scenarios and multi variant analyses.
- Financial performance has improved over the last 3 years and plans have been developed to ensure performance improvements identified in the current Business Plan will be achieved over the next 2-3 years.
- Independent professional advice is sourced where appropriate to validate current work and or give appropriate guidance where needed.
- 1,700 of the planned 2,500 new

development properties have been identified and costs agreed in line with Business Plan targets.

- The Group has previously successfully issued two bonds for £225m and £25m and is currently analysing offers for a further £80m of finance.
- The Group has robust policies and procedures in place for areas such as Treasury Management, Asset Management, Financial Control and all other major areas of operation.

Regulation

The current Regulatory Framework came into effect in April 2012 as the regulator's role was passed to a new Regulation Committee within the Homes and Communities Agency.

The "Framework" provides for three "Economic Standards" covering governance and financial viability, value for money and rents all of which are subject to the enforcement powers of the regulators. There are also "Consumer Standards" which cover tenant involvement, the Home, Tenancy and Community matters. These standards are only subject to enforcement powers where a breach leads to "serious detriment" normally co-regulation is the route to improvement or to address minor breaches.

Each standard is defined by "required outcomes" and "specific expectations" and the emphasis is on providers addressing these standards and working with customers and stakeholders in a transparent and accountable approach to work and outcomes.

The Longhurst Group of companies is committed to meeting these standards and the involvement of our customers in defining and developing our service standards to suit their needs and circumstances.

Governance

The Group Board is responsible for the ensuring effective governance arrangements are in place across the whole of the Group structure. The day to day management of the Group's operations is delegated to the Group Executive Team.

The Group Board is made up of 8 independent members and 3 members from the Group's subsidiaries. The Group adopts the National Housing Federation (NHF) Code of Governance.

With the exception of Board member length of service, the Group complies with all elements of the NHF code. The Group Board is currently part way through a Group wide governance review which is expected to be completed by the end of September 2015. The purpose of the review is to strengthen governance arrangements across the Group. A key part of this will address the length of Board member service and ensure compliance with the NHF code in the future.

The Group Board delegates responsibilities to three separate committees under approved terms of reference. These are to:

- Group Audit Committee
- Finance & Treasury Committee
- Remuneration Committee

The Group has in place a robust Board Development and Interview (BDI) process that assesses individual Board Members performance and identifies development needs. Using the information provided through this process, development and training plans are developed to meet the on-going training needs of Board members.

Value for Money Statement

Longhurst Group is committed to providing excellent services at the same time as seeking to reduce costs and improve efficiency. The Governance and Structures review which started in 2014 places a strong emphasis on maximising the value of the Group and ensuring the business model remains strong and fit for the future. The importance of value for money(VfM), high quality services, and efficiency are well understood by the Board and staff throughout the business. Our approach to work around VfM ensures that we are engaging residents effectively in determining how we deliver our services. The Group objectives for Growth and Excellence are set out in the context of maximising VfM.

How we achieve and demonstrate Value for money

Our approach to achieving value for money is set out below against the three key elements of the Regulatory Standard.

Understanding our Assets

In reviewing the return we achieve on our assets, there are a number of factors considered by the Executive Officers and Board, these include:

Performance of Assets

Last year we set out our intentions to complete a stock evaluation exercise across our diverse asset base to enable us to better understand the financial and socio economic performance of our homes collectively and at a property level. This evaluation provided us with a NPV for over 15,000 units in our ownership.

This recently completed modelling, will inform our investment strategies based on an active asset management approach where we seek to make investment decisions based on the financial performance of the stock, in a way that strengthens the Business Plan and contributes to meeting business aims and objectives.

The key results were positive showing that none of our homes have a negative NPV. The comparison of our results with other RPs in our areas of operation, show in the East and East Midlands that we are comparing well with regional benchmarks and in the West Midlands falling slightly below. In the West Midlands this reflects the nature of the stock and the level of investment needs still required. During the year ahead we will use the results from the model to inform an update to our asset management strategy and to model the impact of the rent reduction policy.

Assets Investment and remodelling

Across the Group we have robust plans in place to deliver a responsive maintenance service which delivers value for money. During 2014/15 we invested over £8million in repairing and maintaining our homes, whilst also driving down the average repair cost per property. We have continued to maintain the quality levels we expect and achieve customer satisfaction levels above 90%.

Our commitment to the provision of excellent homes is underpinned by the quality standards we set for our homes and neighbourhoods and the continued investment to stock improvement works which reached £15m in 2014/15. Our investment in stock improvement works has also focussed on environmental improvements which will improve the energy efficiency of our properties and reduce costs for our customers. Our stock has now achieved an average SAP rating of 70, placing us in the median peer group nationally. During the year ahead we will consider investing in solar photovoltaic panels for some of our stock, alongside a trial of air source heat pumps as a replacement for more expensive electric storage heaters.

We have seen further efficiencies through our consortia approach to purchasing of works and service contracts and have benefited from material savings of £250k this year alone.

Having the ability and flexibility to access 'off the shelf contracts' via the Central Housing Investment Consortium (CHIC) enabled us to end a poorly performing contract in the West Midlands and to mobilise a different contractor promptly. This has achieved operating efficiencies of £96k to the end of March 2015 with a further £250k targeted in 2015/16. The approach to procuring this contract avoided additional procurement costs to the business whilst increasing key performance measures for quality and customer satisfaction.

Asset Growth

During 2014/15 Longhurst Group completed the development of 582 new homes and our Business Plan assumes that we will bring another 2,500 homes into management over the next 5 years. Our forward programme already has over 1,700 new homes committed and we expect to complete over 450 new homes during 2015/16. Funding a development programme of this scale relies upon us maximising the equity in our existing housing stock. Our Development, Treasury and Legal teams have been particularly successful again in the last year in ensuring the majority of new developments can achieve a market value subject to tenancy valuation.

The range of homes we are developing are expanding to reflect the diverse market place we work within and the changing needs of our customers. Our programme of shared ownership properties doubled to 160 units in 2014/15 which was supported by strong sales performance in the year and a buoyant housing market. We recognise that market conditions can and will change, our appraisal of shared ownership and market sale schemes considers alternative tenure types if market conditions were to deteriorate.

The funding for the development programme has been secured on the housing assets already within our ownership. The Board considers the borrowing capacity generated from our stock to be a key factor in assessing the return on assets.

New development opportunities are subject to a rigorous appraisal process at both Executive Officer and Board level. The financial return and security values are key factors when assessing the return and viability of potential schemes. Our Treasury and Development teams, in conjunction with our advisors have worked hard to ensure that the majority of our newly developed schemes are able to be valued at market value subject to tenancy (MV-STT). The higher values achieved through an MV-STT valuation will enable us to develop more new homes in the future.

The new units coming into management from our development programme in 2014/15 have only resulted in a marginal increase in our management costs. A marginal increase in our management costs is a key target for the units which we will bring into management over the next five to six years.

During 2015/16 work will take place across the Group using the results of our stock evaluation exercise to produce:

- An investment strategy for the stock, that is consistent across the group and based on a transparent investment standard which prioritises investment decisions based on the performance of the assets and business plan affordability, demonstrating value for money.
- Demonstration of financial and social return on investment to support the organisation's value for money strategy.
- An updated 30 year investment profile that manages critical points in the business plan cash flow.
- Identification of candidate asset groups for more detailed options appraisal.
- The establishment of links between the performance of homes and redevelopment potential in order to identify opportunities that could be explored in future development and investment strategies.

