BRENT HOUSING PARTNERSHIP LIMITED

FINANCIAL STATEMENTS
2015-16

Company Registration No. 04533752

Contents

BRENT HOUSING PARTNERSHIP LIMITED

COMPANY INFORMATION

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

BOARD MEMBERS

- COUNCIL NOMINEES

Bernard Collier		Appointed	22 May 2015
Patricia Harrison		Appointed	22 May 2015
Mili Patel		Appointed	22 May 2015
Shafique Choudhary		Resigned	21 May 2015
Janice Long		Resigned	21 May 2015
Tayo Oladapo		Resigned	21 May 2015

- RESIDENT MEMBERS

Farida Adjerit		Appointed	30 September 2015
Timothy Blanc		Appointed	21 March 2013
Samantha Da Lomba Costa		Appointed	30 September 2015
John Healy		Appointed	21 March 2013
Sheila Perry		Appointed	21 March 2013
Margaret Von Stoll		Appointed	30 September 2015
Karin Jaeger		Resigned	29 September 2015

- INDEPENDENT MEMBERS

Waqar Ahmed		Appointed	30 September 2015
Joanne Drew	Chair	Appointed	23 October 2012
Vijay Patel		Appointed	21 March 2013
Geoffrey Pearce		Appointed	21 March 2013
Colin Moone		Resigned	29 September 2015

KEY MANAGEMENT PERSONNEL

Rowann Limond	Interim Managing Director	Appointed	3 December 2015
	Director of Finance	Resigned	2 December 2015
Margaret Dodwell	Director of Transformation	Appointed	20 January 2016
Gary Wilkinson	Director of Property	Appointed	29 March 2016
Tom Bremner	Managing Director	Resigned	31 December 2015
Peta Caine	Director of Operations	Resigned	12 February 2016
Keith Harley	Director of Development & Growth	Resigned	21 March 2016

COMPANY SECRETARY

Louise Egan Appointed 27 September 2013

REGISTERED OFFICE

Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 OFJ

COMPANY REGISTRATION NO. 04533752

HCA REGISTRATION NUMBER 4569

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP., 1 Embankment Place, London, WC2N 6RH

BANKERS

National Westminster, Wembley Park Branch, 15 Bridge Road, Wembley, Middlesex, HA9 9AE

SOLICITORS

Winckworth Sherwood LLP., 5 Montague Close, London, SE1 9BB

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors present their strategic report on the Company for the year ended 31 March 2016. Reference should also be made to the Directors' Report for the year ended 31 March 2016.

Review of the business

Brent Housing Partnership Limited (the 'Company' or 'BHP') is a local authority owned company of the London Borough of Brent (the 'Council'), which is limited by guarantee.

A new 10 year Management Agreement between the Council and the Company (the 'Management Agreement') came into effect on 1 April 2013.

The Company manages and maintains Council properties on behalf of the London Borough of Brent with the primary goal of providing an excellent housing management service to all our service users.

In addition, the Company is a registered housing provider owning 332 properties as at 31 March 2016.

The Company is regulated by the Homes and Community Agency (HCA) against standards set out in the Regulatory Framework for Social Housing in respect of Registered Providers with properties under one thousand units.

The Board of Directors (the 'Board') has agreed with the Council to follow best practice and comply with all standards and ensure compliance with HCA regulatory framework and the Greater London Authority (GLA) conditions of grant as a development agent. The Company has also adopted the National Housing Federation (NHF) Governance Code and prepared its financial statements in accordance with the Statement of Recommended Practice for Registered Social Housing Providers (the 'Housing SORP 2014') which became effective for accounting periods beginning on or after 1 January 2015.

Business environment

The UK housing sector is facing further significant change in relation to the 2016 London Mayoral elections and the implementation of the Housing & Planning Act 2016.

The London Borough of Brent continues to face significant housing challenges, with a fast rising population, a large average family size, low incomes and high unemployment, rising demand, high prices and high rents in a changing market. This all means that housing policy changes at a national level must be carefully evaluated and, where necessary, new approaches identified to meet the challenges arising.

