PROGRESS HOUSING GROUP

Annual Accounts 2016

Consolidated Financial Statements
for the year ended 31 March 2016

Members of the Board of Management and Executive Officers

Members of the Board of Management

J Hale	Chair
M Barton	**
P Whitworth	#
W Staines	
I Wilson	
S Bridgen	#

Details on individual Board member attendance can be obtained from the Group's website.

The following serve as independent members of the Group's Committees and are not Directors of any Registered Provider within the Group:

M Wild ## (Retired 31 March 2016)
T Hindle *

Following constitutional changes the members below were appointed from 1 April 2016 and prior to the date of signing these financial statements:

Members of the Board of Management: A Greenhill, G Sarkar, P Hodgett, M Clarke ##, G Furlong *, V Willder
Independent Committee members: K Grogan #, D Shackleton *, N Gower *

Member of Progress Group Remuneration & Governance Committee
Chair of Progress Group Remuneration & Governance Committee
*Member of Audit & Risk Committee
** Chair of Audit & Risk Committee

Secretary

E Hughes

Registered Office

Sumner House
21 King St, Leyland
PR25 2LW

Executive Officers

J M De-Rose BSc MCIH	Group Chief Executive
A Speer MBA, ACMA, BA (Hons)	Executive Director (Finance & Resources)
E Tamanis BA (Hons) ACMA	Executive Director (Business Development & Property Services)
B Keenan BA (Hons), MCIH	Executive Director (Housing, Community and Support Services)
M Stevenson LLB (Hons)	Executive Director (Legal)

Five year financial highlights

for the financial years ended 31 March 2016

	2016 £'000	Restated# 2015 £'000	2014 £'000	2013 £'000	Restated## 2012 £'000
Statement of Comprehensive Income					
Turnover	72,386	71,411	68,842	64,084	59,803
Depreciation	8,555	8,280	5,696	5,228	4,862
Impairment	1,839	1,461	288	408	420
Operating surplus	18,635	20,781	23,000	20,843	20,351
Interest and financing costs	(11,707)	(12,317)	(11,716)	(11,561)	(11,058)
Surplus after tax	7,214	8,020	11,144	9,346	9,484
Statement of Cashflows					
Cash flow from operating activities	31,775	28,135	27,926	27,880	24,023
Cash flow from investing activities	(12,789)	(16,098)	(22,905)	(22,602)	(22,205)
Cash flow from financing activities	(18,536)	(13,688)	(11,579)	(11,353)	(11,102)
Net debt	(258,907)	(266,511)	(261,986)	(254,942)	(244,916)
Statement of Financial Position					
Tangible Fixed Assets	514,694	511,208	502,996	478,180	445,104
Net Current Assets/(Liabilities)	1,669	(2,057)	(808)	710	1,090
Debt due after more than one year	264,725	266,206	264,930	258,732	246,754
Pension liabilities	8,586	10,933	6,171	9,241	8,372
Revaluation reserve	162,569	165,876	171,546	152,366	137,112
Other reserves	70,750	57,121	56,761	42,701	34,376
Key Ratios and Indicators					
Operating margin	26%	29%	33%	33%	34%
EBITDA (£000's)	29,029	30,579	28,970	26,479	25,633
Interest cover	232%	236%	245%	226%	228%
Net surplus as a % of turnover	10%	11%	16%	15%	16%
Gearing on deemed cost/valuation basis	51%	53%	52%	55%	57%

# denotes restatement for FRS 102 ## denotes restatement for component accounting
The principal changes under FRS 102 are:

- Housing properties are recognised at deemed cost and impairment charges are reflected in operating costs and not offset by any revaluation transfers.
- The Social Housing Pension Scheme (SHPS) is recognised as a liability.
- The loan facility in New Fylde Housing has been re-measured.
- The freestanding swap within the accounts of LiLAC which has been mark to market to its fair value has resulted in LiLAC's net assets moving to a net liability position.

Operating costs in 2016 included exceptional items of restructuring and impairment of one scheme down to the open market value.

Report of the Board

The Board presents its report and the audited consolidated financial statements of the Group and its subsidiary undertakings for the year ended 31 March 2016.

Strategic Report

Strategy and objectives

The Group's vision is to have a positive impact on people and communities by providing high quality homes, supporting independence and creating opportunities. The Group's 2020 Business Plan builds on our first 21 years of housing provision and expands our offer to customers by building on our strengths and specialisms.

Our Business Plan is shaped by the national and local policy agenda, which includes the Government's Summer Budget in July 2015, where we have assessed the impacts arising from this and updated our plan accordingly.

This Business Plan sets out six strategic aims and relevant objectives, each of which will help to deliver service enhancements and achieve high levels of customer satisfaction within a financially sustainable business model. These objectives are supported by clear performance measures and will be delivered by a dedicated staff team. Our Non-Executive Directors will monitor progress towards our aims and priorities and will undertake an annual review of the plan. In addition, the organisation will continue to monitor changes in our operating environment in order to manage risk and capitalise on opportunities that fit with the Group's direction. All of the Group's activities are underpinned by our strong belief in equality and diversity.

The first three strategic aims are more outward looking and are drawn directly from our vision:

- providing more and better homes
- supporting individuals and communities to encourage independence
- creating opportunities.

The final three strategic aims are more inward looking and are geared towards ensuring that we have a solid foundation on which to build our success:

- working as one team
- developing a stronger organisation
- putting customers at the heart of what we do.

Our strategies are therefore influenced by both external and internal factors. The Progress Forward investment in technology since 2012 to improve productivity and efficiencies has been accelerated in the period following the Government's 2015 Budget in the following ways:

- we carried out a fundamental review of the service model to deliver our core services in the most efficient manner possible, which gave rise to restructuring costs

- we reviewed our development model, including the type of homes that we will provide and the means by which they will be provided, to ensure that we are able to deliver the maximum number of new homes from the resources available to us

- we reviewed our maintenance model to ensure that we maintain our homes as efficiently as possible.

Report of the Board

The Business Plan sets out the priorities and outcomes and there are a number of measures the Board will use to monitor achievement of these priorities. These priorities are a combination of short, medium and long-term requirements of our business and can be seen in the table below:

Strategic Aim	Priorities
Providing more and better homes	◆ To maintain and improve existing homes, delivering energy efficiency and homes of a high standard to meet customer expectations ◆ To develop new, high quality, well designed homes each year, providing homes that people want to live in now and in the future ◆ To actively manage our asset portfolio to divest, remodel and improve poor performing stock to ensure homes continue to be fit for purpose and are located in sustainable neighbourhoods ◆ To develop a range of products and services delivering surplus and cross-subsidy to support the social purpose of the organisation ◆ To deliver customer priorities and agreed service standards
Support individuals and communities to support independence	◆ To support customers to live as independently as they are able, enjoying good health and a sense of wellbeing throughout their lifetime ◆ To reshape services that assist vulnerable and older people to live independently in our independent living schemes and in their own homes ◆ To target support services more effectively to meet individual requirements and to continually improve and review service standards to deliver flexible solutions ◆ To provide specialist support to people who are homeless or threatened with homelessness ◆ To encourage more independence in our communities
Create opportunities	◆ To expand our Progress Futures programme to provide training, education and employment opportunities for even more of our customers, of all ages ◆ To engage more effectively with younger people through our community involvement activities; Progress Futures; our homelessness schemes; and by means of the specialist support provided by Key Unlocking Futures ◆ To support individuals, groups and partner organisations that work to provide opportunities for the communities and customers that we serve ◆ To track, publicise and share good practice on how our interventions and support have assisted individuals to improve life chances
Working as one team	◆ Developing new skills and knowledge ◆ Driving excellence through our governance and leadership teams ◆ Supporting, training and rewarding staff for their commitment and hard work ◆ Working in a flexible and creative style ◆ Communicating openly ◆ Ensuring accountability

Developing a stronger organisation	◆ Delivering top quartile performance in key indicators, in particular arrears, voids, repairs, customer satisfaction and financial indicators ◆ Deliver financial savings from the service reviews ◆ Building financial and corporate strength and driving more value for money ◆ Working in partnership and delivering service collaborations, extending our offer through others ◆ Cross subsidising products and services and balancing financially positive and negative schemes ◆ Appraising business activities to test contribution to values, social significance, risk management and return on investment
Putting customers at the heart of what we do	◆ Researching current and future needs and expectations, underpinning decisions with market intelligence ◆ Working to ensure that more and more customers are engaged in decision making ◆ Ensuring that customers are increasingly engaged in scrutinising the effectiveness of our services ◆ Tackling social exclusion by, for example, addressing financial and digital exclusion ◆ Tackling poverty by, for example, addressing fuel poverty

Business Model

Progress Housing Group Limited believes that everyone has the right to a decent place to live and the core objective is to further this principle by playing our part in ensuring that everyone has a good quality home in a welcoming and safe community with excellent services. Our charitable subsidiaries comprise New Progress Housing Association Limited, Progress Care Housing Association Limited, New Fylde Housing Limited which are Community Benefit Societies and Key Unlocking Futures Limited which is a charity.

We operate within the housing market and offer a wide range of accommodation and services to a diverse customer base, as detailed below. The Group owns and manages over 10,000 tenancies across England and Scotland. We also provide social alarm services to our own internal customers and to external organisations.

Our range of accommodation types and customers include:

General needs

We own and manage over 5,000 affordable homes to rent so that more people have the opportunity to rent a home for themselves and their family. We mainly operate within South Ribble and Fylde area of the North West of England but also include Cumbria, Accrington, Chorley and Blackpool. Our customer base mainly comprises single person households and families. We know that over 51% of these customers are in receipt of Housing Benefit and 26% have at least one member of the household over 60 years of age. In addition also 25% have at least one member of the household with an impairment.

Supported living

These are housing solutions to help people with a range of support needs and learning disabilities to retain their independence and live in their own homes. We are one of the largest UK supported living providers of accommodation and we enable people to live in their own homes ranging from the Scottish Borders to Devon. This is in over 3,000 individual units of accommodation in over 930 schemes across 3 of our Group companies. We have a number of models for supported living which include shared houses, self-contained accommodation and shared ownership.

Personal care and support is provided to our customers by more than 100 different support agencies commissioned by the local authorities. This work is carried out in 105 local authority areas and focus areas are the North West, Yorkshire, Midlands, East Anglia, Devon, Hampshire, South London and Southern Scotland. Over 80% of our properties are shared houses or flats with the remainder as self-contained accommodation. Our strategy is to increase the amount of self-contained accommodation we provide to meet the needs of both our tenants and commissioners.

Working closely with local authority commissioning teams, we are expert in meeting the housing needs of people with learning disabilities and mental health requirements. Our skills in both development and housing management ensure commissioners have confidence in our product. Our geographical spread has developed as a result of this success and helps us achieve economies of scale in local authority areas.

Progress Care Housing Association holds a one third share in a joint venture company, Leeds Independent Living Accommodation Company Limited. This is a private finance initiative with Leeds City Council to provide 315 units of supported living accommodation to customers with a range of needs across multiple sites around Leeds. This joint venture has two other partners in the consortium, Jack Lunn (Properties) Limited and Civic PFI Investments. The PFI continues to perform well.

Independent living

We provide affordable and easy to manage homes for people over the age of 55 who want to live independently but without the responsibility of owning their own home. These are services provided over and above general needs housing including support from a scheme manager, inbuilt social alarms and usually a communal space for social activities. We have 31 schemes providing over 1,300 properties in the Fylde and South Ribble areas of Lancashire. Our model will change in the future and we are gradually moving towards a revised model to provide care and support to older people including more personalised and targeted support plans. We will seek to increase the provision of extra care and advanced technology services.

Supported housing

Supported housing provides short-term accommodation and support to vulnerable client groups such as homeless people, young people at risk of homelessness and women and their children escaping domestic abuse. We have 3 schemes providing 40 units of this type of accommodation in the Preston and Chorley areas. These schemes were commissioned in partnership with the local authority to meet demand in the areas and contribute to homeless and community safety strategies. We also manage 2 schemes with 11 units of accommodation on behalf of other registered providers. The average length of stay in supported housing is 12 months but can be as short as a few days or up to 2 years. The support is currently funded by Supporting People grant from Lancashire County Council. There is high demand for this service with high levels of customer satisfaction.

Market rented

We have 30 private market rent properties in Lancaster and South Ribble which are mainly one and two-bedroom flats purchased between 2004 and 2006. These properties are worth £2.8 million. This portfolio was acquired for capital appreciation over time and to diversify our activities through investment. There is a high demand for these properties resultant in very low void levels. Our future strategy will review this portfolio considering financial factors and the Government's priority to encourage home ownership.

Shared ownership

The Group provides accommodation where customers can purchase at least 50% of their home and rent the remaining equity from the Group. We have 98 shared ownership properties with 28 for supported living customers. These properties have a value of £5 million and have been developed gradually since 2006. The Group has not been reliant on shared ownership sales. Our future strategy will include further development of this property type.

Key worker accommodation

Progress Care Housing Association has entered into a Private Public Partnership with United Lincolnshire NHS Trust to provide the 573 units of key worker accommodation at 3 hospitals in Grantham, Lincoln and Boston. Provision of accommodation within hospitals for key worker staff provides further diversity within the Group's portfolio and is not social housing but it is charitable.

Key Unlocking Futures Limited

Key Unlocking Futures Limited is a charity which joined the Group in 2014, with the mission to help people build better lives. The charity provides flexible person-centred services to a range of client groups, across parts of Lancashire. Over time this activity has expanded geographically and in the range of services delivered. The services include drop-ins for homeless young people, family conflict resolution, family support, tenancy support, pre-tenancy training, employment coaching and young victims support. Key shares the overall Group vision, but is not a registered landlord and has its own mission, values and business plan. Funding of the charity is received from a number of short-term contracts with local authorities.

Control Centre

The Control Centre (which provides social alarm services to over 10,000 customers) continues to deliver 'platinum standard' (the highest level possible) for all services provided under the Telecare Services Association's code of practice. We have continued to develop the Home Response Service and have extended the lifting service to provide this to a wider geographic area. We are now providing Telecare services across Lancashire on behalf of Lancashire County Council and have also increased the number of customers we are providing Telecare monitoring services to in both Lancashire and Cumbria. The team also exceeded growth projections and now generates in excess of £1.7 million per annum in turnover for the Group. These services generate surpluses which help us to cross-subsidise and contribute to our future development of new homes.

Principal risks and uncertainties

In our 2020 strategic plan we have set out our priorities as mentioned above. As part of this, we consider business planning and risk assessment as complimentary. It is vital the Board assess the risks that affect the Group's ability to meet its key objectives. The increasing importance of housing in the political agenda exposes the organisation to political, statutory and regulatory risks. In March we published a further update on our website to our assessment of the impact arising from the Summer 2015 Chancellor's Budget and the Autumn Statement. Our Board continuously monitors risks and how these will impact the financial position of the Group through its long-term financial plan modelling.

On 23 June 2016, the UK voted in a national referendum in favour of leaving the European Union. This has caused volatility in markets, triggered political uncertainty and is likely to impact on the economic environment. At this stage, it is impossible to assess the impact of this decision on the organisation and subsequently on the financial statements. The Group will assess the potential impacts, risks and opportunities arising over the coming months. There are no immediate material impacts.