Our performance management is considered in the context of our overall financial performance and the quality of services provided to our customers. The Group's financial performance has remained strong during the year. Our consolidated operating margin is now over 30%, up from 19% in 2011/2012. The improvement in the Group's operating margin has been achieved through a planned reduction in our management and maintenance costs and by bringing new units into management on a marginal cost basis. The debt to revenue ratio has increased slightly from 4:1 to 4:2 as a result of the majority of new homes being 100% privately financed. Our operating costs per unit have reduced from £3,290 in 2013/14 to £3,097, this compares with an average of £4,020 from the 2014 HCA global accounts.

How we understand the cost and outcome of our services and this compares with others

The sustained improvement in performance in 2014/15 will enable the Group to reduce the funding requirement on our forward development programme. The net surplus of £9.7m for 2014/15 was an improvement of £2million on the results for 2013/14 and close to £6m better than had been budgeted for. Key factors driving the surpluses are increased first tranche sales and surpluses and other sundry sales including RTBs, shared ownership stair-casing and voluntary sales. Improvements were also realised in reducing the Group's operating costs against budget in particular on management costs. Other savings which were achieved were largely attributable to non-cash savings such as lower depreciation and higher capitalised interest.

Maintaining strong financial performance and providing excellent services for our customers is a key measure of success in achieving and delivering VfM. Our customers play an important role in ensuring we provide the right services to a high standard whilst ensuring they are fit for purpose now and in the future. Across the Group over 86% of our customers are satisfied with the service overall and 80% feel their rent charge provides VfM.

Understanding our cost base and the factors driving these is an important aspect for effectively managing the financial performance of the organisation. The Board have clear oversight of costs and revenues from each service area and pay close attention to areas showing weak performance and which present a material risk to the wider business.

Performance across the business is strong, particularly on our general needs and low cost home ownership business streams. We continue to face pressure to deliver good quality and viable care and support services and this business area remains the most challenging for the Group in terms of our financial results. Our Care & Support strategy for re-modelling, de-registration and disposal is showing positive results achieving a £209k reduction in operating costs in the year.

During the year we undertook a detailed assessment of our Group-wide income collection performance when compared to other similar organisations. The conclusion we drew from this review was that we needed to improve our performance on rent income collection. Over the past 12 months significant efforts across the Group to tackle current and former tenant arrears whilst responding to Universal Credit has seen a £375k reduction in rent arrears. This is just the start of the work we've been doing to improve performance and we expect to realise further improvements in income collection rates during the year ahead.

We use a range of tools to sense check and benchmark our financial and operational performance, including HouseMark and the HCA Global Accounts.

Operational and Financial Performance

Longhurst Group	2014/15	Global Accounts 13/14	2013/14	2012/13	2011/12
Interest Cover on Social Housing Lettings*	114%	134%	122%	73%	103%
Operating Margin	30%	26.5%	30%	26%	19%
Net Margin	9%	15%	8%	1%	4%
Debt per unit	£25,667	£22,474	£24,028	£24,692	£20,301
Operating Cost per unit	£3,097	£4,020	£3,130	£3,106	£3,389
Management Cost per unit	£870	£990	£914	£862	£891
Routine/Planned Maintenance	£896	£1,015	£848	£868	£907

*Excludes Depreciation but includes capitalised repairs

The key indicators in the table above show the improvements which have been made in our core operating performance in the last four years. We've achieved a 50% increase in our operating margin since 2011/12 and have reduced our operating cost per unit by nearly 10%. Our adjusted interest coverage on Social Housing Lettings has been consistently over 100% for the last two years and is projected to improve further following the completion of the Rutland stock improvement programme.

VFM Gains and Achievements

VFM is an integral part of the business and is reflected in the financial and operational information included. Further examples are given below as we strive for greater efficiency in our business.

- A Group-wide project focussing on improving income collection rates has realised a £375k reduction in tenant debt.
- Our development programme for completed new homes came in at around 5% under the average unit cost allowed for in our Business Plan. This was equivalent to a saving of approximately £2.75m.
- Consortia procurement for stock improvement programmes has achieved savings of £250k on material costs.
- Re-tendering of insurance contracts provided £135k per annum saving.
- Achievement of key accreditation, Investors in People Gold Award, Best Companies, Customer Services Excellence standards demonstrating how we value our people and the importance of delivering excellent services.
- Our digital strategy continues to gather pace achieving total efficiencies and improving services through a range of website development, online services for customers and the shift from 'print to digital'.

- Restructuring of property service contracts and review of management functions across the West Midlands has achieved over £250k in savings.
- The Care and Support business has seen an improved financial performance of £491k as a result of remodelling the services to access alternative funding streams.

Our Future Plans 2015 and beyond

Our BP sets out ambitious plans for growth, excellence and responding to the challenges we face in the sector. Our strategy for excellence remains firm and some of our key targets and objectives for the next 1-2 years include:

- Our Care and Support income streams remain challenging, further re-modelling of these services and a planned reduction in our cost base sets out to achieve annual operating performance of £400k.
- Responsive repair contracts to be reviewed to maximise VFM, increased social value output and to mitigate against the inflationary linked contract increases.
- The ICT strategy will deliver savings of £400k through, re-tendering and cost modelling of print, telephony and licensing contracts and delivering a more efficient hardware replacement programme.
- Develop a group wide Asset Management strategy to maximise return on assets, through fully costed investment plans, tenure conversions to maximise income and disposals of poorer performing assets.
- Proactively secure funding arrangements to mitigate risks of increased borrowing costs.
- Review our service offer to residents and customers to ensure we can deliver core landlord functions efficiently and effectively.

We believe there is scope to make further improvements to both the services we provide to customers and the overall cost of providing those services.

Statement of Compliance

The Board confirms that this Operating and Financial Review has been prepared in accordance with the principles set out in Part 2 of the SORP for Registered Providers.

This Group Strategic Report and Operating and Financial Review was approved by the Board on 16 July 2015 and signed on its behalf by:

Registered office:
of the directors
Leverett House
Gilbert Drive
Endeavour Park
Boston
PE21 7TQ

Signed by order of the directors

R Griffiths FCCA
Company Secretary

Approved by the directors on
16 July 2015


NEW YORK
SPORTS
62
1962
CITY

Independent Auditor's Report
To The Members Of Longhurst Group Limited

We have audited the financial statements of Longhurst Group Limited for the year ended 31 March 2015 on pages 27 to 58. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective Responsibilities of Directors and Auditor

As explained more fully in the Statement of the Board's Responsibilities set out on page 3, the Board members (who are also Directors of the Company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Board Report and in the Group Strategic Report and Operating Financial Review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the affairs of the Group and the Company as at 31 March 2015 and of their income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Board Report and in the Group Strategic Report and Operating Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on Which We are Required to Report by Exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

MARIA HALLOWS (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
Chartered Accountants
& Statutory Auditor

St. George's House
215 – 219 Chester Road
Manchester

Dated: 16 July 2015

Income And Expenditure Account For The Year Ended 31 March 2015

	Notes	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Turnover	3	104,024	7,898	97,546	7,582
Cost of sales	3	(11,956)	-	(7,297)	-
Operating costs	3	(60,800)	(7,829)	(60,693)	(7,554)
Operating surplus		31,268	69	29,556	28
Surplus on sale of fixed assets	6	1,524	-	1,471	-
Interest receivable and other income	7	287	4	609	1
Interest payable and similar charges	8	(23,306)	-	(23,910)	-
Surplus on ordinary activities before taxation for the year	9	9,773	73	5,074	608
Tax on surplus on ordinary activities	10	(56)	-	(10)	9
Surplus for the year		9,717	73	7,716	38

All amounts relate to continuing activities.

The above surpluses are the historical cost surpluses.

The notes on pages 43 to 76 form an integral part of these financial statements.

Statement Of Total Recognised Surpluses And Deficits For The Year Ended 31 March 2015

	Notes	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Surplus for the year		9,717	73	7,716	38
Actuarial deficit on pension schemes	28	(571)	-	(407)	-
Total surpluses recognised since the last annual report		9,146	73	7,309	38

The notes on pages 43 to 76 form an integral part of these financial statements.