Given that all of this is happening in a period of reducing resources for the Council, the Company is focused on finding new ways of working which deliver value for money and address the challenges set for us by our residents and the Council.

To this end, BHP and the Council jointly commissioned a review, in November 2015, of the Company's operating model and this was completed in March 2016. The implementation of review recommendations is currently on hold, pending the outcome of the Council's review of its provision of housing management services.

Budget environment

The main area where there is likely to be both a direct and an indirect impact, relates to the reduction in social rents for a minimum of the next four years; both for BHP social rented stock and for the Council housing stock, which is managed by BHP.

In addition to reducing actual income levels, this may also have a knock-on effect on the value of the stock itself and as a consequence the long term financial viability of the Company and Housing Revenue Account (HRA) business plans. The combination of these changes with the on-going and progressive effect of Welfare Reform, Pay to Stay and sale of high value voids will be assessed as their impact becomes clearer.

Principal risks and uncertainties

The 2015/16 financial year has been a challenging one for the Company, with the departure of certain senior staff and the implementation by BHP, in February 2016, of a 'transformation plan' set by the Council.

The plan sets out the areas of the business in which the Council want to see improvements and these mainly centre on customer facing services, such as complaints and repairs. In order to oversee the transformation process a Task & Finish Group and Transformation Board, comprising of both BHP and Council officers and BHP Board members, has been established.

In 2015/16 we also saw the first sale, under preserved Right-to-Buy, of a BHP property, which generated a cash receipt which can be reinvested into improving our own housing stock; however this may lead to other BHP tenants exercising their retained rights and lead to a further reduction of stock.

The Government's 1% rent reduction, for the next four years, continues to impact on the income levels and the valuation of the Company's social rented properties, and there is continued uncertainty around the Government's 'Pay to Stay' proposals. Also the Housing & Planning Bill requirement for local authorities to sell or make an annual payment in relation to their high value vacant dwellings over the year, will have a detrimental effect on the Council's Housing Revenue Account, and its stock numbers.

The Company has continued to make savings, as required by the Management Agreement, with 3% being achieved in 2015/16 and a further 10% required in 2016/17. This places additional strain on the resources of the Company where approximately 80% of its costs are staff-related.

The process of risk acceptance and risk management is addressed through a framework of policies, procedures and internal controls. The risk management strategy and all policies are subject to Board approval and on-going review by the Audit Committee, management and internal audit. The Audit Committee is responsible for satisfying itself that a proper internal control framework exists to manage financial risks and that controls operate effectively.

The principal financial risks which could impact on the financial viability of the Company arise from:

- any termination by the Council of the Management Agreement;
- continued pension scheme deficit;
- potential rises in inflation, with its impact on rent increases and the viability of housing development;

- the cumulative impact of welfare reform and increased exposure to the housing market, with properties on higher rents, which will have a consequence on the necessity to maintain the level of income collection;
- loss of housing stock through right to buy, planned regenerations and disposals, and the resultant reduction in the management fee from the Council. This will have then have the effect of increasing staffing costs in proportion to the works costs, leading to the loss of economies of scale.

The corporate risks which are managed by the Audit Committee on a quarterly basis are set out in the table below:

Risk Appetite	Risk Group	Ref	Strategic Objective	Risk Item	Inherent Risk Assessment	Risk Owner
Watching Brief	Strategic	1	Safe and Well Run	Change in central and local government policy & legislation	16	Managing Director
Zero Tolerance	Operational	2	Safe and Well Run	Fraud	9	Director of Finance
Zero Tolerance	Strategic	3	Safe and Well Run	Governance and Business compliance	9	Managing Director
Zero Tolerance	Operational	4	Safe and Well Run	Health & Safety	16	Director of Finance
Zero Tolerance	Operational	5	Safe and Well Run	Information governance / data protection	12	Director of Finance
Zero Tolerance	Operational	6	Safe and Well Run	Adult/child safeguarding	12	Director of Operations
Zero Tolerance	Operational	7	Brilliant Customer Service and Fantastic Neighbourhoods	Capital Programme - Wates Living Space	12	Director of Operations
Zero Tolerance	Financial	8	Safe and Well Run	Financial Viability	9	Director of Finance
Zero Tolerance	Operational	9	A Great Place to Work with Strong Partnerships	Operational performance	12	Managing Director
Zero Tolerance	Strategic	10	Safe and Well Run	Employee Development and Retention	9	Director of Finance
Managed Risk	Strategic	11	Building New Homes and Regenerating Estates	Development Agency	12	Director of Development & Growth
Managed Risk	Operational	12	Safe and Well Run	Business Diversification	9	Director of Development & Growth
Managed Risk	Operational	13	Safe and Well Run	Lettings Agency	9	Director of Development & Growth
Managed Risk	Operational	14	Safe and Well Run	Business Specific Employment Framework	9	Director of Finance

KEY: Green (1-3) = Low risk; Amber (4 to 8) = Medium risk; and Red (9 to 16) = High risk

Results and performance

The 2015/16 financial statements are the first to be prepared under the new UK GAAP accounting standard FRS102. The main considerations for BHP arising from the new standard related to the valuation of its properties; the assessment of our financial instruments (loans); the recognition of short-term employee benefits, more specifically untaken annual leave; and pension interest cost. Following an evaluation exercise it was determined that the key changes required related to short-term employee benefits and pension costs, and it was agreed by the Board to restate the financial statements.

The Company was paid a management fee of £7.6m (£7.7m in 2014/15), including Service Level Agreement (SLA) income of £836k, by the Council to manage Council properties on its behalf. This excludes rental income and other income as set out on page 27.

The Company also managed budgets amounting to £16.0m revenue and £51.8m capital in 2015/2016 (£16.0m revenue and £10.4m capital in 2014/2015) in respect of the management and maintenance of the Council properties and their surroundings.

The Company recorded a surplus of £1.8m in 2015/2016, compared with a surplus of £975k (restated from £1.4m) in 2014/2015. The Company's underlying liquidity i.e. its ability to meet its short term debt obligations is shown in the table below:

Indicator	2015/16	2014/15*	Calculation
Current ratio	1.17	1.00	Current assets divided by current liabilities
Acid test/quick ratio	1.16	0.98	Current assets less stock, divided by current liabilities
Interest cover	1.81	1.52	Operating surplus divided by interest payable

*restated for new FRS 102

The improvement, from the previous year, in both the current and acid test ratios is primarily a result of there being increased amounts due from the Council (assets).

The pension scheme deficit of £16.0m (£18.8m in 2014/15) continues to have a negative impact on the Company's balance sheet; however this liability is fully supported by the Council.

Strategy

In 2016 the Board, in consultation with its stakeholders, set out what it wanted to be seen as and the way it wanted to work.

The Board intends that by 2018 BHP will be a leading modern, dynamic and creative housing and regeneration business. We will continue to be Brent's best partner making a difference to communities and local people in particular by enabling them to be more resilient. BHP will be closely aligned to the Council's key priorities and yet at the same time be proud, independent-minded and confident.

The involvement of our customers will remain our core strength. This keeps us grounded in what matters and enables us to relate to our customers maximising our effectiveness. We will nurture our community leaders, listen to our scrutinisers and most importantly give them the space and confidence to make a difference. We will be proud advocates of their achievements, which will reinforce community confidence and resilience.