The Group's risk management framework has been reviewed during the year by a Risk Governance Working Party. As part of this process roles and responsibilities in relation to risk governance, risk management and risk assurance have been clearly defined within an updated Risk Strategy. A full review of the Group's strategic risks has also taken place alongside the format of the Strategic Risk Register. The Board has agreed a new format for strategic risk reporting which it discusses on a quarterly basis. The Board has focused the role of the Audit & Risk Committee on providing assurance to it on those risks.

The table below details what current risks the Board considers we face and how we mitigate and control them.

Strategic Objective	Risk	Mitigation and Controls
Developing a stronger organisation	Uncertainty of income due to Government controls on future rent levels post 2020 and costs increase higher than income due to inflation.	The economy is in a period of sustained low inflation with the possibility of deflation. As some of the Group's rental income is dependent on Government policy and inflation levels, there is a high degree of uncertainty on policy changes and inflation levels. Our long-term financial plans have been stress tested taking into account negative and low levels of inflation. We have incorporated prudent planning assumptions on inflationary levels from 2016 onwards. We have identified trigger points within the plans and undertake continuous reviews and monitoring of external factors which may influence our income levels. We are reviewing all of our service areas with a clear emphasis on cost reduction.
Developing a stronger organisation	The ability for our supported living customers to pay their rent as a consequence of welfare reform changes. These include the impact of Universal Credit and application of the Local Housing Allowance for benefit payments.	The Group is seeking clarity on the requirement for supported living tenancies to be affected by the Local Housing Allowance, given the needs of the individuals. The Government has postponed any announcements on the future of LHA and on the short-term mitigations which are expected to be put in place to protect supported housing until Government research is published and new policy for supported housing is developed. We have revised our Development Strategy to respond to the changing external financial environment. This has included a gradual move towards customers with higher needs and to develop more self-contained accommodation.
Developing a stronger organisation	The ability for general needs and independent living customers to pay their rent as a consequence of welfare reform changes. These include the impact of Universal Credit and application of the Local Housing Allowance for benefit payments.	We have introduced improved access for payment methods for customers including any day Direct Debits. We identify and engage with residents at risk and our Financial Inclusion Team supports individual customers to manage their finances. Close working relationships with local authority Housing Benefit departments has enabled the effective exchange of information to target resources on those affected. Our financial plans take account of the potential impact of welfare reforms on the Group's financial position. Provisions have been made within the financial plan for increases in the levels of bad debts although impacts remain uncertain.

Providing more and better homes	Uncertainty of the implications of Voluntary Right to Buy (VRTB) and the impact on the Group's operating model. There are a number of uncertainties including level of grant to compensate for sold properties, replacement cost of new properties and capacity and timing of replacement properties.	We have modelled our estimates on the potential financial impacts of VRTB and considered scenarios as part of our stress testing. We have implemented a flexible Development Strategy to shape our future activity including mix of tenure and product types. We have also ensured appropriate monitoring and reporting in place for this area.

Long-term financial planning

The Group's latest long-term financial plans show a slight deterioration of the Group's financial position over time due to assumptions arising from both the internal and external environment. The key strategy remains to ensure it is financially strong, respond to economic and political change and continue to deliver quality services to customers. As part of the Group further strengthening risk governance, we have performed detailed stress testing on its financial plans to identify potential financial impacts from a variety of changes. This stress testing has pushed the long-term plans to the point at which it breaks, either through solvency or liquidity problems. In response to this stress testing, a number of mitigating strategies have been identified and developed to ensure the Group is resilient. From the review, it is clear that the Group is in a relatively strong position, and has a number of mitigating strategies in place.

Treasury Management

The Group's Treasury Management function is under the direction of the Executive Director (Finance and Resources). Advice is also received from the Group's financial and corporate advisers, David Tolson Partnership who review the Group Treasury Management Policy and Strategy annually. The primary objective of the Group's Treasury Management Strategy is the provision of financial resources necessary to achieve its purpose and the management of associated risks, financial and operational, that might threaten its ability to do so. The Treasury Management function is not a profit centre however, it is committed to the principles of achieving value for money in Treasury Management, and to employ suitable measurement techniques, within the context of effective risk management.

The Group's interest rate management policy is to have a minimum of 50% fixed rate debt, with no more than 20% of fixed rate debt repricing in each year in each subsidiary. The Group has sufficient liquidity in place to meet at least the next 18 months requirements. Progress Housing Group has £293 million of available loan facilities to call on, with undrawn facilities of £32.5m being fully secured. These facilities provide funds for at least the next three years.

Corporate Governance

The Group has adopted the National Housing Federation's Code of Governance (2015 version) and seeks at all times to comply with this and with best practice with regards to corporate governance. Compliance is reviewed on an annual basis with the outcome of the review being reported to the Group's Remuneration and Governance Committee.

The adoption of and reporting of any variation from the adopted code is part of the regulator's regulatory requirements. This statement is therefore part of the Group's regulatory compliance and is presented on a 'comply or explain' basis. Following our review of our compliance against the NHF 2015 Code of Governance the Group has concluded that due to the actions taken since last year's review that the Group is compliant with the provisions of the code.

Governance Structure

The Board of Progress Housing Group sets the strategic direction for the Group as a whole through the preparation and monitoring of the Group's Business Plan and through a series of corporate policies. The framework of control set out in the Intra Group Agreement, Standing Orders (including Scheme of Delegation), Financial Regulations and the Group's Code of Governance provides the structure of governance within the group. The Group Board oversees the Group-wide governance, risk management, funding and treasury management matters.

Key Unlocking Futures Limited is a charity which operates under a separate grouping deed to the other registered providers within the group to provide a separation between social housing and non-social housing activities.

The Group and subsidiary companies have established a number of standing committees to undertake work on behalf of the Group members. Each committee has its own terms of reference as set out within the Group's Standing Orders. The composition of each of the committees and a brief résumé of their role is set out below.

The standing committees of the Group consist of:

Group Audit & Risk Committee

Comprising up to five Non-Executive Directors, and one independent of any other Board, the committee has responsibility for: the oversight of the internal audit programme; recommending the appointment of the external auditors; approving accounting policies on behalf of the Group.

Group Remuneration & Governance Committee

The committee comprises up to five Non-Executive Directors and one independent of any other Board, and has responsibility inter alia for setting remuneration policy for staff and Non-Executives, together with overseeing all other Human Resource policies. In addition, the committee oversees the appraisal of the Chief Executive, and recommends to the Group Board the CEO remuneration package for their approval. The committee also acts as the Nominations Committee for the Group making recommendations to the AGMs for appointments of Non-Executive Directors to the Boards across the Group.

Directors

The names of the Non-Executive Directors who have served during the year are shown on page 2 and the Board would like to thank them all for their support and continued interest in the work of the Group.

Statement of Internal Control

The Board has overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This applies for all subsidiaries within the Group.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk and provide reasonable assurance that key business objectives and expected outcomes will be achieved, and that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with best practice.

The key features of the Group's system of internal controls include:

- the Group has adopted the National Housing Federation's Code of Governance. A governance review was undertaken during the year and a new Board of Non-Executive Directors has been appointed. A focus on skills and experience, alongside continual improvement was a significant driver throughout the review
- significant governance documents have been reviewed in line with the overarching governance review. Rules, standing orders, intra-group agreements and financial regulations have all been reviewed to meet legal, regulatory and good practice requirements
- a structured systematic approach has been taken in response to the changing operating environment. For example, a series of service reviews have taken place during the year, with further reviews planned for 2016/17. These involve a full review of service delivery models, including the use of technology and staff resource requirements – essentially a process to 'future proof' the Group's services. The Group had already committed to a number of service reviews prior to the Government rent reduction announcement and therefore accelerated the process to enable savings to be realised in time for the impact of the reduction in income
- from June 2015 a new compliance statement was introduced to identify areas of non-compliance in the areas of legal, regulation, finance, health and safety and policies. The only areas of non-compliance reported to Board have been around delays in reviewing and updating policies. There are no trends or indications in the quarterly Board performance reporting which point to weaknesses in the control environment
- a Risk Governance Working Party has met throughout the year to review and improve the Group's risk management framework. As a result of this, the Group has now updated their risk appetite statement. A revised Risk Strategy, including updated roles and responsibilities, was approved by Board in June 2016
- the Board confirms that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group. This process has been in place throughout the year under review and has been specifically reviewed by the Risk Governance Working Party
- all decisions being made by the Board are supported with an analysis of the risks involved.
- the Group has established an internal audit universe and associated assurance map, covering the Group's critical services, strategic risks, and other areas which contribute to the achievement of the Group's strategic objectives. This has enabled the production of a risk-based internal audit plan, focussing on the areas of most importance to the Group
- the Audit & Risk Committee has delegated authority from the Board to approve and monitor the delivery of the internal risk-based audit plan, consider any control weaknesses, approve management actions and review follow up work on implementation of audit recommendations. The Committee meets independently with internal and external auditors to seek additional assurance on the robustness of control systems
- the Audit & Risk Committee has received regular reports during the year with regard to any proposed significant changes to accounting policies and estimates affecting the accounts, mainly including the introduction of FRS 102
- financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board reviews the management accounts each quarter which highlight and explain any significant budget variances. The Board also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes
- the Group has in place a Raising Concerns at Work policy, as well as a dedicated whistleblowing page on its website. Details of identified frauds are maintained in a fraud register which is reviewed by the Audit & Risk Committee on behalf of the Board, prior to being submitted to the HCA through the annual return process

- all staff are appointed on the basis of robust selection and recruitment processes, with comprehensive induction and training programmes
- the Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including Treasury Strategy and new investment projects. The Board has adopted and disseminated to all employees, the Group's Code of Governance. This sets out the Group's policies with regard to the quality, integrity and ethics of its employees. It is supported by a framework of policies and procedures with which employees must comply
- a new Performance Review and Development Process (PRDP) was introduced this year to guide and assist staff and managers on how to effectively manage performance. A whole business targets group was established and continues to monitor the successful implementation of the new process.

The Group Chief Executive has reviewed the internal control and assurance arrangements by reference to the above and has reported to the Board that she is satisfied with the effectiveness of the control systems. The Audit & Risk Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems (assisted by the Internal Audit Annual Assurance Statement). Through the work undertaken by the Committee, it can confirm that, to the best of their knowledge, there have been no significant weaknesses in controls resulting in material losses, contingencies or uncertainties, which would have required disclosure in the financial statements.

Environmental, Employee, Social and Community Matters

Environment

The Group has an Energy Management for Residents framework that sets out a commitment to tackling fuel poverty amongst its residents, improving domestic energy efficiency of properties and using renewable energy sources. The framework focuses on both people through the use of energy management, and property using a fabric first approach and supplementing this with renewable technologies where appropriate. A strategy is being developed to introduce a new 'Progress Warm Homes Standard' for new homes and a programme of refurbishment to achieve the Government's '2050 Pathway' of reducing carbon emissions of our homes by 80% in 2050 compared with 1990.

Employee Involvement

During 2015/16, the Group continued to build on the feedback from the Investors in People accreditation and Staff Survey from 2014. The Staff Conference in May 2015 identified teamwork and good communication as the most important factors needing to be in place to deliver against the Business Plan. This was followed up by a series of 'Your Progress One Team' engagement sessions, which ran throughout summer 2015. In the region of 160 staff members contributed their ideas through this process. Informed by all of this, and positioned in the context of the changing external environment, the Group's 2020 People Strategy has been developed focusing on three main strands of effort defined as leading the organisation, enabling achievement and strengthening the organisation.

The 60-day consultation process regarding the delivery of the Group's pension strategy saw 125 employees attend one of the face-to-face briefing sessions delivered by our Corporate Pension Advisors. In addition, we made good use of our intranet to make information and consultation documents readily available to all.

The Group undertook a statutory collective consultation process, through its established Staff Forum, regarding the service review process and potential redundancies. Our approach to collective and individual consultation has been underpinned by the spirit of our values.

We are committed to equal opportunities and, this year, four of our employees have participated in the Housing Diversity Network mentoring programme and one of our Directors has been a mentor on the same programme. The Group is already considering its position in relation to the Gender Pay Gap Reporting and considering action to right any imbalances in our policies and practices. As part of our commitment to being 'Positive about Disabled People', we guarantee to interview all applicants with disabilities who meet the minimum criteria for a job vacancy and to consider them on their abilities. Our benefits package is wide-ranging and includes everything from subsidised healthcare to an employee assistance programme and flexible working.

Team meetings and regular one-to-ones continue to underpin our approach to employee engagement and this is supplemented by our annual staff conference, staff briefing sessions, our new 'Ideas for Progress' staff suggestion scheme and regular business updates via email and the Group's new intranet.

Customer Involvement

Putting customers at the heart of what we do to ensure our decisions are driven by customer needs and aspirations, is one of PHG's key strategic aims. We aim to ensure that everything we do delivers great results for customers and we have committed to ensuring that our customers influence service standards and business decisions. Our recent focus has therefore been on gaining a better insight into what matters most to our customers via our community involvement and scrutiny work.

Our Scrutiny Pool undertakes specific service reviews to understand the customer experience and focuses on improving customer satisfaction and strengthening VFM. The Scrutiny Pool is an open forum which any tenant can attend and on average 20 customers from across the Group are involved. Scrutiny activity has continued to develop and grow throughout 2015/16, with customers undertaking service area reviews and putting forward recommendations for service improvements from the customer perspective. During 2015/16, the Scrutiny Pool have undertaken 8 service area reviews, these have looked at: communication of specific service charges; service charges; accessibility of PHG buildings; aids and adaptations; tenants handbook; communication of non-standard letters; Progress Futures and estate services. 23 recommendations have been made, of which 14 are completed and 9 are ongoing.

The Group aims to create opportunities for all our customers and to do this we use our Progress Futures initiative. This is a free to use service that helps many tenants and their family members to access training or education and to improve employment prospects. The team adopts a person-centred approach to work with each individual to help them achieve their own personal goal in terms of entering training, education, volunteering or employment. During 2015/16 the team have worked with 82 customers of which 20 have accessed employment, 12 into training and education, 3 into volunteering and 2 into work experience. In addition, we have engaged with and supported for a short term, 217 customers through attendance at the job club and support for PHG advertised roles. Internally we have created trainee and apprenticeship opportunities, offering 8 individuals employment opportunities during 2015/16.

Business Performance

Financial performance for the year

For this year end we have adopted a new accounting standard, FRS 102 which has required us to change our accounting in a number of areas. We have therefore restated our financial statements for the year ended 31 March 2015 position in order to compare financial performance for the last two years (note 29) as required by FRS 102.

Our financial performance for the year continues to be strong in all areas. Turnover increased by £1m, or 1.3% due to growth from new properties, rent and service charge increases. Operating costs and costs of sales increased at a higher rate of 6.2% by £3.1m. However this includes £1m within operating costs for one-off restructuring and £1.8m for impairment. This has directly impacted our operating surplus which stands at £18.6m compared to £20.8m last year. The surplus before tax decreased by £1.1m to £7.2m in the year with total comprehensive income for the year of £13.6m.