Balance Sheet As At 31 March 2015

Company Registration Number: 3958380

	Notes	Group 2014 £'000	Parent Company 2014 £'000	Group 2013 £'000	Parent Company 2013 £'000
Fixed assets					
Housing properties at cost less depreciation	13	751,878	-	709,034	-
Less: Social Housing and other Grants	13	(273,237)	-	(274,946)	-
		478,641	-	434,088	-
Other tangible fixed assets	14	14,567	588	15,038	773
Investments	14a	-	50	-	50
		493,208	638	449,126	823
Current assets					
Housing Properties and other assets for sale	15	13,535	-	9,800	-
Debtors	16	4,330	630	6,317	483
Cash at bank and short term deposits	17	8,444	570	7,933	373
		26,309	1,200	24,050	856
Less Creditors					
Amounts falling due within one year	18	(22,193)	(690)	(25,367)	(604)
Net current assets/(liabilities)		4,116	510	(1,317)	252
Total assets less current liabilities		497,324	1,148	447,809	1,075
Creditors					
Amounts falling due after more than one year	19	432,241	-	392,291	-
Pension liability	28	3,801	-	3,382	-
Capital and reserves					
Share capital	21	-	-	-	-
Designated reserves	22	1,000	-	1,000	-
Revenue reserves	22	60,282	1,148	51,136	1,075
		497,324	1,148	447,809	1,075

The financial statements on pages 40 to 76 were authorised for issue and approved by the Group Audit Committee on 16th July 2015 under delegated authority from the Board on 15th July 2015 and were signed on its behalf by:

Director

Director

R Griffiths FCCA
Company Secretary

The notes on pages 43 to 76 form an integral part of these financial statements.

Consolidated Cash Flow Statement For The Year Ended 31 March 2015

	Notes	2015 £'000	2014 £'000
Net cash inflow from operating activities		41,125	39,065
Returns on investments and servicing of finance	23	(22,103)	(24,102)
Taxation	23	(28)	(20)
Capital expenditure		(50,057)	(48,713)
Net cash outflow before use of liquid resources and financing		(31,063)	(33,770)
Financing	25	31,574	(3,444)
Increase/(decrease) in cash		511	(37,214)

	Notes	2015 £'000	2014 £'000
Reconciliation of Operating Surpluses to net cash inflow from operating activities			
Operating surplus		**31,268**	29,556
Depreciation charges		**10,987**	10,892
Impairment charges		**1,056**	-
Movement in properties/other assets in the course of sale		**(953)**	(1,013)
Movement in stocks		**(1,032)**	(1,192)
Movement in debtors		**3,873**	(2,102)
Movement in creditors		**(4,074)**	1,453
Surplus on sale of fixed assets		**-**	1,471
Net cash inflow from operating activities		**41,125**	39,065

	Notes	2015 £'000	2014 £'000
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash	24	**511**	(37,214)
(Increase)/decrease in loans	24	**(36,766)**	2,587
Change in net debt	24	**(36,255)**	(34,627)
Net debt at start of the year		**(385,715)**	(351,088)
Net debt at end of the year	24	**(421,970)**	(385,715)

1. **Legal Status**
   The Company is incorporated under the Companies Act 1985 as a company limited by guarantee without share capital (registered number 3958380) and is registered with the Homes and Communities Agency as a Registered Provider of social housing by the Housing and Regeneration Act 2008, (registration number L4277).

2. **Accounting Policies**

Basis of accounting
The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and Statements of Recommended Practice. The financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2012 and the Statement of Recommended Practice: accounting by Registered Social Housing Providers Update 2010 published by the National Housing Federation. The accounts are prepared under the historical cost basis of accounting.

Basis of consolidation
These financial statements are Group statements and have been prepared by consolidating the results of Longhurst Group Ltd and its subsidiary companies (see note 32) from 1 April 2014 to 31 March 2015.

Turnover
Turnover represents rental income receivable, fees and revenue grants from local authorities and the Homes and Communities Agency, income from the sale of shared ownership and other properties developed for outright sale and other income.

Non Housing Assets Equipment - Depreciation
Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of the assets at the following annual rates:

Freehold Offices	1 % per annum on cost
Furniture and Fittings	15% per annum on cost
Office Equipment	20% per annum on cost
Motor Vehicles	20% per annum on cost
Computer Equipment	25% per annum on cost

Housing Properties and Depreciation
Housing properties for rent are stated at cost less accumulated depreciation and related social housing grant. Houses are transferred to completed properties when they are ready for letting.

Housing properties under construction are stated at cost and are not depreciated. These are reclassified as housing properties upon practical completion of construction.

Freehold land is not depreciated. Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred.

Service Charges

The Group operates both fixed and variable service charges. Where variable service charges are used the charges will include an allowance for the surplus or deficit from previous years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Until these are returned or recovered they are held as creditors or debtors in the balance sheet.

Housing Properties and Depreciation (continued)

The Association depreciates freehold housing properties by component on a straight line basis over the estimated useful economic lives of the component categories. Useful economic lives for identified components are as follows:

	Years
Structure	120
Roof	60
Heating	15
Windows	30
Electrical	30
Bathrooms	30
Kitchen	20
Lifts	15
Doors	30

Social Housing and Other Grants

Where developments have been financed wholly or partly by social housing and other grants, the cost of those developments has been reduced by the amount of the grant received.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG received for items of cost written off in the Income and Expenditure Account are matched against those costs as part of turnover.

SHG can be recycled by the Company under certain conditions, if a property is sold or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met.

In certain circumstances, SHG may be repayable, and in that event, is a subordinated, unsecured, repayable debt.

Shared Ownership Properties

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets. The fixed asset element of the shared ownership property is split into land and structure, any social housing grant received is allocated against the structure element, and the net cost after grant is depreciated over 120 years.

Loan Finance Issue Costs

These are written off evenly over the life of the related loan. Loans are stated in the balance sheet at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts written off. Where loans are redeemed in the year, any redemption penalty and any connected loan finance issue costs are recognised in the income and expenditure account in the year in which the redemption took place.

Capitalisation of Interest and Administration Costs

I nterest on loans financing development is capitalised up to date of the completion of the scheme and only when development activity is in progress.

Specific administration costs relating to development activities are capitalised based on an apportionment of the management time spent on this activity. Non-specific administration costs relating to the development department have not been capitalised.

Fixed Assets Investments

Fixed Asset Investments are carried at the lower of cost and net realisable value.

Value Added Tax

The Company charges VAT on some of its income and is able to recover part of the VAT it incurs on expenditure. All amounts disclosed in the accounts are inclusive of VAT to the extent that it is suffered by the Group and not recoverable.

Properties managed by agents

Where the Company carries the majority of the financial risk on property managed by agents, all the income and expenditure arising from the property is included in the Income and Expenditure Account.

Where the agency carries the majority of the financial risk, the Income and Expenditure Account includes only that income and expenditure which relates solely to the Company.

In both cases, the assets and associated liabilities are included in the Company's balance sheet.

Sale of housing properties

Properties developed for outright sale are included in turnover and cost of sales. Properties not developed for outright sale are divided into first tranche sales and other sales. The appropriate proportion of costs of housing properties that are built with the intention of full or partial sale, including equity share and shared ownership properties, are disclosed as current assets and stated at the lower of cost or net realisable value.

First tranche sales proceeds and the relative proportion of the property cost are recognised in turnover and cost of sales respectively. Subsequent tranches are not included within turnover and cost of sales but are shown as a separate item after the operating surplus in the income and expenditure account. All other sales of fixed asset properties are dealt with in this way.