BHP has developed a set of key strategic objectives which are intrinsically linked to the Vision and Values and which cover the way in which we deliver both the Council's and the Board's aspirations. These values and their links are set out below:

Key Strategic Objective	What it means	Links to BHP Strategies
Enabling Great Communities	We will work with local residents and communities to create solutions and achieve our ambitions together. We celebrate the diversity of Brent and see this as a strength and resource.	Equality, Diversity and Inclusion; Community Leadership
Good Value	Being efficient and offering good value for money so that every penny is well spent and well invested is a key goal and this includes expecting everyone to take responsibility and play their part so that solutions are lasting.	VFM; New Business; Investment; Procurement
Customer Services and Neighbourhoods	We want to make customers feel special, with services that are relevant to each person offering choice great places that feel loved, which give a sense of pride and where people belong; we want to achieve this in the context of our enabling role in building vibrant, diverse and resilient communities.	Customer Service
Building New Homes and Regenerating Estates	The test of our success will be our legacy so we will build great new homes and invest in people and places for our current residents but also for their children and for our future residents.	Development; New Business
Safe and Well Run	Ensuring that we keep our residents, ourselves and our colleague's safe, and that everything we do is built on solid foundations where managing budgets, risk and safety come first.	MTFS; Risk Management; Health and Safety
A Great Place to Work with Strong Partnerships	Attracting, keeping and developing talented staff and partners who are driven to make a difference and love what they do	People

The Company has also agreed the following key principles as part of its Medium Term Financial Strategy (MTFS), which underpin its financial planning:

- **Transparency of funding** – each of the component aspects of the Company's income will have their financial information shown separately. This principal will apply to any new areas of business which BHP enters into. This will ensure that there is no cross-subsidisation of services and aid compliance with future accounting requirements, unless where specifically agreed;
- **Value for money** – BHP is committed to providing value for money for all of its services including central overhead costs. An integral part of business plans and a key measure of the success of a service is whether it can demonstrate that it is delivering value for money against measures of efficiency, performance and perception;

- **Investment in key priorities (including organisational change)** – BHP's corporate priorities should provide the rationale for the allocation of investment resources in respect of where they offer the best solution for both BHP and the HRA. The key areas of investment are new build, regeneration and acquisition of existing property;
- **Efficiency** – building on previous savings, all future savings should be earmarked to deliver investment in the key priorities – which could include working capital to support growth initiatives providing that these deliver appropriate returns;
- **Non management agreement funding and partnerships** – diversifying sources of income and maximising non-management agreement funding and partnership, working to deliver increased and improved services with the minimum impact on revenue resources;
- **Improved budgeting and financial management** – all known calls on resources will be financed directly from the profit and loss and account and not through the balance sheet;
- **Reserves** – in order to mitigate risk a prudent level of reserves should be maintained. It is proposed that the reserves should be based on either 10% of the gross budget or one years' worth of debt repayments whichever is the higher;
- **Balance sheet** – BHP will aim to achieve a strong balance sheet including reductions in debt in order to support future investment, reduce financing costs, minimise tax liabilities and comply with all covenants set out in the loan agreements; and
- **Pension scheme liability** - BHP is in a net liability position largely due to the pension deficit; the directors have obtained written support from the London Borough of Brent to underwrite the pension deficit.

Key performance indicators ('KPIs')

In order to comply with the Management Agreement, the Board is required to demonstrate that BHP is providing a value for money service.

The business plan and its associated performance indicators contain specific reviews and measures of value for money, which are reported to both the Board and the Council.

The Board and the Council monitor the progress of the organisation by reference to the following suite of performance indicators:

KEY PERFORMANCE INDICATORS	UNIT	2014/15 ACTUAL	2015/16 TARGET	2015/16 ACTUAL	2016/17 TARGET
Average re-let time of standard voids	Days	[illegible]	27	[illegible]	24
Average re-let time of major voids	Days	74	75	[illegible]	61
Percentage of rent lost through void properties	%	[illegible]	0.80	[illegible]	0.80
Percentage of all members' enquiries responded to within 10 days	%	[illegible]	100	85	100
Percentage of properties which currently have a valid gas safety certificate	%	100	100	99.98	100
Percentage of all responsive repairs completed within target time	%	93	95	91	95
Percentage of customers very or fairly satisfied with the quality of responsive repairs work	%	98	96	[illegible]	96
Percentage of current gross rent collected from tenants	%	98.5	99.5	[illegible]	99.5
Working days lost due to sickness absence including long term sick	Days	7.1	8.5	[illegible]	8.5