As a result of increased voids and potential demand issues at one particular scheme, the decision has been taken to decommission it and impair to the latest valuation. Under FRS 102, the impairment charge is recognised in operating costs however the amount from previous revaluations of the scheme can be offset against this reducing the impact on total comprehensive income.

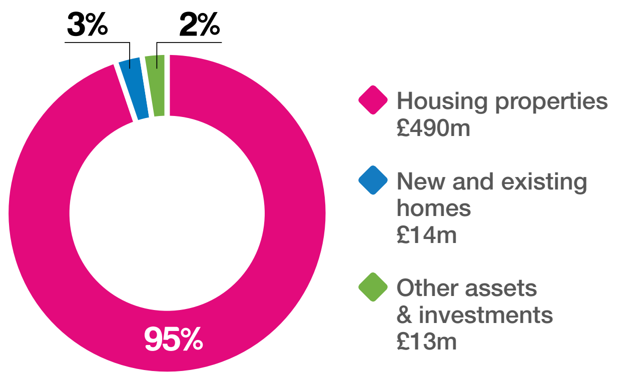
Cash flow from operating activities was £31.8m, mainly due to the operating surplus, adding back some £10.4m of depreciation and impairment. No new borrowings were required during the year showing that our development commitments of £13.8m were funded through operating cash flows after financing of £13.2m and social housing grant of £1.1m.

Net tangible fixed assets rose to £515m, an increase of £3.5m which reflects investment in new property. The Group's pension fund deficit for both LGPS and SHPS schemes is £8.6m. Reserves increased by £10.3m due to the Group surplus made in the year. The Group had £1.7m net current assets at the end of the year, a movement of £3.7m on the prior year.

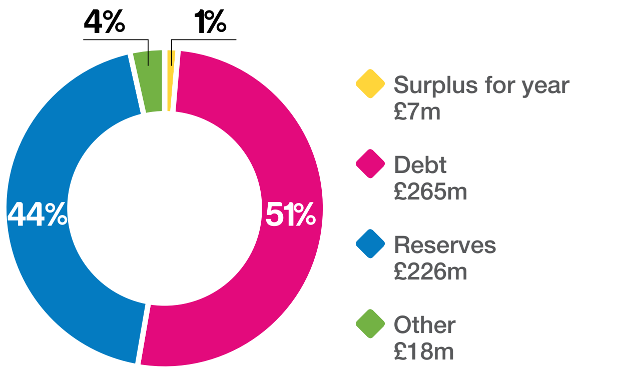
Debt reduced by £1.5m arising from a loan repayment during the year following active treasury management.

The Group is a not for profit organisation, all our surplus is reinvested to run and improve our services. Our total comprehensive income has continued to grow in the year, meaning we can continue to invest in new homes, maintain existing homes and manage our liabilities. An overview of our financial picture showing total investment along with financing can be seen as:

Assets



Financed by



The charts above show that our annual surplus is one part of the financing of our properties and other investments. Surpluses from our social and non-social housing activities are used to service debt and strengthen reserves, which enables us to have capacity to develop more homes. Reductions in grant rates over the last few years have placed constraints on capacity but we have continued to increase our operating cash flows and reduce our gearing levels. Over the last three years, we have spent at least 50% of our operating cash surplus on new housing.

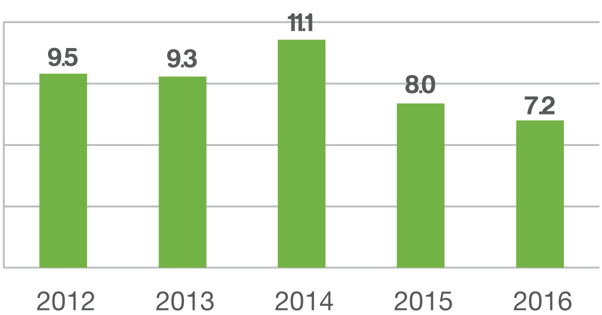
Key Performance Indicators

The Group has a performance management framework that underpins its vision and strategic aims identified within its strategic plan to 2020. This ensures that we have a robust process in place to capture and report on all elements of VFM within the business including cost, performance and effectiveness measures. We have built a balanced scorecard methodology which assesses performance against financial, customer and communities, learning and growth and operating process targets.

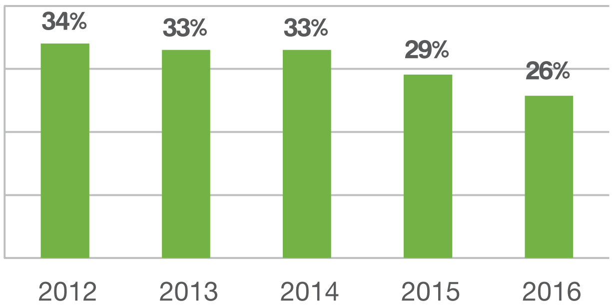
Our Group operational performance in the year remained strong on most of its performance indicators. The Group regularly monitors and reports on key indicators including rent arrears expressed as a percentage of rent debit, void losses and repairs. Group year-end arrears performance has exceeded the end of year targets with gross current arrears at 3.7% below target of 4.2%. Overall former tenant arrears performance stood at 1% and has exceeded the target by 0.3% with an improvement over the previous 3 years. The main challenge we faced however was in our void performance with mixed performance across the three main indicators. The current level of voids stood at 4.6% below the target of 5% but rent loss due to voids was 3.9% against a target of 3.7%, re-let times stood at 110 days against a target of 97 days. Over the past few years there have been demand issues within independent living accommodation and we continue to focus our strategy on reviews of this type of accommodation.

The Group monitors a number of key financial indicators. Four of them along with our performance trend over the last five years can be seen below:

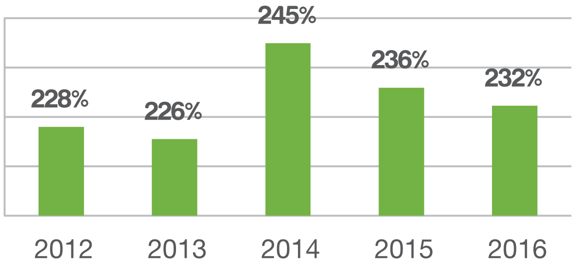
Surplus £m



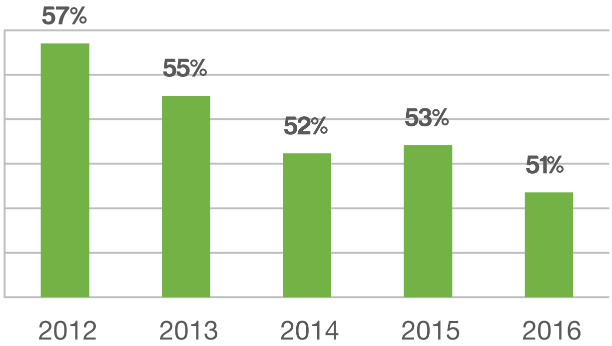
Operating Margin



Interest Cover



Gearing



The surplus and operating margin indicators have been impacted by the new accounting standard for the last two years. In addition, the Group has incurred £1m one-off restructuring costs to achieve future long-term efficiencies. The Group's underlying financial performance is within target and demonstrates our financial strength and resilience. The loan covenant indicators including interest cover shows a constant and significant increase over time, with gearing reducing in line with our strategy. For a full list of our performance indicators and our current performance against target please visit the Group's website **www.progressgroup.org.uk**

Growth and development

We have spent a total of £10.8 million during the year on our development activities and received £1.1 million in grant. We set out in the section below what this has been spent on. We had a target to build 53 HCA-funded homes during the year and we can now confirm that we have actually delivered 60 properties at a cost of £5.5 million. A further 21 affordable rent and 4 shared ownership properties were completed at a cost of £1.3 million under Section 106 Agreements. The remainder was spent on delivering a further 22 supported living tenancies funded entirely by private finance.

The largest impact has been caused by the linkage of Housing Benefit to Local Housing Allowance within the Spending Review and Autumn Statement 2015 risks as they apply to revenue funded supported living properties due to the Autumn Statement announcement. The Group had previously anticipated and considered the risks of welfare reform and introduced a Rent and Development Strategy for Supported Living Properties in 2014. This was updated in May 2015 and is largely responsible for the reduced development programme.

The Group is continuing to grow our non-regulated activities and is proving to be successful in this area. Our Control Centre provides social alarm services to over 10,000 customers and delivers the 'platinum standard' (the highest level possible) for all services provided under the Telecare Services Association's code of practice. This generates in excess of £1.6 million per annum in turnover for the Group. These services generate surpluses which help us to cross-subsidise and contribute to our future development of new homes. This income is around 2.4% of our turnover with other non-regulated activity for the provision of key worker accommodation generating income of £3.4 million, or 4.6% of our turnover.

Value for Money

Value for Money underpins the delivery of the Group's vision and our key strategic aims. A comprehensive assessment of VFM for the year has been undertaken by the Board and Executive Team in order to demonstrate to all our stakeholders a rounded picture of how we have performed against our VFM targets for 2015/16, how we have progressed since last year and how we intend to deliver VFM in the future. The Group is confident that it has complied with our regulator, the HCA's, VFM standard. The full detailed VFM self-assessment can be read on our website at **www.progressgroup.org.uk.**

The Group intends to continue to focus on VFM as we are now operating in an increasingly challenging financial environment. The announcement in the Government's Summer 2015 Budget that there will be a rent reduction of 1% for each of the four years from April 2016 has resulted in a reduction in our projected income of £9 million over that period.

Further changes announced in the Chancellor's Autumn statement, plus the phased roll out of Universal Credit, will put further pressure on our future income streams. In addition, the uncertainty arising from the country voting to leave the European Union provides further potential for financial risks and constraints on the Group.

Despite this, we remain ambitious for the future. We recognise how crucially important our work is to our customers who deserve our highest performance and quality of home possible. We also recognise that we must continue to play our part in delivering much needed new homes.

Our key VFM achievements in 2015/16 have been as follows:

- we have successfully delivered a total of £1.2 million of VFM gains against our target for the year of £0.25 million
- our work on improving procurement across the business has resulted in VFM gains of £0.5 million against a target of £0.25 million, with further opportunities identified for future gains
- we have carried out 10 fundamental reviews of our service model and these have identified £1 million of future VFM savings
- we have continued with our investment programme in our IT infrastructure of over £4 million and systems which is transforming the way that we work, improving productivity and quality, reducing costs and increasing engagement with our customers
- our performance results demonstrate some significant improvements including: a reduction in the level of voids, an improvement in our right first time performance of our repairs and an improvement in customer satisfaction with repairs.

In addition to our VFM achievements above, we have also achieved the following:

- we have produced for the financial year, an overall Group surplus of £7.2 million against a target of £8.9 million. The surplus has been impacted by one-off restructuring costs of £1 million and impairment for one scheme of £1.3 million which were not in the target. The operational savings identified above have mitigated the impact of these one-off costs
- we have quantified the effect of the rent cut on our financial business plan and this is £9 million over the next four years. We have put in place a comprehensive financial strategy supported by detailed action plans to mitigate the effect of the cuts on our business
- within asset management, we have re-assessed the financial performance of all our stock due to the effects of the rent cut. We have identified 314 properties with a negative NPV and these properties are all now subject to review
- to demonstrate our commitment to utilising our financial strength to tackle the need for affordable housing, we have developed 60 HCA-funded homes against a target of 53 homes. We also delivered a further 47 homes for rent, shared ownership and supported living through non HCA funding. We spent £10.8 million in total on our development activities, of which £1.1 million was received in grant funding
- we have spent £6.2 million reinvesting in our existing stock and a further £12.1 million on repairs and maintenance
- we have continued to pursue our social objectives and have invested £0.3 million which has supported a wide range of projects
- we have completed a review of our governance arrangements.

The Board is committed to ensuring that VFM is embedded in both the culture and the decision making processes of the Group. The Board achieve this by:

- setting the overall strategic direction and culture of the Group and recognising how essential the maximising of VFM is to the delivery of the strategic aims
- approving the VFM Strategy and overseeing its implementation
- considering VFM within relevant Board reports, including financial, performance monitoring and benchmarking information
- scrutinising and approving major business proposals including cost/benefit/risk analysis arising from the proposal and how VFM and/or social value will be maximised
- approving key strategies and ensuring that VFM has been considered throughout
- ensuring that our people strategies are linked to our strategic aims
- agreeing VFM efficiency targets within the Business Plan and budget setting processes
- determining where VFM gains are reinvested
- setting stretching performance targets and monitoring business performance closely. This is informed by benchmarking information of our peer group, which in turn enables the Board to challenge PHG to do more

- reviewing progress against the strategic plan to ensure that the business is continuously improving and achieving more
- publishing the annual VFM self-assessment by the deadline of 30 September.

The Board considers that, in completing this comprehensive VFM self-assessment, it has complied with the Regulator's VFM standard and has produced a full and honest assessment to enable our stakeholders to understand how we are performing currently against the targets we had set ourselves and what our forward-looking targets are in order to demonstrate our continuing commitment to VFM.

Regulation

As a registered provider, we are regulated by The Homes and Communities Agency. In February 2014 the HCA published its Regulatory Judgement for the Group on governance and financial viability. The Group was successful in regaining G1 governance rating following action taken to improve its internal control framework and ensure it continues to comply with all regulatory requirements. The Group has retained its V1 viability rating following its annual review in February 2016.

The Group monitors its ongoing compliance with both the economic and consumer regulatory standards and compliance is reported to the Board on an annual basis with any changes or implications arising within the year being reported on an ad hoc basis. As at the reporting date the Board can confirm compliance with these standards.

Going Concern

After making appropriate enquiries, and whilst recognising a changing policy world, the Board is satisfied that no significant risks or exposures exist other than those disclosed in the financial statements and we are well placed to understand and manage the challenges and business risks ahead. The Board also considers that the Group has adequate resources to continue operating for the foreseeable future. For these reasons, therefore, the Board continues to adopt the Going Concern basis in preparing the financial statements.

Statement of Compliance

This strategic report has been prepared in accordance with best practice guidance and the Board, in approving the financial statements, are also approving the strategic report.

Statement of Disclosure to the Auditors

At the time of approval of this report:

a) so far as the Non-Executive Directors are aware, there is no relevant audit information of which the Group's Auditor is unaware, and

b) the Non-Executive Directors have taken all steps that they ought to have taken as Non-Executive Directors in order to make themselves aware of any relevant audit information and to establish that the Group's Auditor is aware of that information.

Auditors

KPMG LLP have expressed their willingness to continue in office, accordingly a resolution is to be proposed at the Annual General Meeting for their re-appointment.

Annual General Meeting

The Annual General Meeting of the Group and its subsidiaries will be held at Farington Lodge, Leyland, Lancashire on 5 September 2016.

E Hughes
Secretary
1 August 2016

Statement of Board´s Responsibilities

Statement of Board´s responsibilities in respect of the Board´s report and the financial statements

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the Group and the Association and of the income and expenditure of the Group and the Association for that period.