Where a property is part of a distinct development scheme with mixed tenure elements, the surplus recognised on the elements sold is limited to the surplus calculated on the entire scheme. For the elements that are retained as fixed assets, the surplus or deficit is calculated by reference to the assets' existing use value for social housing.

Impairment
Reviews for impairment of housing properties are carried out on an annual basis and any impairment in an income generating unit is recognised by a charge to the income and expenditure account. Impairment is recognised where the carrying value of an income generating unit exceeds the higher of its net realisable value or its value in use. An income generating unit could be a single property, but it is normally a group of properties whose income and expenditure can be separately identified.

Improvements to properties and major repairs
The Group capitalises expenditure on housing properties that results in an increase in net rental income over the life of the property. This increase may be a result of an increase in rental income, reduction in maintenance costs or significant extension of the life of the property.

Major repairs expenditure of a capital nature has been capitalised in line with the above.

Major repairs expenditure of a revenue nature is reflected in the income and expenditure account together with any related grant funding.

Leased Assets
Within the housing stock of Longhurst Group Limited there are a number of properties held on short-term leases. The lease costs are written off to the income and expenditure account as incurred.

Retirement Benefits
The Group operates five defined benefit schemes. The cost of providing retirement pensions and related benefits is charged to management expenses over periods benefiting from the employees services.

As the Pensions Trust is unable to identify the Group's underlying share of assets and liabilities, the Group has therefore accounted for contributions made to the Social Housing Pension Scheme as if it were a defined contribution scheme.

In respect of the pension schemes with Northamptonshire County Council, Leicestershire County Council and West Midlands Pension Fund, the liabilities are shown in the accounts in line with FRS17.

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefitting from the employees' services.

Deferred Tax

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

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

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

Stock and Work In Progress

Stock and work in progress are stated at the lower of cost and net realisable value.

Disposal Proceeds Fund

Voluntary Purchase Grant net disposal proceeds are credited to this fund which appears as a creditor until spent.

Recycling of Capital Grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until spent.

Loan Interest Costs

The full costs of deferred interest rate and indexation loans are shown in the Income and Expenditure Account.

Corporation Tax

The Group pays corporation tax at the rate applicable at 31 March 2015.

Support Income and Costs including Supporting People Income and Costs

Supporting People (SP) contract income received from Administering Authorities is accounted for as SP income in the turnover note 3. The related support costs are matched against this income in the same note.

Support charges included in the rent are included in the income and expenditure from social housing lettings note 4 and matched against the relevant costs.

Designated Reserves

A mixed funded major repairs reserve has been established to provide for the cost of future major repairs on properties developed with fixed SHG following the Housing Act 1988.

Operating Leases

Rentals paid under operating leases are charged to the Income and Expenditure Account as incurred.

3. Turnover, Costs Of Sales, Operating Costs And Operating Surplus/ (Deficit)
Group

	2015			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
SOCIAL HOUSING LETTINGS (note 4)	81,046	-	(52,965)	28,081
OTHER SOCIAL HOUSING ACTIVITIES				
Managed operations	1,920	-	(1,785)	135
Supporting People Contract Income	2,634	-	(2,698)	(64)
Development – First tranche shared ownership sales	10,464	(8,115)	-	2,349
Development – Other	1,201	-	(1,015)	186
Management Services	222	-	(314)	(92)
Other Activities	1,109	-	(502)	607
TOTAL	17,550	(8,115)	(6,314)	3,121
NON-SOCIAL HOUSING ACTIVITIES				
Sale of properties	4,015	(3,841)	-	174
Community Based Activities	1,260	-	(1,224)	36
Other	153	-	(297)	(144)
	5,428	(3,841)	(1,521)	66
TOTAL	104,024	(11,956)	(60,800)	31,268

	2014			
	Turnover £'000	Cost of Sales £'000	Operating costs £'000	Operating surplus/ (deficit) £'000
SOCIAL HOUSING LETTINGS (note 4)	79,019	-	(52,474)	26,545
OTHER SOCIAL HOUSING ACTIVITIES				
Managed operations	2,479	-	(2,521)	(42)
Supporting People Contract Income	2,823	-	(3,189)	(366)
Development – First tranche shared ownership sales	5,895	(4,825)	-	1,160
Development – Other	1,729		(1,087)	642
Management Services	187	-	(55)	132
Other Activities	1,571	-	(311)	1,260
TOTAL	14,774	(4,825)	(7,163)	2,786
NON-SOCIAL HOUSING ACTIVITIES				
Sale of properties	2,648	(2,472)	-	176
Community Based Activities	1,095	-	(734)	361
Other	10	-	(322)	(312)
	3,753	(2,472)	(1,056)	225
TOTAL	97,546	(7,297)	(60,693)	29,556

3. Turnover, Costs Of Sales, Operating Costs And Operating Surplus/ (Deficit) Parent Company

	2015			2014		
	Turnover £'000	Operating Costs £'000	Operating (Deficit)/ Surplus £'000	Turnover £'000	Operating Costs £'000	Operating (Deficit)/ Surplus £'000
OTHER SOCIAL HOUSING ACTIVITIES						
Development	1,326	(1,334)	(8)	1,597	(1,317)	280
General Management	877	(890)	(13)	845	(777)	68
Health & Safety	314	(324)	(10)	265	(238)	27
IT	1,851	(1,892)	(41)	1,738	(1,946)	(208)
Marketing	615	(598)	17	517	(538)	(21)
Human Resources	963	(982)	(19)	781	(862)	(81)
Group Financial Services	1,853	(1,809)	44	1,783	(1,876)	(93)
Other	99	-	99	56	-	56
	7,898	(7,829)	69	7,582	(7,554)	28

The parent Company's turnover for 2015 and 2014 relates predominantly to the provision of central services to other subsidiaries in the Group. A small proportion of turnover is generated from external organisations. The parent company's operating costs relate to staff and other overhead costs.

4. Turnover, Operating Costs And Operating Surplus/(Deficit) From Social Housing Lettings

Group

	2015 General Needs Housing £'000	2015 Supported Housing and Housing for older people £'000	2015 Residential Care Homes £'000	2015 Low Cost Home Ownership £'000	2015 £'000	2014 £'000
Income from social housing lettings						
Rents receivable net of identifiable service charges	65,071	4,648	1,001	2,469	73,189	69,636
Service charge income	1,953	1,493	420	111	3,977	3,646
Charges for support services	-	182	773	-	955	1,643
Rents receivable	67,024	6,323	2,194	2,580	78,121	74,925
Revenue grants from Local Authorities and other agencies	-	-	2,738	-	2,738	4,070
Other	-	-	8	179	187	24
Total income from social housing lettings	67,024	6,323	4,940	2,759	81,046	79,019
Expenditure						
Management	12,089	1,129	894	762	14,874	15,320
Services	2,566	1,978	4,741	23	9,308	10,085
Routine Maintenance	9,750	512	26	15	10,303	10,278
Planned Maintenance	4,578	313	131	6	5,028	3,936
Major repairs expenditure	2,026	26	4	-	2,056	2,507
Rent losses from bad debts	338	18	4	3	363	675
Depreciation of Housing Properties	8,934	599	76	259	9,868	9,581
Impairment of Assets	-	-	1,056	-	1,056	-
Lease amortisation	37	-	-	-	37	12
Property Lease Costs	72	-	-	-	72	80
Total operating costs on social housing lettings	40,390	4,575	6,932	1,068	52,965	52,474
Operating surplus/(deficit) on social housing lettings activities	26,634	1,748	(1,992)	1,691	28,081	26,545
Void losses	714	146	277	1	1,138	921

5. Group Accommodation In Management

At the end of the year accommodation owned for each class of accommodation was as follows

	2015 No.	2014 No.
Units in Management owned by the Group		
General housing*	**13,450**	13,215
Supported and Sheltered Housing	**2,030**	1,987
Shared Ownership	**1,309**	1,188
Care Homes	**114**	177
Leasehold Schemes	**1,052**	1,040
Private Sector Leasing	**201**	200
Total Social Housing Properties	**18,156**	17,807
Market Rented Properties	**54**	12
Student Accommodation	**2**	7
Total Non-Social housing	**56**	19
Units in Management on stock not owned by the Group	**387**	388
Total owned and managed	**18,599**	18,214

At 31 March 2015 the Group owned 151 units (2014: 90 units) which were managed by agents (Parent Company: Nil).