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 UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

J Hale
Chair

Report of the Independent Auditor

Independent auditor's report to Progress Housing Group Limited

We have audited the financial statements of Progress Housing Group Limited for the year ended 31 March 2016 set out on pages 22 to 63. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and Auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 20, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

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

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account, or
- the Association has not maintained a satisfactory system of control over transactions, or
- the financial statements are not in agreement with the Association's books of account, or
- we have not received all the information and explanations we need for our audit.

Hywel Jones
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 St Peter's Square
M2 3AE
10 August 2016

Statement of Comprehensive Income

for the year ended 31 March 2016

	Notes	Group 2016 £'000	Group Restated 2015 £'000	Group 2016 £'000	Group Restated 2015 £'000
Turnover	2	72,386	71,411	22,587	26,406
Operating expenditure	2	(53,596)	(50,309)	(21,902)	(24,960)
Cost of sales	2	(155)	(321)	-	-
Operating surplus		**18,635**	**20,781**	**685**	**1,446**
Loss on disposal of property, plant and equipment	6	(209)	(683)	(4)	(29)
Movement in fair value of investment properties	11	177	-	177	-
Interest receivable	7	252	497	5	190
Interest and financing costs	8	(11,707)	(12,317)	(298)	(522)
Donation to related charitable company		-	-	(500)	-
Share of Joint Venture profit and dividend	12	75	7	-	-
Surplus before tax		**7,222**	**8,285**	**65**	**1,085**
Tax on surplus on ordinary activities	9	(8)	(265)	(8)	(265)
Surplus after taxation	5	**7,214**	**8,020**	**57**	**820**
Actuarial gain / (loss) on pension scheme	21	3,400	(4,694)	2,640	(3,598)
UK deferred tax attributable to actuarial (gain) / loss	21	(606)	749	(606)	749
Realisation of revaluation reserve in respect of impairment	21	1,607	797	-	-
Realisation of revaluation reserve in respect of depreciation on revalued housing property	21	1,318	1,318	-	-
Transfer to designated reserves	21	(31)	27	-	-
Realisation of revaluation reserve in respect of disposals of housing property	21	382	1,165	-	617
Increase / (decrease) on Joint Venture hedge reserve	12/21	315	(1,506)	-	-
Total comprehensive income for the year		**13,599**	**5,876**	**2,091**	(1,412)

Details of the restatement are shown in note 29 as required by FRS 102.

Statement of Financial Position

As at 31 March 2016

	Notes	Group 2016 £'000	Group Restated 2015 £'000	Company 2016 £'000	Company Restated 2015 £'000
Tangible Fixed assets		504,337	501,878	-	-
Housing properties at cost	10	10,357	9,330	6,853	5,826
Other tangible fixed assets	11	514,694	511,208	6,853	5,826
Current Assets					
Stock		320	213	84	40
Debtors	13	4,364	5,330	1,420	1,307
Investments	14	5,800	376	-	-
Cash and cash equivalents	15	1,138	1,248	1	1
		11,622	7,166	1,505	1
Less: Creditors amounts falling due within one year	16	(9,953)	(9,223)	(4,714)	(4,136)
Net current assets / (liabilities)		1,669	(2,057)	(3,209)	(2,788)
Total assets less current liabilities		516,363	509,151	3,644	3,038
Creditors					
Amounts falling due after more than one year	19	(264,725)	(266,206)	(247)	-
Government grants	19	(7,594)	(6,579)	-	-
Provision for Joint Venture	12	(2,138)	(2,435)	-	-
Pension liabilities	28	(8,586)	(10,933)	(5,291)	(7,026)
Net Assets/(liabilities)		233,320	222,997	(1,894)	(3,985)
Reserves					
Share capital	20	-	-	-	-
Revaluation reserves	21	162,569	165,876	831	831
Designated reserves	21	142	111	-	-
Income and expenditure reserves	21	70,609	57,010	(2,725)	(4,816)
		233,320	222,997	(1,894)	(3,985)

The notes on pages 26 to 63 form an integral part of the financial statements.
The financial statements on pages 22 to 63 were approved by the Board of Management on 1 August 2016 and were signed on its behalf by:

P Whitworth
Board member

M Barton
Board member

E Hughes
Secretary

Statement of Changes in Equity

for the year ended 31 March 2016

Group	Revaluation Reserves	Designated Reserves	Income & Expenditure Reserves	Total
	£'000	£'000	£'000	£'000
At 1 April 2014 as previously reported	171,550	138	56,625	228,313
Effects of adoption of FRS 102	(3,233)	-	(5,482)	(8,715)
At 1 April 2014 as restated	**168,317**	**138**	**51,143**	**219,598**
Total comprehensive income for the previous period:				
Surplus for the year as previously reported	-	-	8,020	8,020
Transfer to designated reserves	-	(27)	27	-
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(1,318)	-	1,318	-
Repayment of grant	10	-	(10)	-
Realisation of revaluation reserve in respect of disposals of housing property	(780)	-	1,165	385
Decrease on Joint Venture hedge reserve	-	-	(1,506)	(1,506)
Actuarial loss on pension scheme	-	-	(3,945)	(3,945)
Effects of adoption of FRS 102	(353)	-	798	445
At 31 March 2015 as restated	**165,876**	**111**	**57,010**	**222,997**
Total comprehensive income for the period:				
Surplus for the year from statement of comprehensive income	-	-	7,214	7,214
Transfer from designated reserve to revenue reserves	-	31	(31)	-
Realisation of revaluation reserve in respect of impairment	(1,607)	-	1,607	-
Realisation of revaluation reserve in respect of disposals of housing property	(382)	-	382	-
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(1,318)	-	1,318	-
Increase on Joint Venture hedge reserve	-	-	315	315
Actuarial gain on pension scheme	-	-	2,794	2,794
As at 31 March 2016	**162,569**	**142**	**70,609**	**233,320**

Company	Revaluation Reserves	Income & Expenditure Reserves	Total
	£'000	£'000	£'000
At 1 April 2014 as previously reported	1,072	(2,110)	(1,038)
Effects of adoption of FRS 102	343	(1,293)	(950)
At 1 April 2014 as restated	**1,415**	**(3,403)**	**(1,988)**
Total comprehensive income for the previous period:			
Surplus for the year as previously reported	-	820	820
Transfer to revaluation reserves	(617)	617	-
Actuarial loss on pension scheme	-	(2,849)	(2,849)
Effects of adoption of FRS 102	32	-	32
At 31 March 2015 as restated	**831**	**(4,816)**	**(3,985)**
Total comprehensive income for the period:			
Surplus for the year from statement of comprehensive income	-	57	57
Actuarial gain on pension scheme	-	2,034	2,034
As at 31 March 2016	**831**	**(2,725)**	**(1,894)**

Consolidated Statement of Cash Flows

for the year ended 31 March 2016

	Notes	Group 2016 £'000	Group 2015 £'000
Cash flow from operating activities (see below)		**31,774**	**28,135**
Purchase of Housing Properties		(10,792)	(15,745)
Purchase of Components		(3,018)	(3,865)
Government Grants Received		1,103	4,058
Purchase of other Tangible Fixed Assets		(1,690)	(2,399)
Proceeds from Sale of Tangible Assets		1,587	1,833
Cashflow in Respect of Joint Venture		23	20
Cash flow from investing activities		**(12,788)**	**(16,098)**
Taxation Paid		(267)	(44)
Interest Received	25	252	308
Interest Paid	25	(11,713)	(11,737)
Repayments of Existing Borrowings	25	(1,454)	(3,856)
(Deposits to) / Withdrawals From Investments		(5,425)	1,598
Dividends Received		70	43
Cash flow from Financing Activities		**(18,536)**	**(13,688)**
Net change in cash and cash equivalents		**450**	**(1,651)**
Cash and cash equivalents at 1 April		**(680)**	**971**
Cash and cash equivalents at 31 March		**(230)**	**(680)**
Adjustments for non-cash items			
Operating Surplus		**18,635**	**20,781**
Movement in Stock		(107)	225
Depreciation of Tangible Fixed Assets		8,558	8,337
Impairment of Property		1,839	1,461
Amortisation of Government Grants		(76)	(49)
Pension Costs less Contributions Paid		(203)	(984)
Decrease in Trade and Other Debtors		45	102
Increase/(Decrease) in Trade and Other Creditors		3,084	(1,738)
Cash flow from operating activities		**31,774**	**28,135**
Reconciliation of net cashflow to movement in net debt			
Increase/(Decrease) in cash in the period		450	(1,651)
Cash deposited / (withdrawn from) investments		5,425	(1,598)
Change in loans - cash repaid		1,500	3,856
Change in Loans - Re-measurement	8	275	(160)
Change in loans - Amortisation		(46)	(73)
Change in Net Debt	25	7,604	374
Net Debt at start of year		**(266,511)**	**(266,885)**
Net Debt at end of year	25	**(258,907)**	**(266,511)**

Notes to the Financial Statements

for the year ended 31 March 2016

Accounting Policies

(1) Basis of Accounting

The financial statements of the Group are prepared in accordance with Financial Reporting Standard 102 (FRS 102) – the applicable financial reporting standard in the UK and Republic of Ireland and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2014 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Group believes it has adequate resources to manage its business risks successfully and maintain a programme of capital investment. The Report of the Board details the Group's objectives, policies and processes for managing its financial risks. Therefore the going concern basis of accounting has been adopted in the preparing the financial statements. Also, the accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

These financial statements for the year ended 31 March 2016 are the first financial statements of Progress Housing Group that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014. The transition to FRS 102 has resulted in a small number of changes in accounting policies compared to those used previously. The following notes to the financial statements describe the differences between equity and profit or loss presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information), as well as equity presented in the opening statement of financial position (ie at 1 April 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Association is provided in note 29.
FRS 102 permits certain first-time adoption exemptions from the full requirements of FRS 102 in the transition period. The following exemption has been taken in these financial statements:

- service concession arrangements in respect of key worker accommodation – as this arrangement was already operational at the time of transition, the existing accounting treatment has been maintained.

First time adoption of FRS 102 – significant areas of uncertainty and judgement:

- commercial properties that are held for their rental value have been reclassified as investment properties; this has affected a number of properties such as shops and offices that are not held for the social benefit
- loans – the Group has accounted for loans using section 11 of FRS 102, basic financial instruments (Accounting Policy note 16). The Group has concluded that the effective interest rate is not materially different to the actual interest rate, and therefore, no adjustments have been made
- property leases have been considered and continue to be accounted for as operating leases under FRS 102
- rental arrears with extended payment terms have been considered and the difference between the accounting treatment as a financial instrument and compared to the current treatment is immaterial, so no adjustment has been made.

(2) Turnover

Turnover comprises:

- rental income receivable from tenants and leaseholders in the year
- revenue grants receivable
- income receivable from other services supplied in the year excluding VAT
- income from sales of housing properties.

(3) Housing properties

Housing properties completed prior to 1 April 2014 are stated at 'Deemed cost' as permitted by the transitional arrangements of FRS 102 para 35.10d and are accounted for under the cost model. The valuation in place at the transition date, 1 April 2014, is taken to be the assumed cost. This value is then depreciated each year, and stated at net book value which is equivalent to cost less depreciation. All housing properties acquired after 1 April 2014 are accounted for at cost, and then subsequently depreciated.

Completed housing properties have been split between their land and structure costs and a specific set of major components that require periodic replacement.

Housing properties leased between group members are held at the present value of future cash flows.

A small number of staff flats included within property, plant and equipment are held at historic net book value as these units do not generate any rental cash flows.

Refurbishment or replacement of such a component is capitalised and then depreciated on a straight line basis over the estimated useful economic life of the component at the following rates:

Structure	shorter of 80 years or the remaining length of the lease
Kitchen	10-15 years
Bathrooms	15-30 years
Boilers	15 years
Heating system	30 years
Windows & doors	30 years
Lifts	25 years
Photo voltaic installations	25 years

Freehold land is not depreciated. Depreciation for the key worker accommodation properties is over the remaining period of the lease which is 42 years and commenced in 2006.

Housing properties in the course of construction are stated at cost and are transferred to housing properties held for letting when completed. Development costs which arise directly from the construction or acquisition of a property are capitalised to housing properties in the course of construction.

(4) Social Housing Grant and Other Capital Grants

SHG can be recycled by the Registered Provider 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.

The net SHG received and not spent is included in current liabilities, taking into account all properties under construction. SHG allocated to lease properties is included in current liabilities and amortised over the lease term.

In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt. Other capital grants are also repayable under certain conditions and may be secured by first legal charge on the assets they financed.

Social Housing Grants received in the year are recognised in current and non-current liabilities based on the accrual model, and are amortised over their useful life which is generally 80 years unless specific conditions apply.

(5) Capitalisation of Interest and Development Overheads

Interest is capitalised on loans financing schemes in development up to the point of practical completion. This is calculated by reference to the Group's cost of borrowing and relevant development costs.

Administration costs relating to development activities are capitalised based on an apportionment of the support costs directly incurred on this activity.

(6) Other Tangible Fixed Assets and Depreciation

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight line basis, at rates considered appropriate to write-off the assets over their effective working lives as follows:

- **Fixtures and fittings**
  Straight line basis over 3-5 years or the length of the lease.
- **Freehold offices and commercial properties**
  Straight line basis over 30-50 years.
- **Leasehold offices**
  Straight line basis over the lease term or the term deemed where economic benefit will be derived from the asset.
- **Computer equipment**
  Straight line basis over 3-7 years of the length of the lease.

(7) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are recognised initially at cost.

Investment properties whose fair value can be measured reliably without undue cost or effort are held at fair value. Any gains or losses arising from changes in the fair value are recognised in the statement of comprehensive income in the period that they arise.

No depreciation is provided in respect of investment properties applying the fair value model. This treatment, as regards the Association's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Board consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

The directors review the investment portfolio every year with a formal valuation being obtained at least every 3 years, with internal assessments being carried out in the interim years.

(8) Defined Benefit Pensions Schemes

Progress Housing Group Limited continues to participate in Lancashire County Council's Superannuation Fund and the Social Housing Pension Scheme defined benefit streams. For current service, mandatory contributions to the defined benefit pension schemes are calculated as a percentage of pensionable salaries of employees, determined in accordance with actuarial advice. Past service contributions are based on lump sums. The cost of providing pensions is charged to the period over which the Group benefits from the employee's service, in accordance with FRS 102.

From 1 April 2014, in accordance with FRS 102, the past service contributions of the Social Housing Pension are now recognised as liabilities, split between current and non-current liabilities. Employer payments are made in line with the annual schedule of contributions: an element of these are offset against the liability, and an element is recognised through an interest charge.

(9) Major Repairs and Improvements

The amount of expenditure incurred which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-to-day repairs to housing properties is charged to the Statement of Comprehensive Income in the period in which it is incurred.

(10) Taxation

The Group is liable to United Kingdom Corporation Tax. Where applicable, taxation is provided for at the rates prevailing at the Statement of Financial Position date and comprises of current and deferred tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date, and any adjustment to tax payable in respect of previous years.

Provision is made for deferred tax in respect of timing differences that have originated but not reversed at the Statement of Financial Position date where an event has occurred that results in an obligation to pay more or less tax in future. Deferred tax is measured at the average tax rates that are expected to reverse, based on tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

Deferred tax assets are recognised only to the extent that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised on the LGPS liability and is provided for in full in respect of the Parent's share of the liability. Further detail appears in note 28.

(11) Value Added Tax

The Group is registered for VAT. A large proportion of its income, including rents, is exempt from VAT. Most of its expenditure is therefore subject to VAT which cannot be reclaimed and expenditure is therefore shown inclusive of VAT. Any VAT recovered under the partial exemption calculation is credited to the Statement of Comprehensive Income.

(12) Stock

Stock represents the share of unsold shared ownership properties and van stock of the Property Services.

(13) Bad and Doubtful Debts

The Group provides against rent arrears of current and former tenants and other trade debtors to the extent that they are considered to be irrecoverable.

The Group has reviewed its rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements, and concluded that the amounts were immaterial to reclassify.

(14) Operating Leases

The lessee accounting treatment for leases has been considered under FRS 102, and no change has been identified in respect of the classification between operating and finance leases. This relates to leased housing properties, and also IT equipment and vehicles.

The rental payments on operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(15) Finance Costs

Finance costs include interest, arrangement fees, non-utilisation fees and also the unwinding of housing loan re-measurement which is detailed further in note 16 below. All costs are written off over the period of the loan, except that interest is capitalised on loans financing schemes in the course of development as explained in accounting policy note 5.

Also included within finance costs is interest in respect of the defined benefit pension schemes. A pension interest charge is included in respect of the unwinding of the Social Housing Pension Scheme. An interest expense is also included in respect of the Local Government Pension scheme following an actuarial valuation.

(16) Housing loans

As a result of FRS 102, one housing loan has been re-measured as a result of a change in the margin in 2009. The Group has elected to use para 35.9(a) of FRS 102, which allows re-measurement of the loan instead of de-recognition. This re-price represented an increase in margin, and as a result, a higher liability based on the present value of the future cash flows using an effective interest rate, has been recognised. This is subsequently released each year through a credit to the interest charge. Details of this re-measurement appear in note 19.

One area of significant judgement is around the classification of loans as being basic when they contain the provision of a two way break clause. FRS 102 is unclear on the treatment of these clauses, and the FRC have confirmed that either treatment (basic or other) is permissible.

The interpretation of 11.9(b) is unclear, as the issue would arise in the instance that the lender could lose any interest attributable to the current or prior periods.

However PHG's interpretation is that a break cost represents the future interest attributable, not the current or prior period. Therefore, even if the break amount was required, it would not breach 11.9(b).

If the loans were classified as 'other' financial instruments, then they would be marked to market and recognised at the present value of future cash flows.

(17) Service charges and sinking funds

The Group operates both fixed and variable service charges on a scheme by scheme basis in line with tenancy and lease agreements.

Where variable service charges are used the charges will include an allowance for the surplus or deficit from prior 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 they are held as creditors on the Statement of Financial Position.

Where periodic expenditure is required a provision may be built up over the years, in consultation with the residents. Until these costs are incurred this liability is held on the Statement of Financial Position within creditors.

Service charge sinking funds are accounted for within creditors.

(18) First Tranche Shared Ownership Sales

The Group has adopted the accounting treatment in the SORP 2014 such that:

- Shared Ownership (SO) properties are split proportionally between current and fixed assets based on the first tranche proportion
- first tranche proportions are accounted for as current assets and the related sales proceeds shown in turnover, and
- the remaining element of the SO property is accounted for as a fixed asset so that any subsequent sale is treated as a part disposal of a fixed asset.

(19) Designated Reserves

The designated reserves are in respect of Key Unlocking Futures Limited, a charitable subsidiary which joined the Group on 1 January 2014. Key works with young people to provide support for young people who are homeless or at risk of becoming homeless.

(20) Supporting People

This income includes Supporting People (SP) contract income received from Administering Authorities, plus support charges to individual tenants. When accounted for as part of rent, the income is shown as 'charges for support services' in income from Social Housing Lettings. The related costs are shown as 'support' expenditure in expenditure from Social Housing Lettings.

If the charges to individuals are not dealt with as part of rent, the income and related costs are shown as 'other supporting people income' in Other Social Housing Activities.

SP contract income received from Administering Authorities and not dealt with as part of the rent, is shown as 'Supporting People contract income' in Other Social Housing Activities.

(21) Impairment

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

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

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

Impairment of social housing properties – significant management judgements

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

From 1 April 2016, the Group reduced social housing general needs rents by one per cent per annum and will continue to do so in each year until 2019/20 in accordance with Welfare Reform and Work Act 2016. It is also expected that all supported housing rents (primarily independent living) will also be reduced by 1% per annum for the 4 year period from 2017/18 to 2020/21. Despite cost efficiency savings and other changes to the Group's business, compliance with the new rent regime has resulted in a loss of net income for certain social housing property. This is a trigger for impairment.

(21) Impairment (cont.)

In accordance with paragraphs 14.43 to 14.45 of the Housing SORP 2014, PHG is required to make the following disclosure:

a) judgements made in defining the CGU – the cash generating unit used for this test has been assumed as the various schemes that make up the fixed asset portfolio. Assets are recognised as schemes when they are normally, developed as a group, and as such, the cash flows are related

b) estimation technique and judgement used in measuring recoverable amount – the recoverable amount has been calculated as the greater of the fair value less costs to sell, and then value in use of the assets. The recoverable value has been assumed to be held at the value in use – service potential

c) when VIU-SP is used to estimate the recoverable amount, the key assumptions used and details of the method used. Value in use service potential is calculated as the lower of the cost of purchasing a replacement or constructing a social housing property.

Progress Housing Group Limited estimated the recoverable amount of its housing properties and determined that no further impairment adjustments are required.

The process consisted of firstly reviewing if there were any indicators of impairment, which for the majority of our general needs and independent living properties, was triggered by the Government announcement of a 1% reduction in rents. Other factors such as voids and performance issues were also considered.

If an indication of impairment was identified, then the process consisted of reviewing the net book value against a number of factors, ranging from open market value, replacement cost and the net present value of all future cash flow associated with the asset in order to determine the net present value.

Following a review of all assets, there were no instances identified where the net book value was greater than the recoverable value, and therefore, there was no impairment adjustments required in addition to those that had already been provided in the year.

Accounting treatment change

Due to FRS 102, there has been a change in the accounting treatment in respect of impairment. Previously under old UK GAAP where our assets were held at valuation, any impairment of a revalued asset was firstly taken from the revaluation amount. An entry made against the asset and the subsequent revaluation, causing no impact on the income statement to the extent of the revaluation reserve.

However, under FRS 102, because of the accounting policy choice of Deemed Cost, the full impairment charge is taken to the Statement of Comprehensive Income, with a subsequent transfer between income and expenditure reserve and revaluation reserve to the extent that the impaired asset had previously been revalued.

This has had the effect of grossing up the impairment charge which has in turn increased the impairment cost within operating costs. The overall net impact on total comprehensive income is neutral when impairment is less than the amount held within revaluation reserve, however, operating surplus does reduce.

(22) Joint Venture Accounting

The Group includes a third share of Leeds Independent Living Accommodation Company Holdings Limited (LiLAC), which is a joint venture contracted through a PFI arrangement. To account for this, liabilities are recognised as an investment balance in the accounts of PCHA and a third share of LiLAC's assets and liabilities in the Group consolidated Financial Statements.

The LILAC PFI company is the fixed interest rate payer of free-standing interest rate swap. Due to falls in variable interest rates, that swap is 'out of the money' for LILAC Holdings, so the fair value of the swap is a liability. Under the new accounting rules in FRS 102, this liability is recognised, in its financial statements. As a result the Group has recognised a liability for the difference between its investment in LILAC and its share of the fair value of its share of the liability on the swap.

(23) Service Concession Arrangements

Under FRS 102, most keyworker accommodation constitutes a Service Concession Arrangement entered into prior to 1 April 2014.

The Group has elected to take the 'first time adopter' exemption permitted by para 35.10(i) of FRS 102 to continue to account for this Service Concession Arrangements that were in existence at the date of transition, under the old UK GAAP methodology.

Any new arrangements that are contracted subsequently that meet this criteria, will be accounted for under FRS 102, which will see either an intangible financial asset being recognised and subsequently unwound, depending on the nature and details of the contract.

2. Turnover, Operating Expenditure and Operating Surpluses

Group Consolidated	2016 Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus £'000
Social Housing Lettings (note 3a)	65,883	-	(49,598)	16,285
Other Social Housing Activities (note 3b)				
Supporting People	206	-	(162)	44
Lease income	5	-	-	5
Development for sale				
First tranche shared ownership sales	213	(155)	-	57
Non Social Housing Activities (note 3c)				
Lettings	597	-	(305)	292
Other	5,483	-	(3,530)	1,952
Total	**72,386**	**(155)**	**(53,596)**	**18,635**

	2015 Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000
Social Housing Lettings (note 3a)	64,585	-	(46,579)	18,006
Other Social Housing Activities (note 3b)				
Supporting People	146	-	(176)	(30)
Lease income	20	-	-	20
Development for sale				
First tranche shared ownership sales	478	(321)	-	157
Non Social Housing Activities (note 3c)				
Lettings	673	-	(98)	575
Other	5,509	-	(3,456)	2,053
Total	**71,411**	(321)	**(50,309)**	**20,781**

2. Turnover, Operating Expenditure and Operating Surpluses (cont.)

Company	2016		
	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000
Non Social Housing Activities (note 3c)			
Lettings	154	(160)	(6)
Other	22,432	(21,742)	690
Total	**22,587**	**(21,902)**	**685**

	2015		
	Turnover £'000	Operating Expenditure £'000	Operating Surplus £'000
Social Housing Lettings (note 3a)	132	(41)	91
Non Social Housing Activities (note 3c)			
Lettings	152	(28)	124
Other	26,122	(24,891)	1,231
Total	**26,406**	**(24,960)**	**1,446**

3(a). Income and expenditure from social housing lettings

Group Consolidated	General needs housing £'000	Housing for older people £'000	Supported housing £'000	Shared ownership £'000	Total 2016 £'000	Total 2015 £'000
Income						
Rent receivable net of identifiable service charges	21,750	5,452	28,149	423	55,774	53,565
Service charge income	484	1,492	5,475	31	7,482	8,013
Charges for support services	12	481	330	-	823	792
Amortised Government grants	62	-	14	-	76	35
Void guarantees and revenue grants	31	-	1,467	-	1,499	1,733
Other income	87	31	102	10	230	447
Turnover from social housing lettings	**22,427**	**7,456**	**35,538**	**463**	**65,883**	**64,585**
Expenditure						
Management	(5,926)	(24)	(3,157)	-	(9,108)	(8,510)
Service charge costs and support	(792)	(2,186)	(6,936)	(36)	(9,950)	(9,131)
Routine maintenance	(4,872)	(361)	(4,883)	(29)	(10,146)	(9,539)
Planned maintenance	(1,175)	(45)	(704)	(3)	(1,926)	(2,004)
Major repairs expenditure	(1,610)	(1)	(1,584)	(12)	(3,207)	(3,405)
Bad debts	(292)	(21)	(31)	-	(344)	(516)
Property lease charges	-	-	(3,749)	-	(3,749)	(3,723)
Depreciation of housing properties	(3,307)	(875)	(2,668)	(49)	(6,900)	(7,095)
Impairment of housing properties	(104)	(1,332)	(403)	-	(1,839)	(1,461)
Other costs	(1,337)	(114)	(975)	(3)	(2,430)	(1,195)
Operating costs on social housing lettings	**(19,417)**	**(4,957)**	**(25,091)**	**(133)**	**(49,598)**	**(46,579)**
Operating surplus on lettings activities	**3,009**	**2,498**	**10,447**	**330**	**16,285**	**18,006**
Void losses (included within rental income)	(215)	(225)	(2,980)	(4)	(3,424)	(3,598)

A number of the void losses above are subject to agreements where Group is compensated for its losses. These void guarantees, which are not included in the void losses above, are chargeable to third parties in the year and totalled £1.4m (2015: £1.6m).

Impairment charges include impairment of previously revalued housing properties. There is a transfer from revaluation reserves of £1.6m (2015: £0.8m) which appears as a credit below operating surplus in the Statement of Comprehensive Income. The impairment on a historic cost basis is £0.2m (2015: £0.7m).

Other costs include restructuring costs, recovery of corporate costs, council tax and ground rent.

3(a). Income and expenditure from social housing lettings

Company	2016 Shared Ownership £'000	2015 Shared Ownership £'000
Income		
Rent receivable net of identifiable service charges	-	110
Service charge income	-	17
Other income	-	5
Turnover from social housing lettings	-	132
Expenditure		
Management	-	(17)
Services	-	(13)
Bad debts	-	-
Depreciation of housing properties	-	(11)
Operating costs on social housing lettings	-	**(41)**
Operating surplus on social housing lettings	-	**91**

On 31 March 2015, 49 shared ownership properties were transferred to NPHA. This did not constitute a major area of the business and therefore has not been accounted for as a discontinued operation.

3(b). Turnover From Other Social Housing Activities

Group	2016 £'000	2015 £'000
Other		
Supporting People	206	146
Lease income	5	20
	211	**166**

The company has no Other Social Housing Activities.

3(c). Turnover From Non Social Housing Activities

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Lettings				
Other rented	464	465	154	152
Commercial properties	133	208	-	-
	597	673	154	152
Other				
Key worker accommodation	3,355	3,295	-	-
Progress Lifeline services	1,384	1,234	-	-
Agency agreements	-	7	-	-
Property Services maintenance - Private	84	132	84	132
Support services for young people	300	313	-	-
Property Services provided to other group companies	-	-	11,362	14,761
Corporate services provided to other group companies	-	-	10,933	11,214
Lease income	300	292	-	-
Other	59	236	52	15
	5,483	5,509	22,432	26,122

4. Accommodation in Management

	Group		Company	
	2016	2015	2016	2015
	No.	No.	No.	No.
Social housing				
General needs housing:				
At social rent	4,191	4,218	-	-
At affordable rent	442	318	-	-
Supported housing operating under a PFI service concession	315	315	-	-
Low cost home ownership	98	94	-	-
Supported housing	2,965	2,965	-	-
Housing for Older People	1,330	1,330	-	-
Total social housing	**9,341**	**9,240**	**-**	**-**
Non social housing				
Key worker accommodation	9	9	-	-
Key worker accommodation operated under a service concession	573	573	-	-
Market rented	30	30	27	27
Other	91	91	-	-
Total non social housing	**703**	**703**	**27**	**27**
Total owned and managed	**10,044**	**9,943**	**27**	**27**

Supported housing units represent the number of tenancies, rather than the number of properties, as some properties are shared by up to four tenants.