*Includes 234 units at affordable rent (2013/14: 131 units).

6. Sale Of Properties

	Shared Ownership Staircasing £'000	Right to Buy and Voluntary Sales £'000	Total 2015 £'000	Total 2014 £'000
Proceeds of Sale	2,263	3,319	5,582	4,737
Less: Cost of Sales	(1,630)	(2,428)	(4,058)	(3,266)
Surplus	633	891	1,524	1,471

7. Interest Receivable And Other Income

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Interest receivable and similar income	287	4	609	1

8. Interest Payable And Similar Charges

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
On loans repayable within five years	4,629	-	4,108	-
On loans repayable wholly or partly in more than five years	20,592		20,716	
Other	1,050	-	898	-
Less: Interest payable capitalised on housing properties under construction	(2,965)	-	(1,812)	-
	23,306	-	23,910	-
The weighted average interest on borrowings used to determine the amount of finance costs capitalised during the year was	6.00%	N/A	6.03%	N/A

9. Surplus On Ordinary Activities Before Taxation For The Year

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
This is stated after charging/(crediting):				
Impairment losses	1,056	-	-	-
Depreciation of housing properties	9,868	-	9,672	-
Depreciation of other tangible fixed assets	1,949	1,296	1,220	529
Surplus on disposal of fixed assets	(1,524)	-	(1,471)	-
Lease charges HAMA	37		12	
Auditors remuneration (exclusive of VAT):				
In their capacity as auditors	63	9	73	13
In respect of other services	23	23	26	26
Operating lease payments	744	222	780	200

10. Tax On Surplus On Ordinary Activities
(a) Analysis of the tax charge in the year

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Current Tax:				
Corporation Tax at 21% (2014:23%)	56	-	28	9
Under/(over) provision in previous years	-	-	(29)	(29)
	56	-	(1)	(20)
Deferred Tax				
Origination and reversal of timing differences	-	-	11	11
Tax on UK surplus on ordinary activities	56	-	10	(9)

10. Tax On Ordinary Activities (Continued)
(b) Current tax reconciliation

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Surplus on ordinary activities before tax	9,773	73	7,726	29
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21% (2014: 23%)	2,052	15	1,777	7
Effects of:				
Profits arising in non-taxable entities	(1,981)	-	(1,751)	-
Expenses not deductible for tax purposes (primarily property depreciation and capital items included in expenditure)				
Group relief surrendered free of charge	(27)	(27)		
Movement on deferred tax other fixed assets	14	14	2	2
Adjustments to tax charge in respect of previous periods	-	-	(29)	(29)
Marginal relief	-	-	(1)	(1)
Current tax charge for the year	56	-	(1)	(20)

11. Staff Costs

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Staff costs, including the Executive Officers:				
Wages and salaries	19,280	4,618	19,751	4,511
Social security costs	1,326	361	1,432	365
Other pension costs	2,193	471	2,329	461
	22,799	5,450	23,512	5,337

The average monthly number of persons (including the Executive Officers) employed during the year expressed as full time equivalents (36.25 hours per week) was:	Number	Number	Number	Number
Office staff	375	128	376	125
Wardens, caretakers and cleaners	341	2	369	-
Total employees	716	130	745	125

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the period				
£60,000 - £70,000	6	3	6	3
£70,000 - £80,000	5	2	6	2
£80,000 - £90,000	1	1	-	-
£90,000 - £100,000	-	-	-	-
£100,000 - £110,000	4	2	4	2
£110,000-£120,000	1	1	1	-
£120,000-£130,000	-	-	-	-
£130,000-£140,000	-	-	-	-
£140,000-£150,000	2	1	1	1
£150,000-£160,000	-	-	-	-
£160,000-£170,000	-	-	-	-
	19	10	18	8

12. Directors

Directors are defined as the Board Members together with the Executive Officers who are employed by the Longhurst Group Limited identified on Page 1.

	2015 Number	2014 Number
The number of Executive Officers, including the highest paid executive, who received emoluments	4	3

	2015 £'000	2014 £'000
Emoluments, including pension contributions and benefits in kind		
Board Members	54	60
Executive Officers	501	416
	555	476

	2015 £'000	2014 £'000
The emoluments of staff disclosed above (excluding pension contributions) include amounts paid to :	Mr R V Walder	Mr R V Walder
The highest paid Director (the Chief Executive):	155	154

The Chief Executive is an ordinary member of the Social Housing Pension Scheme. Contributions are payable in line with other members of the Longhurst Group Limited and no enhanced or special terms apply. A contribution by the Company of £12,199 (2014: £11,901) was paid in addition to the personal contribution of the Chief Executive.

Benefits in kind relate to leased cars, professional subscriptions and health care insurance.

13. Tangible Fixed Assets – Housing Properties (Group)

COST	Housing properties held for letting £'000	Housing properties under construction £'000	Shared ownership housing properties £'000	Shared ownership housing properties under construction £'000	Total £'000
At 1 April 2014	692,169	13,944	49,688	13,832	769,633
Additions to new properties	335	36,074	470	9,460	46,339
Capitalisation of components	14,906	-	-	-	14,906
Components replaced	(1,793)				(1,793)
Reclassification	(2)	494	1	(493)	-
Disposals	(8,076)	-	(1,215)	-	(9,291)
Completed in year	32,026	(32,026)	7,710	(7,710)	-
At 31 March 2015	**729,565**	**18,486**	**56,654**	**15,089**	**819,794**
Depreciation And Impairment					
At 1 April 2014	59,161	-	1,438	-	60,599
Charge for the year	8,161	-	192	-	8,353
Disposals	(997)	-	(39)	-	(1,036)
At 31 March 2015	**66,325**	**-**	**1,591**	**-**	**67,916**
Depreciated Cost At 31 MARCH 2015	**663,240**	**18,486**	**55,063**	**15,089**	**751,878**
Social Housing And Other Grants					
At 1 April 2014	256,013	1,899	16,069	965	274,946
Disposals – SHG recycled	(2,805)	-	(353)	-	(3,158)
SHG - Received	20	1,217	134	78	1,449
Schemes completed in year	2,039	(2,039)	330	(330)	-
At 31 March 2015	**255,267**	**1,077**	**16,180**	**713**	**273,237**
NET BOOK VALUE AT 31 MARCH 2015	**407,973**	**17,409**	**38,883**	**14,376**	**478,641**
Net Book Value At 31 March 2014	376,995	12,045	32,181	12,867	434,088

13. Tangible Fixed Assets – Housing Properties (Continued) (Group)

The Net Book Value of these properties is made up as follows:	2015 £'000	2014 £'000
Freehold	**478,422**	432,350
Long leaseholds	**219**	1,556
Executive Officers	**-**	182
	478,641	434,088

Expenditure on works to existing properties in the year	2015 £'000	2014 £'000
Replacement of components	**14,906**	10,472
Amounts charged to Income and Expenditure Account	**2,056**	2,507
	16,962	12,979

14. Tangible Fixed Assets – Other (Group)

COST	Scheme Furnishings and Equipment £'000	Freehold Offices £'000	Computer Equipment £'000	Motor Vehicles £'000	Office Furnishings and Equipment £'000	Total Other Fixed Assets £'000
At 1 April 2014	3,079	14,420	5,121	46	778	23,444
Additions	118	137	316	-	66	637
Disposals	-	-	(1,105)	-	(20)	(1,125)
At 31 March 2015	**3,197**	**14,557**	**4,332**	**46**	**824**	**22,956**
CAPITAL GRANTS At 1 April 2014 and 31 March 2015	**-**	**150**	**-**	**-**	**-**	**150**
DEPRECIATION						
At 1 April 2014	1,518	1,790	4,259	38	651	8,256
Charge for the period	424	94	542	2	55	1,117
Disposals	-	-	(1,113)	-	(21)	(1,134)
At 31 March 2015	**1,942**	**1,884**	**3,688**	**40**	**685**	**8,239**
NET BOOK VALUE						
At 31 March 2015	**1,255**	**12,523**	**644**	**6**	**139**	**14,567**
At 31 March 2014	1,561	12,480	862	8	127	15,038

14. Tangible Fixed Assets – Other (Parent Company)

COST	Computer Equipment £'000	Office Furniture Fittings £'000	Total £'000
At 1 April 2014	2,686	55	2,741
Additions	240	26	266
Disposals	(1,105)	(17)	(1,122)
At 31 March 2015	**1,821**	**64**	**1,885**
DEPRECIATION			
At 1 April 2014	1,928	40	1,968
Disposals	(1,113)	(18)	(1,131)
Charge for the year	447	13	460
At 31 March 2015	**1,262**	**35**	**1,297**
NET BOOK VALUE			
At 31 March 2015	**559**	**29**	**588**
At 31 March 2014	758	15	773

14A. Investments (Parent Company)

	2015 £'000	2014 £'000
This represents the parent company's investment in Libra (Longhurst Group) Treasury Plc (Libra). The Company owns 100% of the share capital of Libra.	50	50

15. Housing Properties And Other Assets Held For Sale (Group)

	2015 £'000	2014 £'000
Shared ownership properties held for sale:		
Completed	5,528	2,416
In course of construction	4,345	3,715
Other units for Sale	3,662	3,669
At 31 March 2015	**13,535**	9,800

16. Debtors
Amounts Falling Due Within One Year

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Rental arrears	4,423	-	4,798	-
Less: Provision for bad and doubtful debts	(2,069)	-	(2,193)	-
	2,354	-	2,605	-
SHG receivable	23	-	518	-
Other debtors	725	69	945	33
Prepayments and accrued income	1,136	142	2,157	89
Housing Properties and other assets for sale	9,800	-	7,595	-
Deferred Tax	92	92	92	92
Amounts owed by Group Companies	-	327	-	269
	4,330	630	6,317	483

17. Cash At Bank And Short Term Deposits

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Short term money market deposits	17	-	17	-
Cash at bank	8,427	570	7,916	373
	8,444	570	7,933	373

The cash at bank includes balances totalling £2,738k (2014: £2,398k) which are held in trust for leaseholders.

18. Creditors: Amounts Falling Due Within One Year

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Loan repayments and overdrafts	255	-	3,380	-
Funders interest	3,916	-	3,776	-
Rents and service charges received in advance	1,457	-	1,157	-
Trade creditors	2,711	48	4,583	333
Service charge balances due to leaseholders	2,667	-	2,326	-
Other taxation and social security costs	683	198	532	153
Recycled Capital Grant Fund (note 20)	850	-	1,163	-
Disposal Proceeds Fund (note 20)	-	-	22	-
Accruals and deferred income	8,194	163	7,800	70
Other Creditors	1,404	-	600	-
Corporation tax	56	-	28	9
Amounts owed to Group Companies	-	281	-	39
	22,193	690	25,367	604

19. Creditors: Amounts Falling Due After One Year (Group)

	2015 £'000	2014 £'000
Housing loans	**430,159**	390,268
Recycled Capital Grant Fund (note 20)	**1,973**	2,011
Disposal Proceeds Fund (note 20)	**109**	12
	432,241	392,291
Loans repayable by instalments:		
Repayable within one year	**255**	3,380
Repayable between one to two years	**7,263**	345
Repayable between two to five years	**76,052**	66,862
Repayable after five years	**355,438**	332,297
	439,008	402,884
Less: issue costs	**(8,594)**	(9,236)
	430,414	393,648

Loans from banks and building societies are secured by specific charges on the Group's housing properties. The loans are repayable at varying rates of interest. The average rate of interest at 31 March 2015 was 5.85% (2014: 6.03%).

20. Recycled Capital Grant Fund (RCGF) And Disposal Proceeds Fund/DPF (Group)

	RCGF £'000	DPF £'000	TOTAL £'000
Opening Balance at 1 April 2014	3,174	34	3,208
Grants recycled	1,091	109	1,200
Recycled grant utilised	(1,453)	(34)	(1,487)
Interest Accrued	11	-	11
AT 31 March 2015	2,823	109	2,932

21. Share Capital

The Company is limited by guarantee and has no equity or non-equity share capital. Members of the Company guarantee to contribute a maximum of £1 should there be a call on their guarantee.

22. Reserves

Designated Reserves (Group)	Total £'000
Major repairs reserve at 1 April 2014 and 31 March 2015	1,000

Revenue Reserve (Group)	Revenue Reserve £'000
Revenue Reserve at 1 April 2014	51,136
Surplus for the year	9,717
Actuarial loss	(571)
Revenue Reserve at 31 March 2015	**60,282**

Revenue Reserve (Parent Company)	Revenue Reserve £'000
Revenue Reserve at 1 April 2014	1,075
Surplus for the year	73
Revenue Reserve at 31 March 2015	**1,148**

Although under its rules the Association does not trade for profit, its financial affairs are planned so that each year income exceeds expenditure. The annual surplus is vital to enable the Association to meet its commitments to providers of loan finance, continue to raise further loan finance and have reserves to provide for unexpected situations.

The Board regularly reviews the Association's finances to determine the minimum amount of reserves required for day-to-day management and to provide for the future. Any amounts over and above this minimum are invested in the provision of social housing. The majority of the Association's reserves are not normally cash backed.

23. Analysis Of Changes In Cash And Equivalents

Returns on investments and servicing of finance	2015 £'000	2014 £'000
Interest received	101	387
Interest paid	(22,204)	(24,489)
	(22,103)	(24,102)
Capital expenditure and financial investment		
Purchase of housing properties	(56,272)	(52,782)
Sale of housing properties (net of cost of sales)	5,582	3,755
SHG received	1,269	1,148
Purchase of other fixed assets	(636)	(834)
	(50,057)	(48,713)
Financing		
Increase in debt due after one year (note 25)	31,574	(3,444)

24. Analysis Of Net Borrowings

	At 1 April 2014 £'000	Cash Flows £'000	At 31 March 2015 £'000
Cash at bank and in hand excluding short term deposits	7,916	511	8,427
Short term deposits	17	-	17
Housing & non - housing loans < 1 year	(3,380)	3,125	(255)
Housing & non - housing loans > 1 year	(390,268)	(39,891)	(430,159)
Total	(385,715)	(36,255)	(421,970)

25. Analysis Of Changes In Financing

	2015 £'000	2014 £'000
Loans received	41,250	6,050
Loans repaid	(9,484)	(9,322)
Issue costs incurred / (amortised)	(192)	(172)
Balance at 31 March 2015	31,574	(3,444)

26. Capital Commitments

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Capital expenditure				
Capital expenditure that has been contracted for but not provided for in the accounts	48,784	-	75,290	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	33,689	-	21,668	-
	82,473	-	96,958	-
The Group expects these commitments to the financed with:				
Social Housing Grant	1,484	-	2,672	-
Private Finance	80,989	-	94,286	-
	82,473	-	96,958	-

27. Operating Leases

At 31 March 2015 the Group was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2015.