5. Surplus for the year

	Group		Company	
	2016	2015	2016	2015
Is stated after charging:	£'000	£'000	£'000	£'000
Auditor's remuneration (excluding VAT)				
In their capacity as auditors	33	33	4	4
In respect of other services	12	25	7	11
Depreciation of tangible fixed assets				
- Housing properties	7,719	7,695	-	-
- Other fixed assets	836	642	657	480
Impairment of housing properties	1,839	1,461	-	-
Hire of other assets - operating leases				
- Housing properties	3,749	3,766	-	-
- Other fixed assets	459	420	400	367

6. Loss on disposal of property, plant and equipment

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Sale proceeds	1,840	4,016	-	2,005
Cost of sales	(1,796)	(4,521)	(4)	(2,034)
Operating costs associated with sales	(253)	(178)	-	-
Loss on disposals	(209)	(683)	(4)	(29)

The cost includes £113k (2015: £245k) of components written off that have been replaced before the end of their useful economic life.

7. Interest receivable

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Bank interest receivable	27	23	5	2
Interest on loan to joint venture company	225	227	-	-
Pension scheme finance income	-	247	-	188
Loss on disposals	252	497	5	190

8. Interest and financing costs

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
On bank loans:				
Repaid during the year	-	85	-	85
Repayable within 5 years	1,619	1,146	-	-
Repayable wholly or partly in more than 5 years	10,174	10,547	-	-
On finance leases and overdrafts	16	4	16	4
Amortisation of loan issue costs	46	73	-	-
Pension scheme finance costs	373	458	282	433
Loan remeasurement	(275)	160	-	-
	11,954	12,473	298	522
Less: Interest capitalised	(248)	(156)	-	-
	11,707	12,317	298	522

Interest has been capitalised at an average of 4.4% during the year.

9. Taxation on Surplus on Ordinary Activities
(a). Analysis of the charge in the period

The tax charge on the surplus on ordinary activities for the year was as follows:

	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Current tax:				
UK Corporation Tax charge for the year	25	144	25	144
Adjustment for restatement	-	-	-	-
Under provision in previous years	-	-	-	-
Total current tax	25	144	25	144
Deferred tax:				
Origination and reversal of timing differences	(17)	121	(17)	121
Tax on surplus on ordinary activities	8	265	8	265

9. Taxation on Surplus on Ordinary Activities (cont.)

(b). Factors affecting tax charge for the period

Surplus on ordinary activities before tax	7,222	8,285	65	1,085
Surplus on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	1,444	1,740	13	228
Effects of:				
(Profits) arising in charitable activities	(1,431)	(1,512)	-	-
Items not allowable for tax purposes	10	5	10	5
Other timing differences	1	14	1	14
Additional employers pension contributions	26	26	26	26
Movement in fair value of housing properties	(35)	-	(35)	-
Effect of differences in current and future tax rates	(7)	(8)	(7)	(8)
	8	265	8	265

(c). Factors that may affect future tax charges

A deferred tax liability has been recognised on the Association's fixed assets, primarily IT assets, and other temporary timing differences including provisions.

10. Tangible Fixed Assets - Housing Properties

Group	Housing Properties Completed £'000	Housing Properties Under Construction £'000	Shared Ownership Completed £'000	Shared Ownership Under Construction £'000	2016 Total £'000	2015 Total £'000
Cost						
At 1 April (as originally stated)	538,354	7,332	4,911	-	550,597	536,920
Restatement	30,002	2,251	82	-	32,336	29,742
At 1 April (restated)	568,356	9,583	4,993	-	582,933	566,719
Additions	3,118	9,015	-	1,677	13,810	18,070
Transferred on completion	13,792	(13,792)	60	(60)	-	-
Disposals	(2,609)	-	-	-	(2,609)	(5,423)
Reclassification of grants	-	-	-	-	-	4,159
Loss on revaluation	-	-	-	-	-	(535)
As at 31 March	**582,657**	**4,806**	**5,053**	**1,617**	**594,134**	**582,933**
Depreciation						
At 1 April (as originally stated)	47,752	-	96	-	47,848	43,543
Restatement	33,128	-	78	-	33,206	30,583
At 1 April (restated)	80,880	-	174	-	81,054	74,126
Charge for the year	7,675	-	44	-	7,719	7,695
Depreciation on disposals	(815)	-	-	-	(815)	(1,424)
Impairment	1,839	-	-	-	1,839	658
As at 31 March	**89,579**	**-**	**218**	**-**	**89,797**	**81,054**
NBV						
As at 1 April	487,475	9,583	4,820	-	501,878	492,536
As at 31 March	**493,078**	**4,806**	**4,835**	**1,617**	**504,337**	**501,878**

The value of secured properties (including charged to third parties) is £415.9m (2015: £417.2m).

The above cost in respect of Housing Properties completed comprises:

	Housing Properties Completed		Shared Ownership	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000
Freehold Properties	463,495	458,228	-	-
Long-leasehold Properties	29,583	29,247	4,835	4,820
Total	493,078	487,475	4,835	4,820

The cost includes £0.25m of interest capitalised at an average 4.4% in the year (2015: £0.16m). Property costs include an apportionment of development staff time directly spent on the administration of development activities amounting to £0.26m (2015: £0.84m) and on in-house legal costs amounting to £5k (2015: £64k).

Major Repairs, Renewals and Improvements

	2016 £'000	2015 £'000
Capitalised components and structure	3,018	3,865
Charged to revenue	3,070	3,318
	6,088	7,183

11. Tangible Fixed Assets - Other

Group Consolidated	Commercial and Office Properties Leasehold	Freehold	Fixtures & Fittings	Computer Hardware and Software	Investment Properties	2016 Total	2015 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost or Valuation							
At 1 April (as originally stated)	2,567	2,115	1,112	3,464	-	9,258	8,978
Restatement	(1,341)	(198)	-	-	3,978	2,438	2,442
At 1 April (restated)	1,226	1,917	1,112	3,464	3,978	11,696	11,420
Additions	-	-	475	1,214	-	1,690	2,100
Disposals	-	-	-	(343)	-	(343)	(1,824)
Surplus on revaluation	-	-	-	-	177	177	-
At 31 March	**1,226**	**1,917**	**1,588**	**4,335**	**4,155**	**13,220**	**11,696**
Depreciation							
At 1 April (as originally stated)	1,128	362	568	905	-	2,963	4,065
Restatement	(639)	42	-	-	-	(597)	(545)
At 1 April (restated)	489	404	568	905	-	2,366	3,520
Charge for the year	47	49	164	576	-	836	642
Depreciation on disposals	-	-	-	(339)	-	(339)	(1,796)
At 31 March	**537**	**453**	**732**	**1,141**	**-**	**2,863**	**2,366**
NBV							
At 1 April	736	1,513	544	2,559	3,978	9,330	7,900
At 31 March	**689**	**1,464**	**856**	**3,194**	**4,155**	**10,357**	**9,330**

Company	Other Equipment	Office Properties	Fixtures & Fittings	Computer Hardware and Software	Investment Properties	2016 Total	2015 Total
		£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April (as originally stated)	-	995	339	3,464	-	4,798	4,275
Restatement	-	118	-	-	2,265	2,383	2,389
At 1 April (restated)	-	1,113	339	3,464	2,265	7,181	6,664
Additions	280	-	17	1,214	-	1,511	1,892
Disposals	-	-	-	(343)	177	(166)	(1,375)
At 31 March	**280**	**1,113**	**356**	**4,335**	**2,442**	**8,527**	**7,181**
Depreciation							
At 1 April (as originally stated)	-	45	265	905	-	1,215	2,098
Restatement	-	141	-	-	-	140	124
At 1 April (restated)	-	186	265	905	-	1,355	2,222
Charge for the year	33	22	27	576	-	657	480
Depreciation on disposals	-	-	-	(339)	-	(339)	(1,347)
At 31 March	**33**	**208**	**291**	**1,141**	**-**	**1,673**	**1,355**
NBV							
At 1 April	-	928	74	2,559	2,265	5,826	4,442
At 31 March	**247**	**905**	**65**	**3,194**	**2,442**	**6,853**	**5,826**

Commercial and office properties, fixtures and fittings, computer hardware and software and other equipment are held at cost less accumulated depreciation.

Group and Company
Investment properties have been valued recently by Garside Waddingham, Chartered Surveryors, and Knight Frank LLP.

12. Investments In Joint Ventures

Group	2016 £'000	Restated 2015 £'000
Share of net liabilities	(3,993)	(4,313)
Subordinated debt with joint venture company	1,855	1,878
Provision for liabilities	**(2,138)**	**(2,435)**
Share of operating profit	50	7
Share of other comprehensive income	315	(1,506)

Progress Care Housing Association holds 33.3% (£333) of the equity share capital of Leeds Independent Living Accommodation (Holdings) Ltd, a Private Finance Initiative commissioned by Leeds City Council to fund the reprovision of accommodation for independent living. This is a joint venture with two other shareholders, Civic PFI Investments Limited and Jack Lunn (Properties) Ltd, each holding 33.3% of the equity share capital.

LiLAC Holdings Ltd has a 31 December year end giving rise to a dividend accrual of £0.025m in Progress Care Housing Association for the period to March 2016.

The LiLAC PFI company is the fixed interest rate payer of free-standing interest rate swap. Due to falls in variable interest rates, that swap is 'out of the money' for LiLAC Holdings, so the fair value of the swap is a liability. Under the new accounting rules in FRS 102, this liability is recognised, in its financial statements. As a result the Group has recognised a liability for the difference between its investment in LiLAC and its share of the fair value of its share of the liability on the swap.

13. Stock

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Completed shared ownership properties held for sale	236	172	-	-
Property Services	84	40	84	40
	320	213	84	40

14. Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Amounts falling due within one year:				
Rent and service charge arrears	3,290	4,081	6	7
Less provision for rental bad debts	(1,478)	(1,362)	(5)	(5)
	1,812	2,719	1	2
Prepayments and accrued income	1,528	1,460	493	325
Amounts owed by group companies	-	-	682	1,015
Trade debtors	1,167	1,403	159	33
Less provision for sundry bad debts	(231)	(274)	(3)	(3)
Other debtors	138	3	138	2
Government grants relating to assets	-	86	-	-
	2,603	2,678	1,469	1,372
	4,414	5,397	1,470	1,374
Amounts falling due after more than one year:				
Deferred tax - fixed asset and other timing differences	(50)	(67)	(50)	(67)

15. Current Asset Investments

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank deposits accessible on demand	5,634	221	-	-
Deposits held for leasehold schemes	166	154	-	-
	5,800	376	-	-

16. Creditors: amounts falling due within one year

	Notes	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank balances		1,368	1,928	1,347	1,928
Rent and service charges received in advance		1,356	1,219	3	1
Amounts owed to Group companies		-	-	1,206	-
Pension obligations for past service deficit	28	220	150	124	83
Trade creditors		5,251	3,431	1,573	1,687
Sinking fund for leasehold schemes		179	158	13	-
Taxation and social security payable		367	348	260	297
Corporation tax		-	127	-	127
Capital expenditure accruals		222	1,010	-	-
Government grants relating to assets		83	69	-	-
Disposal proceeds fund	17	19	18	-	-
Recycled capital grant fund	18	8	8	-	-
Interest on housing loans		484	588	-	-
Capital grants in advance		140	140	-	-
Other creditors		258	28	189	13
		9,953	9,223	4,714	4,136

Bank balances substantially relate to un-cleared payments. Standard payment terms are 30 days from date of invoice.

17. Disposal Proceeds Fund

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
At 1 April	18	50	-	-
Recycling of grant: new build	-	(32)	-	-
At 31 March	19	18	-	-

18. Recycled Capital Grant Fund

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
At 1 April	8	115	-	-
To fund: Grants Recycled	-	6	-	-
Recycling of grant: new build	-	(113)	-	-
At 31 March	8	8	-	-

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

	Group		Company	
	2016	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
Housing loans	264,477	266,206	-	-
Obligations under finance leases	247	-	247	-
	264,725	266,206	247	-

Maturity of debt	Group				Company	
Bank and building society loans repayable in instalments as follows:	**Loan Remeasurement**		**Loan Repayment**			
	2016	**2015**	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Within one year	287	275	3,538	-	-	-
In more than one year but not more than two years	300	287	6,164	3,538	-	-
In more than two years but not more than five years	961	939	26,030	22,273	-	-
In more than five years	3,237	3,558	224,748	236,169	-	-
Total loans	4,784	5,059	260,480	261,980	-	-
Less loan issue costs	-	-	(787)	(833)	-	-
	4,784	5,059	259,693	261,147	-	-

Bank and building society loans are secured by fixed charges on the Group's assets. They include fixed and variable rate loans, at various rates, between 1.04% and 7.21%. In accordance with transitional arrangements (FRS 102 s35), the loan has been remeasured, see note 29 (v).

Repayment of lease	Group		Company	
Photocopier lease repayable in instalments as follows:	**2016**	**2015**	**2016**	**2015**
	£'000	**£'000**	**£'000**	**£'000**
In more than one year but not more than two years	112	-	112	-
In more than two years but not more than five years	135	-	135	-
Total lease	247	-	247	-

Government grants relating to assets	**2016**	**2015**
	£'000	**£'000**
Deferred income - Government grants		
At 1 April	6,649	3,194
Grants receivable	1,103	3,490
Amortisation to Statement of Comprehensive Income	(76)	(35)
At 31 March	**7,676**	**6,649**
Due within one year	**83**	**69**
Due after one year	**7,594**	**6,579**

20. Non-Equity Share Capital

Group Consolidated and Company	**2016**	**2015**
	£	**£**
Allotted issued and fully paid:		
At 1 April	6	6
At 31 March	6	6

The shareholders do not have a right to any dividend or distribution upon winding-up. Each shareholder has full voting rights and £1 non-equity shares.

21. Reserves

Group Consolidated	Revaluation Reserves £'000	Designated Reserves £'000	Income & Expenditure £'000	2016 £'000	2015 £'000
At 1 April (as originally stated)	172,377	111	64,939	237,427	228,313
Restatement	(6,501)	-	(7,929)	(14,430)	(8,715)
At 1 April (restated)	165,876	111	57,010	222,997	219,598
Surplus after tax for the year ended 31 March	-	-	7,214	7,214	8,020
Actuarial gain / (loss) on pension scheme	-	-	2,794	2,794	(3,945)
Realisation of revaluation reserve in respect of impairment	(1,607)	-	1,607	-	-
Realisation of revaluation reserve in respect of disposals of housing property	(382)	-	382	-	386
Transfer to designated reserves	-	31	(31)	-	-
Realisation of revaluation reserve in respect of depreciation on revalued housing property	(1,318)	-	1,318	-	-
Increase / (decrease) on Joint Venture hedge reserve	-	-	315	315	(1,506)
Reversal of revaluation	-	-	-	-	444
At 31 March	162,569	142	70,609	233,320	222,997

Designated reserves relate to Key Unlocking Futures Limited.

Company	Revaluation Reserves £'000	Income & Expenditure £'000	2016 £'000	2015 £'000
At 1 April (as originally stated)	493	(3,543)	(3,050)	(1,041)
Restatement	338	(1,273)	(935)	(947)
At 1 April (restated)	831	(4,816)	(3,985)	(1,988)
Surplus for the year ended 31 March	-	57	57	820
Gain on revaluation	-	-	-	32
Pension remeasurement	-	-	-	430
Actuarial gain / (loss) on pension scheme	-	2,034	2,034	(3,279)
At 31 March	831	(2,725)	(1,894)	(3,985)

22. Capital Commitments

	Group 2016 £'000	Group 2015 £'000
Capital expenditure contracted but not provided for in the financial statements	2,008	8,981
Capital expenditure that has been authorised by the Board of Directors but has not yet been contracted for	5,639	1,923
	7,647	10,904

	Group 2016 £'000	Group 2015 £'000
Progress Housing Group expects the contracted commitments to be financed with:		
Grants	285	1,674
Committed loan facilities and free cash flow	1,723	7,307
	2,008	8,981

The commitments for the following year under non-cancellable operating leases are analysed into the earliest period in which break clauses can be exercised.