	Group 2015 £'000	Parent Company 2015 £'000	Group 2014 £'000	Parent Company 2014 £'000
Land and Buildings				
Operating leases which expire: Within 1 year	11	-	-	-
Within 2 to 5 years	23	-	74	-
Over 5 years	32	-	30	-
	66	-	104	-
Equipment and Vehicles				
Operating leases which expire: Within 1 year	90	35	41	9
Within 2 to 5 years	539	162	614	194
Over 5 years	-	-	-	-
	629	197	655	203

28. Pensions

Social Housing Pension Scheme

Longhurst Group participates in the Social Housing Pension Scheme (SHPS). This Scheme is a multi-employer defined benefit scheme which is contracted out of the state scheme. Longhurst Group has elected to operate a final salary with a 1/60 accrual rate and the career average revalued earnings with a 1/60 accrual rate benefit for active members as at 1st April 2007. For new entrants to the scheme from 1st April 2007, the career average revalued earnings structure is the only option available.

During the year under review, Longhurst Group paid contributions at the rate of 7.35% for the final salary scheme and 8.05% for the career average scheme plus a monthly lump sum to fund past deficit amounts. Contributions by members varied between 8.45% and 12.45% depending on their age.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the scheme is a multi-employer scheme where the scheme assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the scheme. The debt is due in the event of the employer ceasing to participate in the scheme, or the scheme winding up. The estimated amount of employer debt on withdrawal liability for Longhurst Group as at 30th September 2014 has been calculated as £71,777,341.

Growth Plan

Longhurst Group participates in the Pension Trust's multi-employers Growth Plan. The plan is funded and is not contracted out of the state scheme.

The rules of the Growth Plan state that the proportion of obligatory contributions, to be borne by the member and the member's employer, shall be determined by agreement between them. Longhurst Group paid contributions at the rate of 0% during the accounting period. Members paid contributions at varying rates during the accounting period. As at the Balance Sheet date, there were five active members of the plan employed by Longhurst Group. Longhurst Group continues to offer membership of the plan to its employees.

The Trustee commissions an actuarial valuation of the Growth Plan every 3 years. The last formal valuation of the scheme was carried out at 30th September 2011 by a professionally qualified actuary, using the Technical Provisions valuation Method. The market value of the Scheme's assets at the valuation date was £780m, compared to past service liabilities of £928m. The valuation therefore revealed a shortfall in assets of £148m, equivalent to a funding level of 84%.

The estimated amount of employer debt on withdrawal liability for Longhurst Group Ltd as at 30 September 2014 has been calculated as £201,770.

Spire Homes (LG) Limited

Spire Homes (LG) Limited contributes to the Northamptonshire County Council Pension Fund (NCC) and the Leicestershire County Council Pension Fund (LCC) schemes which are defined benefit schemes.

Contributions

The defined benefit scheme employers' contributions for the year ended 31 March 2015 were £170k (2014: £118k) and the employers contribution rate has been fixed at 17.0% (NCC) and 19.3% (LCC) of pensionable pay until 31 March 2015.

28. Pensions (Continued)

Assumptions

The major assumptions used by the actuary in assessing scheme liabilities on a FRS 17 basis were:

	At 31 March 2015 %	At 31 March 2014 %
Rate of increase in salaries	**4.1**	4.6
Rate of increase in pensions in payment	**2.2**	2.8
Discount rate	**3.1**	4.3

Fair value and expected returns on assets

The fair value of the expected rate of return were:

	Fair Value 31 March 2015 £'000	Expected Return 31 March 2015 %	Fair value 31 March 2014 £'000	Expected Return 31 March 2014 %
Equities	2,979	3.15	2,798	6.70
Bonds	908	3.15	697	3.75
Property	356	3.15	261	4.80
Cash	86	3.15	77	3.70
	4,329		3,833	

There is no provision for unitising the assets of a fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	Value at 31 March 2015 £'000	Value at 31 March 2014 £'000
Fair value of assets related to the Company	**4,329**	3,833
Value placed on liabilities related to the Company	**(6,747)**	(6,070)
Value placed on unfunded liabilities related to the Company	**(2,418)**	(2,237)
Deficiency related to the Company	**(4)**	(4)
Net pension liability	**(2,422)**	(2,241)

28. Pensions (Continued)

Recognition in the profit or loss

	2015 £'000 NCC	2015 £'000 LCC	2015 % of pay NCC	2015 % of pay LCC
Current service costs	29	22	23.4	25.5
Interest cost	203	46	161.1	52.9
Expected return on employer assets	(179)	(47)	(142.1)	(54.0)
Total	53	21	42.4	24.4
Actual return on plan assets	382	126		

	2014 £'000 NCC	2014 £'000 LCC	2014 % of pay NCC	2014 % of pay LCC
Current service costs	37	21	24.8	24.9
Interest cost	207	47	139.9	55.3
Expected return on employer assets	(151)	(43)	(102.0)	(50.6)
Total	93	25	62.7	29.6
Actual return on plan assets	234	22		

Reconciliation of defined benefit obligation

	2015 £'000	2014 £'000
Opening defined benefit obligation	6,074	5,715
Current service cost	51	58
Interest cost	249	254
Contribution by members	15	17
Actuarial losses	558	241
Past service costs	-	-
Estimated benefits paid	(196)	(211)
Closing defined benefit obligation	6,751	6,074

28. Pensions (Continued)

Reconciliation of defined benefit obligation

	2015 £'000	2014 £'000
Opening fair value of employer assets	**3,833**	3,783
Expected return on assets	**226**	194
Contributions by members	**15**	17
Contributions by the employer	**170**	118
Contributions in respect of unfunded benefits	**-**	-
Actuarial gains / (losses)	**281**	(68)
Unfunded benefits paid	**-**	-
Benefits paid	**(196)**	(211)
Closing defined benefit obligation	**4,329**	3,833

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actuarial (losses) / gains recognised in STRSD	**(277)**	(309)	(213)	(411)	884
Cumulative actuarial losses	**(1,787)**	(1,510)	(1,201)	(988)	(577)

Amounts for the current and previous accounting periods

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of employer assets	**4,329**	3,833	3,783	3,361	3,326
Present value of defined benefit obligation	**(6,751)**	(6,074)	(5,715)	(5,090)	(4,684)
Deficit	**(2,422)**	(2,241)	(1,932)	(1,729)	(1,358)
Experience Gains / (Losses) on assets	**281**	(68)	(296)	(177)	(77)
Experience Gains on liabilities	**63**	60	9	-	-

28. Pensions (Continued)

Principal Actuarial Assumptions (per annum)

	2015 %	2014 %
Discount Rate	**3.15**	4.20
Expected return on asset	**3.15**	5.95
Rate of increase in salaries	**4.15**	4.50
Rate of increase in pensions in payment: CPI subject to a maximum of 5% pa	**2.25**	2.70

Post retirement mortality

	Females	Males
Is based on the average future life expectancies at age 65		
Current Pensioners	**24.3 years**	**22.2 years**
Future Pensioners	**26.6 years**	**24.1 years**

Friendship Care and Housing Limited
Friendship Care and Housing Limited contributes to the West Midlands Pension Fund scheme which is a defined benefit scheme.

Contributions
The defined benefit scheme employers' contributions for the year ended 31 March 2015 were £181k (2014: £81k) and the employers contribution rate has been fixed at 19.40% of pensionable pay until 31 March 2015.

Assumptions
The major assumptions used by the actuary in assessing scheme liabilities on a FRS 17 basis were:.

	At 31 March 2015 %	At 31 March 2014 %
Rate of increase in salaries	**3.75**	4.15
Rate of increase in pensions in payment	**2.00**	2.40
Discount rate	**3.20**	4.20
Inflation assumptions	**2.00**	2.40

28. Pensions (Continued)

Fair value and expected returns on assets

The fair value of employer assets and the expected rate of return were:

	Plan Assets at 31 March 2015 £'000	Expected Return 31 March 2015 %	Plan Assets at 31 March 2014 £'000	Expected Return 31 March 2014 %
Equities	1,729	6.50	1,567	7.00
Government Bonds	231	2.20	220	3.40
Other Bonds	310	2.90	288	4.30
Property	255	5.90	242	6.20
Cash / Other	401	7.00	371	0.50
Total	2,926		2,688	

There is no provision for unitising the assets of a fund under the Local Government Pension Scheme. The above assets as a whole are allocated to participating bodies on a consistent and reasonable basis.

	Value at 31 March 2015 £'000	Value at 31 March 2014 £'000
Fair value of assets related to the Company	2,926	2,688
Value placed on liabilities related to the Company	(4,305)	(3,829)
Value placed on unfunded liabilities related to the Company	(1,379)	(1,141)
Deficiency related to the Company	-	-
Net pension liability	(1,379)	(1,141)

Recognition in the profit or loss

	2015 £'000	2014 £'000
Current service costs	29	73
Interest cost	161	152
Expected return on employer assets	(156)	(151)
Past service cost	91	-
Total	125	74
Actual return on plan assets	400	105

28. Pensions (Continued)

Reconciliation of defined benefit obligation

	2015 £'000	2014 £'000
Opening defined benefit obligation	**3,829**	3,638
Current service cost	**29**	73
Interest cost	**161**	152
Contribution by members	**9**	19
Actuarial losses	**538**	62
Past service costs	**91**	-
Estimated benefits paid	**(352)**	(115)
Closing defined benefit obligation	**4,305**	3,829

Reconciliation of fair value of employer assets

	2015 £'000	2014 £'000
Opening fair value of employer assets	**2,688**	2,595
Expected return on assets	**156**	151
Contributions by members	**9**	19
Contributions by the employer	**181**	81
Actuarial gains / (losses)	**244**	(43)
Benefits paid	**(352)**	(115)
Estimated benefits paid	**(352)**	(115)
Closing fair value of employer assets	**2,926**	2,688

Analysis of amount recognised in statement of total recognised surpluses and deficits (STRSD)

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actuarial (losses) / gains recognised in STRSD	**(294)**	(105)	(242)	(125)	939
Fair value of employer assets	**2,926**	2,688	2,595	2,373	2,253
Present value of defined benefit obligation	**(4,305)**	(3,829)	(3,638)	(3,187)	(2,942)
Deficit	**(1,379)**	(1,141)	(1,043)	(814)	(689)

28. Pensions (Continued)

Principal Actuarial Assumptions (per annum)

	2015	2014
Discount Rate	3.20%	4.40%
Expected return on asset	5.37%	5.98%
Rate of increase in salaries	3.75%	4.15%
Rate of increase in pensions in payment: CPI subject to a maximum of 5% pa	2.00%	2.40%

Post retirement mortality

	Females	Males
Is based on the average future life expectancies at age 65		
Current Pensioners	25.6 years	22.9 years
Future Pensioners	27.8 years	25.2 years

Consolidated analysis of amount recognised in statement of total recognised surpluses and deficits (strsd)

Designated Reserves (Group)	2015 £'000
Spire Homes - Actuarial (losses)	(277)
Friendship - Actuarial (losses)	(294)
	(571)

29. Related Parties

It is the Group's policy that the tenancies of any tenant member of the Board are on normal commercial terms, and they are not able to use their position to their advantage.

At the date of these financial statements there were no Board Members that were Councillors or employees of related local authorities.

Friendship Care & Housing, L&H Homes and Spire Homes are founder members of CHIC (Central Housing Investment Consortium). The main purpose of the consortium is to achieve savings on materials, labour and other services through collaborative working and joint procurement of repairs and maintenance contracts. As founder members, Friendship Care & Housing, L&H Homes and Spire Homes have a place on the Board and liabilities are limited to £1 share. All companies have signed a Members' Agreement and the Articles of Association

During the year the parent company transacted with two non-regulated subsidiaries. This involved the parent company providing back office support and development project management services to Keystone (LG) Developments and Libra (LG) Treasury Plc. The services provided to Keystone were charged based on staff time and direct costs incurred and totalled £223k for the year. The back office support provided to Libra involved the management and administration of the loan portfolio which Libra manages on behalf of Spire and L&H Homes. This service was provided at no cost to Libra with the related staff costs being charged to L&H Homes and Spire Homes.

Longhurst Group Limited has taken advantage of the exemption conferred to it in FRS8 not to disclose related party transactions with its wholly owned subsidiaries (note 32).

30. Social Housing Grant

	2015 £000	2014 £000
The total accumulated SHG received or receivable at the balance sheet date from both capital and revenue sources	**295,823**	294,703

31. Contingent Liability

The Group is currently involved in a legal dispute with the Larkfleet Group arising in the ordinary course of business. At present legal proceedings are at an early stage and the outcome of the dispute, including the financial effect, is uncertain. However, the Directors believe, on the basis of advice received, that no material loss to the Group will occur. Having made due enquiries the Directors are not aware of any further contingent liabilities.

32. Group Subsidiaries

Longhurst Group Limited is the parent company of the Longhurst Group of companies. It provides services to the subsidiary companies within the Group and also receives services from its subsidiary companies.

The following companies are wholly owned subsidiaries of Longhurst Group Limited and are all registered in England:

i) **Longhurst and Havelok Homes Limited (Regulated)**
Registered under the Co-operative and Community Benefit Societies Act 2014, the principal activity of this association is the provision of social housing.

ii) **Spire Homes (LG) Limited (Regulated)**
Registered under the Companies Act and a Registered Charity, the principal activity of this association is the provision of social housing.

iii) **Jubilee Teetotal Homes (Regulated)**
Jubilee Teetotal Homes is a subsidiary of Longhurst and Havelok Homes and is registered with the Charity Commission and the HCA.

iv) **Keystone Developments (LG) Limited (Non-Regulated)**
Registered under the Companies Act, the principal activity of this company is to build housing for sale.

v) **Friendship Care and Housing Limited (Regulated)**
Registered under the Co-operative and Community Benefit Societies Act 2014, the principal activity of this association is the provision of social housing.

vi) **Beechdale Community Development Limited (Non-Regulated)**
Registered under the Co-operative and Community Benefit Societies Act 2014, the principal activity is to hold legal ownership of an office building and land which were previously part of Beechdale Community Housing Association Limited. BCDL is a subsidiary of Friendship Care & Housing Limited.

vi) **Libra (Longhurst Group) Treasury PLC (Non-Regulated)**
Registered under the Companies Act, the principal activity of this company is to provide treasury management and loan services to the Group.

Longhurst Group
Leverett House
Gilbert Drive
Endeavour Park
Boston
Lincolnshire
PE21 7TQ

Telephone
+44 (0) 345 30 90 700

Email
mandy.upsall@longhurst-group.org.uk

Web
www.longhurst-group.org.uk

Longhurst Group

INVESTORS IN PEOPLE | Gold

POSITIVE ABOUT DISABLED PEOPLE

iN business for neighbourhoods

Longhurst Group is a not-for-profit organisation registered in England as a company limited by guarantee (registration number: 3958380).

Registered Office: Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire, PE21 7TQ.

Registered with the Homes and Communities Agency - The Social Housing Regulator under 1996 Housing Act (No. L4277). VAT Reg No 763 7502 19.

A member of the National Housing Federation.

Written, designed and produced by Longhurst Group

Published March 2015