	Group Housing Properties	
	2016	2015
	£'000	£'000
Leased from external bodies		
Up to one year	2,155	2,187
Between two and five years	1,611	1,671

	Group Housing Properties	
	2016	2015
	£'000	£'000
Leased to external bodies		
Up to one year	203	106
Between two and five years	572	303

23. Emoluments of the Board and the Directors

Analysis of Non Executives Emoluments	2016	2015
	£'000	£'000
Non executives remuneration	96	99

The Group provides emoluments to Non-Executive Directors.
During the year there were no benefits, other than wages and salaries, payable to Board members.
Details on individual board member remuneration can be obtained from the Group's website.

	2016	2015
	£'000	£'000
Expenses re-imbursed to the Board not chargeable to UK income tax	6	6

Analysis of Directors' Emoluments	2016	2015
	£'000	£'000
The Directors of the Group are its members and the Executive Officers. All emoluments are contained in the company.		
Emoluments of the Group's Directors including pension contributions	697	860
Emoluments of the Group's Directors excluding pension contributions	619	778
Compensation for loss of office (included in above figures)	-	108
Emoluments of the Chief Executive, who was the highest paid Director, excluding pension contributions	174	174

The Chief Executive of the Group is an ordinary member of the pension scheme, and no enhanced or special terms apply.
There are no other individual pension arrangements to which the Group makes a contribution on behalf of the Chief Executive.

24. Employee Information

	Group		Company	
	2016	2015	2016	2015
	No.	No.	No.	No.
The average number of full-time equivalent persons employed during the year was:				
Office staff	342	341	200	190
Staff providing tenant services	17	15	-	-
Maintenance	94	90	94	90
	453	446	294	280

Full-time equivalents are calculated based on a standard working week of 36.25 hours, 39 hours for maintenance and 36.5 hours for Key Unlocking Futures Limited.

24. Employee Information (cont.)

Staff costs (for the above persons)	Group		Company	
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Wages & Salaries	15,017	13,695	10,522	9,330
Social security costs	1,176	1,146	851	812
Other pension costs	1,907	1,708	1,376	1,211
	18,100	16,549	12,749	11,353

The above wages and salary cost includes £951k of restructuring costs and other pension costs includes £518k or remeasurement of SHPS liabilities.

Staff costs (for the above persons)	Group		Company	
	2016	2015	2016	2015
£60,000 - £70,000	5	3	2	3
£70,001 - £80,000	10	6	7	4
£80,001 - £90,000	1	1	-	1
£90,001 - £100,000	1	-	1	-
£100,001 - £110,000	2	1	2	1
£110,001 - £120,000	3	3	3	3
£130,001 - £140,000	2	-	2	-
£150,001 - £160,000	-	1	-	1
£170,001 - £180,000	1	1	1	1
	25	16	18	14

Remuneration for the above includes salaries, bonuses, benefits in kind and compensation for loss of office.
The remuneration bandings for employees earning over £60,000 includes the Directors disclosed in note 23.

25. Cash Flow Statement Notes

Group Consolidated	2016	2015
	No.	No.
Returns on investments and servicing of finance	252	308
Interest Received	(11,713)	(11,737)
Interest Paid		
	(11,461)	(11,429)
Financing		
Loans received	-	549
Loans repaid	(1,454)	(4,405)
	(1,454)	(3,856)

	1 April	Cash Flows	Other Changes	31 March
	£'000	£'000	£'000	£'000
Analysis of net debt				
Cash in hand, at bank and overdrafts	(680)	450	-	(230)
Current asset investments	376	5,425	-	5,800
Debt due after one year	(266,206)	1,500	229	(264,477)
Total	(266,511)	7,375	229	(258,907)

Other changes include remeasurement of debt £275k and amortisation of cost of raising finance £46k

26. Related Party Transactions

Progress Housing Group Limited (Parent) Board of Management includes 1 member as shown below who is a tenant of New Progress Housing Association. The terms of their tenancy agreement is consistent with those offered to other tenants. At the year end there were no amounts due to the Group in respect of this member.

New Fylde Housing Limited Board of Management includes 1 member who is an elected member of Fylde Borough Council. The Group undertakes transactions with the Council at arms-length in the normal course of the business. The New Fylde Housing Limited Board of Management also includes 3 members who are tenants of the Group. The terms of their tenancy agreements are consistent with those offered to other tenants. At the year end there were no amounts due to the Group in respect of those members.

New Progress Housing Association Limited Board of Management includes 1 member who is an elected member of South Ribble Borough Council. The Group undertakes transactions with the Council at arms-length in the normal course of the business. New Progress Housing Association Limited Board of Management also includes 2 members who are tenants of the Group. The terms of their tenancy agreements are consistent with those offered to other tenants. At the year end there were no amounts due to the Group in respect of these members.

At the end of the financial year, the accounts for those Non-Executive Directors who are tenants showed a prepaid balance of £250 (2015 : £60 prepaid). All intra-group charges relate to the recovery of common costs in the usual course of business, and are priced as arms-length transactions.

27. Parent Undertakings and Group Transactions

The Group comprises the following bodies:	No of shares held	Principal activity
Progress Housing Group Limited	N/A	Provision of corporate services, development, legal, property maintenance, market rented and housing
New Progress Housing Association Limited	1	Provision of Social and Supported Housing
Progress Care Housing Association Limited	1	Provision of Supported Housing and Key Worker Accommodation
New Fylde Housing Limited	1	Provision of Social and Supported Housing
Key Unlocking Futures Limited	N/A	Provision of support for the young and homeless

All of the Registered Provider companies are registered with the Homes and Communities Agency and incorporated under the Co-operative and Community Benefit Societies Act 2014. Progress Care Housing Association Limited, New Progress Housing Association Limited and New Fylde Housing Limited have charitable status for tax purposes.

Key Unlocking Futures Limited is incorporated as a company limited by guarantee incorporated under the Companies Act 2006 and is a registered charity under the Charities Act 2011.

The Parent company has the ability to appoint and dismiss a majority of the subsidiary directors.

28. Pension Obligations

The Group participates in two pension schemes, Lancashire County Council's Superannuation Fund and the Social Housing Pension Scheme administered by the Pensions Trust. The LCC is a defined benefit scheme and SHPS has both defined benefit streams and defined contribution streams within its scheme, and detailed regulations govern the rates of pension contribution by both employees and the Group. Benefits are normally in the form of a lump sum retirement grant plus an annual pension.

As a responsible employer, the Group's strategy is to proactively manage defined-benefit pension scheme deficits by taking the following steps, whilst ensuring the pension offered is competitive.

- Closing both its multi-employer, defined benefit pension schemes to new membership in 2009.
  The scheme is currently classed as open and will be reassessed at the next valuation.
  The pension liability is then expected to be higher
- Increasing employer contributions beyond those actuarially assessed
- Making additional lump sum payments to the Lancashire Local Government Pension scheme
- Making a good quality defined contribution scheme available for all new starters.

Employer's contributions are based on percentages of employees' earnings as recommended by the actuary of the fund in his valuation. The ability of the pension funds to provide statutory benefits is assessed every three years by an independent professionally qualified actuary, and employer's contributions are reviewed in light of the actuary's report.

LANCASHIRE COUNTY PENSION FUND

The most recent full actuarial valuation of the fund was as at 31 March 2013, the results of which were:

Valuation Method	**Projected Unit**
Value of Assets	£5,011 million

The Group's employers' contributions to the fund during the year were 15.9% of pensionable salary in the year, and amounted to £1,038,638. The following table details the numbers of staff who are members of the fund. The Group parent, Progress Housing Group Limited paid an additional £500k at the end of March 2016 (2015: £50k) into the fund.

	Employers' Contributions		**No. Staff**	
	2016	**2015**	**2016**	**2015**
	£	**£**		
New Progress Housing Association	86,452	103,435	20	25
Progress Care Housing Association	108,497	114,504	20	24
Progress Housing Group	843,688	863,681	121	123
Discretionary Additional Contribution	500,000	50,000		
Total Group	1,538,638	1,131,620	161	172

Actuarial Assumptions	**At 31/03/16**	**At 31/03/15**
Rate of CPI Inflation	2.00%	2.00%
Rate of Increase in Salaries	3.50%	3.50%
Rate of Increase in Pensions	2.00%	2.00%
Discount Rate	3.60%	3.30%

28. Pension Obligations (cont.)

Asset Information	Market Value at 31 March 2016 £'000	% Split of Assets %	Market Value at 31 March 2015 £'000	% Split of Assets %
Equities	12,929	34.40	17,249	49.30
Government Bonds	752	2.00	1,085	3.10
Other Bonds	752	2.00	490	1.40
Property	3,608	9.60	3,534	10.10
Cash/Liquidity	1,278	3.40	1,679	4.80
Other (includes Credit funds, Overseas pooled & Private equity funds, Infrastructure)	18,267	48.60	10,951	31.30
Total Market Value of Assets	37,586	100.00	34,988	100.00
Present Value of Scheme Liabilities	45,321		45,954	
Net Pension Liability before tax asset	(7,735)		(10,966)	
Group parent allocation	(5,236)		(7,745)	
Deferred tax asset	943		1,549	
	(4,293)		(6,196)	

The allocation is based on the number of direct employees. A deferred tax asset of £0.943 million has been recognised in respect of the Parent company's LGPS deficit, being 18% of the liability (representative of the substantially enacted future tax rate).

The following disclosures relate to the Group as a whole (excl NFH):

Balance Sheet Items as at 31 March	2016 £'000	2015 £'000
Present Value of Funded Benefit Obligations	45,088	45,715
Present Value of Unfunded Benefit Obligations	233	239
Total Present Value of Benefit Obligations	45,321	45,954
Fair Value of Plan Assets	(37,586)	(34,988)
Deficit before deferred tax asset	**7,735**	**10,966**

Components of pension cost for period to 31 March	2016 £000's	2015 £000's
Current Service Cost	1,349	1,040
Net Interest Cost	343	(236)
Admin Expenses	22	-
Total pension cost recognised in Income & Expenditure	**1,714**	**804**
Statement of Recognised Total Recognised Surpluses and Deficits		
Remeasurements (liabilities & assets)	(3,400)	4,614
Total Remeasurements included in Statement of Comprehensive Income	**(3,400)**	**4,614**

28. Pension Obligations (cont.)

Change in Benefit Obligation during period to 31 March	2016 £'000 Unfunded Benefits	2016 £'000 All Benefits	2015 £'000 Unfunded Benefits	2015 £'000 All Benefits
Benefit Obligation at beginning of period	239	45,954	214	36,620
Current Service Cost	-	1,349	-	1,040
Interest on Pension Liabilities	8	1,505	10	1,664
Member Contributions	-	396	-	405
Remeasurements (gain)/loss on assumptions	(8)	(2,864)	20	7,007
Benefits/transfers paid	(6)	(1,019)	(5)	(782)
Benefit Obligation at end of period	233	45,321	239	45,954

Change in Plan Assets during period to 31 March	2016 £'000 Unfunded Benefits	2016 £'000 All Benefits	2015 £'000 Unfunded Benefits	2015 £'000 All Benefits
Fair value of plan assets at beginning of period		34,988	-	30,365
Interest on plan assets	-	1,162	-	1,900
Remeasurements assets	-	536	-	1,963
Admin expenses	-	(22)	-	-
Employer contributions	6	1,545	5	1,137
Member contributions	-	396	-	405
Benefits/transfers paid	(6)	(1,019)	(5)	(782)
Fair value of plan assets at end of period	-	37,586	-	34,988
Actual Return on Plan Assets		1,699		3,683

Post retirement mortality assumptions	2016	2015
Non-retired members	S1PA CMI_2012 [1.5%] (100% Males, 98% Females)	S1PA CMI_2012 [1.5%] (100% Males, 98% Females)
Retired members	S1PA CMI_2012 [1.5%] (100% Males, 98% Females)	S1PA CMI_2012 [1.5%] (100% Males, 98% Females)
Life expectancy		
of a male (female) future pensioner aged 65 in 20 years time	25.2 (27.9) years	25.1 (27.8) years
of a male (female) current pensioner aged 65	23 (25.6) years	22.9 (25.4) years
Market value of total fund assets (£ millions)	**5,788**	**5,643**

28. Pension Obligations (cont.)

Social Housing Pension Scheme

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

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

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

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

Deficit contributions

Tier 1 From 1 April 2016 to 30 September 2020:
£40.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)

Tier 2 From 1 April 2016 to 30 September 2023:
£28.6m per annum (payable monthly and increasing by 4.7% each year on 1 April)

Tier 3 From 1 April 2016 to 30 September 2026:
£32.7m per annum (payable monthly and increasing by 3% each year on 1 April)

Tier 4 From 1 April 2016 to 30 September 2026:
£31.7m per annum (payable monthly and increasing by 3.0% each year on 1 April)

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

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

28. Pension Obligations (cont.)

Social Housing Pension Scheme (cont.)

	Note	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Present Value of provision		**2,014**	**1,120**	**1,669**	**913**
RECONCILIATION OF OPENING AND CLOSING PROVISIONS					
Provision at the start of the period		1,669	913	1,741	952
Unwinding of the discount (interest expense)		30	16	49	27
Deficit contributions paid		(204)	(112)	(196)	(107)
Remeasurements - impact of change in assumptions		(11)	(6)	74	41
Remeasurements - amendments to the contribution schedule		530	309	-	-
Provision at the end of the period		**2,014**	**1,120**	**1,669**	**913**
Current liability	**16**	**220**	**124**	**124**	**83**
Non current liability		**1,794**	**996**	**1,545**	**830**
		2,014	**1,120**	**1,669**	**913**
INCOME AND EXPENDITURE IMPACT					
Interest expense		30	16	49	27
Remeasurements - impact of change in assumptions		(11)	(6)	63	40
Remeasurements - amendments to the contribution schedule		530	309	-	-
Provision at the end of the period		**549**	**319**	**112**	**67**
ASSUMPTIONS					
Rate of discount used		**2.06%**	**2.06%**	**1.92%**	**1.92%**

29. Transition to FRS 102 - Progress Housing Group

These financial statements for the year ended 31 March 2016 are the first financial statements of Progress Housing Group that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014. The transition to FRS 102 has resulted in a number of changes in accounting policies compared to those used previously as detailed in the notes. The following notes to the financial statements describe the differences between reserves and surplus as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information), as well as reserves presented in the opening statement of financial position (as at 1 April 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

	Notes	As at 31 March 2015	As at 1 April 2014
Reconciliation of reserves		**£'000**	**£'000**
Revenue reserves			
Revenue reserves (as previously stated)		64,939	56,625
Adjustments in respect of property, plant and equipment	i	(71,570)	(70,638)
Adjustments in respect of Investment properties	ii	572	505
Adjustments in respect of Grants	iii	74,102	74,091
Adjustments in respect of the recognition of the Social Housing Pension Scheme (SHPS)	iv	(1,670)	(1,741)
Adjustments in respect of loan remeasurement	v	(5,059)	(4,899)
Adjustments in respect of joint venture	12	(4,305)	(2,799)
Revenue reserves (as restated)	**21**	**57,010**	**51,143**
Revaluation reserves			
Revaluation reserves (as previously stated)		172,377	171,550
Adjustments in respect of property, plant and equipment	i	67,360	70,638
Adjustments in respect of Investment properties	ii	220	220
Adjustments in respect of Grants	iii	(74,081)	(74,091)
Revaluation reserves (as restated)	**21**	**165,876**	**168,317**

Reconciliation of surplus for the year ending 31 March 2015		**£'000**
Surplus for the year (as previously stated)		11,884
Adjustments in respect of depreciation and revaluation	i	(2,571)
Adjustments in respect of impairment	i	(797)
Adjustment in respect of grant amortisation	ii	21
Adjustments in respect of SHPS	iv	73
Adjustments in respect of LGPS	iv	(430)
Adjustments in respect of loan remeasurement	v	(160)
Revised surplus for the year ending 31 March 2015		**8,020**

Adjustments as shown in the Fixed Asset note 10	
Grants received in the 2014/15 reclassfied to creditors	4,159
	4,159
Adjustments in respect of prior year revaluation	**(592)**

29. Transition to FRS 102 - Progress Housing Group (cont.)

Movement between reserves	Notes	£'000
Restated revenue reserves as at 31 March 2014		**51,143**
Restated surplus for the year ended 31 March 2015		8,020
Amount realised on property sales		1,165
Transfer to designated reserves		27
Actuarial loss on pension scheme		(3,945)
Transfer between reserves in respect of excess depreciation due to revaluation		1,318
Impairment transfer		797
Reversal of grants repaid		(10)
(Decrease) on Joint Venture hedge reserve	12	(1,506)
Revenue reserves (as restated)	**21**	**57,010**

Movement between reserves	Notes	£'000
Restated revaluation reserves as at 31 March 2014		**168,317**
Movement on revaluation reserve		1,606
Realised on property sales		(779)
Additional depreciation in respect of revaluation		(5,467)
Transfer between reserves in respect of excess depreciation due to revaluation		(1,318)
New grants in the year reversed out of revaluation reserves		10
Reversal of 2014/15 valuation		3,508
Revaluation reserves (as restated)	**21**	**165,876**

Changes as a result of FRS 102

i Adjustments in respect of Property, Plant and Equipment (PPE)

a Additional depreciation as a result of apportioning an element of the revaluation to structure

Under SORP 2014, any revaluation of housing properties must be split proportionately between land and structure. Previously, all revaluation was applied to land. This has resulted in a larger depreciation charge as land is not depreciated whereas structure is depreciated over 80 years. Also, grants are no longer disclosed within fixed assets, and the depreciation charge is based on the net amount. As grants are no longer within fixed assets, the depreciation charge is based on the gross amount, resulting in a higher charge.

b Adjustment to accumulated depreciation in relation to the higher charge (as above)

As noted above, there is a higher depreciation charge due to a number of factors. As the changes were not transitional, the adjustments are backdated, therefore a historic adjustment is to be made in respect of additional accumulated depreciation. The additional amount in relation to grants is noted above, however the amount in respect of the revaluation depreciation is adjusted in and out. Each year, an annual transfer can be made for any additional depreciation in respect of revaluation, therefore, a historic transfer was made in respect of this amount, in and out of revaluation reserves, so the overall effect on revenue reserves was nil.

c Movement of all negative revaluations to revenue reserves

Previously, under old UK GAAP and SORP 2010, negative revaluation reserves were permitted, therefore these formed part of the revaluation reserve. Under FRS 102 and SORP 2014, negative revaluations should be recognised in the Statement of Comprehensive Income whenever they arise, therefore, the value of all negative revaluations were reclassified from revaluation reserves to revenue reserves.

d Annual transfer of excess depreciation to revenue reserves

As noted above, for additional depreciation charged as a result of revaluation, an annual transfer between revaluation reserves and revenue reserves is permitted.

e Increased impairment

As a result of accounting for housing properties at deemed cost, there is a higher impairment charge within operating surplus, with a subsequent transfer between reserves within other comprehensive income.

29. Transition to FRS 102 - Progress Housing Group (cont.)

Changes as a result of FRS 102 (cont.)

ii Adjustments in respect of investment properties

a Investment properties - expensing all revaluations, and reversing all depreciation

Under FRS 102 and SORP 2014, a number of market rented and commercial properties were reclassified as investment properties. Investment properties are to be recognised at fair value, and no depreciation is to be charged. Each year, any change in fair value is to be recognised in the Statement of Comprehensive Income. A historic adjustment to reclassify all previously charged depreciation, and to expense all revaluations is made to revenue reserves.

iii Adjustments in respect of grants

a Grants moving to reserves and revaluation being adjusted to reflect this

Frozen valuation has been elected as the accounting policy choice for housing properties, up until the transition date, the housing properties were accounted for under the revaluation model. Under FRS 102 all grants are to be recorded under the performance model of accounting and recorded in the Statement of Comprehensive Income in the year they are received. Therefore, for all grants received before 1 April 2014, they have all been recognised in revenue reserves. Alongside this, a transfer for the same amount is made out of revaluation reserves to ensure that housing properties remain at the same value.

b Grants that have not been fully recognised movement to creditors

As noted above, any grants that had been received before the transition date were fully recognised in revenue reserves. For all grants that had not been received, or for any grants received in the year ended 31 March 2015, these were transferred to creditors, an element in creditors less than 1 year, and an element in creditors greater than 1 year.

c Amortisation of grants that are in creditors

As per b, any grants reclassified to creditors are to be amortised over the period of expected benefit.

iv Adjustments in respect of pension schemes

a Recognition of SHPS liability

The Social Housing Pension Scheme liability was previously not recognised as a liability on the Statement of Financial Position. This is now to be recognised as a liability of the company, and therefore an adjustment is made to revenue reserves. In previous years, the cost of the repayment was recognised through the Income and Expenditure account, however, under FRS 102, the payments are recognised partly against the liability, and partly as pension interest. Therefore, the expensed items were reversed, and in place, the pension interest was recognised.

b Remeasurement of LGPS

Each year, the LGPS liability is independently assessed by a third party actuary. Under FRS 102, there have been some changes to the underlying assumptions used in this calculation. As a result, the net liability remains the same, however, there are changes within that calculation, primarily to interest, but also to current service costs. These movements are offset by a movement in actuarial gains and losses. This has had the effect of reducing the net surplus for 2014/15, however, the change in actuarial gains/losses is then recognised and total comprehensive income is unchanged.

v Adjustments in respect of Bank of Scotland (NFH) loan remeasurement

a Loan remeasurement

The BOS loan balance was re-priced in 2009 just before NFH joined the Group, and resulted in an increase to the loan margin of 1%. As a result of this, the loan had to be either derecognised or remeasured. The difference was to be assessed by taking the present value of future cash flows with the new rate of interest, against those at the old rate of interest, both discounted at the old rate.

If the difference was more than 10%, this is classed as a substantial change, and the loan needs to be derecognised and then re-recognised. If the balance is less than 10% then the loan can be remeasured. Using transition relief, although the difference was substantial, we have the option to only remeasure, and this is what has been done.

The loan was remeasured as at 1 April 2009, and then held under the amortised cost model. There was a difference of £4.9m between the carrying value of the loan (£50m) and the revised loan value (£54.9m) as at 31 March 2014. This difference was adjusted to revenue reserves.

The increase in loan value is offset by a lower interest charge over the remaining life of the loan, such that at 31 March 2036, when the loan is fully repaid, the difference is nil.

29. Transition to FRS 102 - Progress Housing Group (cont.)

Tangible Fixed Assets - housing properties conversion to FRS 102

Group consolidated	Note	Housing Properties Completed £'000	Housing Properties Under Construction £'000	Shared Ownership Completed £'000	2014 Total £'000
NBV					
As previously stated as at 31 March 2014		479,352	9,157	4,868	493,377
Movement of grants to reserves		79,760	-	-	79,760
Uplift of revaluation to reflect movement of grants		(78,336)	-	-	(78,336)
Reclassification of market rented flats to investment properties		(2,265)	-	-	(2,265)
Revised as at 31 March 2014	10	478,511	9,157	4,868	492,536

	Note	Housing Properties Completed £'000	Housing Properties Under Construction £'000	Shared Ownership Completed £'000	2015 Total £'000
NBV					
As previously stated as at 31 March 2015		490,602	7,332	4,815	502,749
Movement of grants to reserves		77,509	2,251	-	79,760
Uplift of revaluation to reflect movement of grants		(78,336)	-	-	(78,336)
Grants in 2014/15		4,159	-	-	4,159
2014/15 depreciation charge		(7,696)	-	-	(7,696)
Reclassification of market rented flats to investment properties		(2,265)	-	-	(2,265)
Reversal of 2014/15 revaluation		3,503	-	5	3,508
Revised as at 31 March 2015	10	487,475	9,583	4,820	501,878

29. Transition to FRS 102 - Progress Housing Group (cont.)

Tangible Fixed Assets - other fixed assets conversion to FRS 102

Group consolidated	Note	Freehold Commercial Properties £'000	Freehold Leasehold Properties £'000	Fixtures and Fittings £'000	Computer Hardware and Software £'000	Investment Properties £'000	2014 Total £'000
NBV							
As previously stated as at 31 March 2014		1,792	1,540	469	1,109	-	4,910
Transfer to investment properties		(988)	-	-	-	3,253	2,265
Removal of investment property depreciation		-	-	-	-	670	670
Uplift of investment properties to fair value		-	-	-	-	55	55
Revised as at 31 March 2014	11	804	1,540	469	1,109	3,978	7,900

		Freehold Commercial Properties £'000	Freehold Leasehold Properties £'000	Fixtures and Fittings £'000	Computer Hardware and Software £'000	Investment Properties £'000	2014 Total £'000
NBV							
As previously stated as at 31 March 2015		1,753	1,439	544	2,559	-	6,295
Transfer to investment properties		(218)	(703)	-	-	3,186	2,265
Elimination of investment property depreciation		-	-	-	-	738	738
Uplift of investment properties to fair value		-	-	-	-	55	55
14/15 depreciation charge		(22)	-	-	-	-	(22)
Revised as at 31 March 2015	11	1,513	736	544	2,559	3,979	9,330

29. Transition to FRS 102 - Progress Housing Group Limited (Company)

These financial statements for the year ended 31 March 2016 are the first financial statements of Progress Housing Group Limited (Company) that comply with FRS 102. The date of transition to FRS 102 was 1 April 2014. The transition to FRS 102 has resulted in a number of changes in accounting policies compared to those used previously as detailed in the notes. The following notes to the financial statements describe the differences between reserves and surplus as presented previously, and the amounts as restated to comply with the accounting policies selected in accordance with FRS 102 for the reporting period ended at 31 March 2015 (ie comparative information), as well as reserves presented in the opening statement of financial position (as at 1 April 2014). It also describes all the required changes in accounting policies made on first-time adoption of FRS 102.

Reconciliation of Reserves	Notes	As at 31 March 2015 £'000	As at 1 April 2014 £'000
Revenue reserves			
Revenue reserves (as previously stated)		(3,543)	(2,110)
Adjustments in respect of property, plant and equipment	i	(124)	(124)
Adjustments in respect of Investment properties	ii	(236)	(220)
Adjustments in respect of the recognition of the Social Housing Pension Scheme (SHPS)	iv	(913)	(952)
Revenue reserves (as restated)	21	**(4,816)**	**(3,403)**
Revaluation reserves			
Revaluation reserves (as previously stated)		493	1,072
Adjustments in respect of property, plant and equipment	i	124	124
Adjustments in respect of Investment properties	ii	214	220
Revaluation reserves (as restated)	21	**831**	**1,415**

Reconciliation of Surplus for the year ending 31st March 2015		£'000
Surplus for the year (as previously stated)		1,227
Adjustments in respect of depreciation and revaluation	i	(17)
Adjustments in respect of SHPS	iv	39
Adjustments in respect of LGPS	iv	(430)
Revised surplus for the year ending 31 March 2015		**820**

29. Transition to FRS 102 - Progress Housing Group Limited (Company) (cont.)

Movement between reserves	Note	£'000
Restated revenue reserves as at 31 March 2014		**(3,403)**
Restated surplus for the year ended 31 March 2015		820
Actuarial loss on pension scheme		(2,849)
Movement on revaluation reserves		617
Revenue reserves (as restated)	**21**	**(4,816)**

Movement between reserves		
Restated revaluation reserves as at 31 March 2014		**1,415**
Movement on revaluation reserve		38
Realised on property sales		(617)
Reversal of depreciation on investment properties		(6)
Revaluation reserves (as restated)	**21**	**831**

Tangible Fixed Assets - housing properties conversion to FRS 102

Company	Housing Properties Completed £'000	Shared Ownership Completed £'000	2014 Total £'000
NBV			
As previously stated as at 31 March 2014	2,265	2,016	4,281
Reclassification of market rented flats to investment properties	(2,265)	-	(2,265)
Revised as at 31 March 2014	-	2,016	2,016

	Note	Housing Properties Completed £'000	Shared Ownership Completed £'000	2015 Total £'000
NBV				
As previously stated as at 31 March 2015		2,265	-	2,265
Reclassification of market rented flats to investment properties		(2,265)	-	(2,265)
Revised as at 31 March 2015	10	-	-	-

29. Transition to FRS 102 - Progress Housing Group Limited (Company) (cont.)

Tangible Fixed Assets - other fixed assets conversion to FRS 102

Company	Note	Freehold Commercial Properties £'000	Fixtures and Fittings £'000	Investment Properties £'000	Computer Hardware £'000	2014 Total £'000
NBV						
As previously stated as at 31 March 2014		950	118	-	1,109	2,177
Transfer to investment properties		-	-	2,265	-	2,265
Revised as at 31 March 2014	11	950	118	2,265	1,109	4,442

	Note	Freehold Commercial Properties £'000	Fixtures and Fittings £'000	Investment Properties £'000	Computer Hardware £'000	2015 Total £'000
NBV						
As previously stated as at 31 March 2015		951	74	-	2,559	3,584
Transfer to investment properties		-	-	2,265	-	2,265
Elimination of investment property depreciation		(22)	-	-	-	(22)
Revised as at 31 March 2015	11	928	74	2,265	2,559	5,825

30. Post Balance Sheet Events

On 23 June 2016, the UK voted in a national referendum in favour of leaving the European Union. This has caused volatility in markets, triggered political uncertainty and is likely to impact on the economic environment. At this stage, it is impossible to assess the impact of this decision on the organisation and subsequently on the financial statements. The Group will assess the potential impacts, risks and opportunities arising over the coming months.

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