HouseMark MEASURES	UNIT	2013/14 ACTUAL	2014/15 TARGET	2014/15 ACTUAL	2015/16 TARGET*
Estate services cost per property	£	[illegible]	197	[illegible]	201
Housing management direct cost per property	£	[illegible]	290	[illegible]	260
Major works & cyclical maintenance direct cost per property	£	[illegible]	1,900	1,467	1,612
Responsive repairs & void works direct cost per property	£	[illegible]	700	[illegible]	703
Overhead cost as a percentage of adjusted turnover	%	8.69	7.50	[illegible]	7.97
Overhead costs as a percentage of direct revenue costs	%	19.65	19.00	[illegible]	16.97

* Upper Quartile Threshold

BUSINESS RECOVERY PRIORITY INDICATORS		End of Year 2015/16 Position	March 2016 Target	June 2016 Target	Upper Quartile / Corporate standard	Outcome
Capital Programme Management And Delivery	Tenant Satisfaction with the way in which we manage Repairs and Maintenance	[illegible]	68%	73%	77%	To increase tenant satisfaction and reduce complaints and members enquiries
	Leasehold Satisfaction with the way in which we manage Repairs and Maintenance	[illegible]	35%	40%	n/a	
Landlord Service Performance	Tenant satisfaction survey return	n/a	71%	73%	80%	Increased levels of satisfaction
	Leaseholder satisfaction survey return	n/a	46%	50%	n/a	
	Average time taken to answer a call	[illegible]	75 secs	60 secs	n/a	To increase tenant satisfaction and reduce complaints and members enquiries
	Stage 1 complaints responded to within 20 days	[illegible]	80%	100%	93%	
	Members Enquiries Answered within 10 Days	[illegible]	95%	100%	100%	
Efficiency and Effectiveness	Turnaround time for Standard Voids	[illegible]	30days	24 days	27 days	To Support the Financial Viability of the HRA
	Turnaround time for Major Voids	[illegible]	61 days	61 days	70 days	
	Rent Collection	98.50%	99.00%	99.50%	99.50%	
	Audit Recommendations Completed	100%	100%	100%	100%	To Strengthen the Control Environment
Support for Staff	Appraisals 1-2-1s Completed	71%	100%	100%	100%	To increase staff morale and improve performance management
	Staff Satisfaction	n/a	TBC	TBC	TBC	

KEY

	Target not met
	Within 5% of meeting target or agreed level of tolerance
	Target achieved or exceeded

Governance

The Board has adopted the National Housing Federation (NHF) Code of Governance, and has reviewed their status against the Code, and believes that they comply with it except in respect of the maximum Board size, which has been set at 13, to allow for resident influence. The Board adopts practices to ensure that its business and strategic role is not impeded by this size.

BHP is run by a supervisory Board comprising of 13 Board members which takes collective responsibility for the long-term success of the Company. The Board is made up of six residents, four independents (one of whom is the Chair of the Board), and three representatives from Brent Council.

There are a number of Board committees:

- **Development and New Business Committee** - Responsible for reviewing and overseeing new business initiatives agreed in the BHP strategy
- **Audit Committee** - Responsible for risk management and controls and for considering the financial management and reporting arrangements alongside internal and external audit
- **Governance Committee** - Responsible for ensuring BHP operates to high standards of integrity, transparency and accountability
- **Remuneration Committee** - Responsible for ensuring that pay and conditions and HR policies are regularly reviewed

In order to ensure that the Board also considers the view of residents there are resident groups which feed in to it, these are:

- **Disability Forum**
- **Editorial Board**
- **Focus Group**
- **Reader's Panel**
- **Board Community Panel**

The Governance and Remuneration Committees meet on a quarterly basis to review and update the Manual of Governance for the organisation, and to examine potential improvements in the governance structures.

System of internal control

The Board of BHP is committed to the highest standards of business ethics and conduct, and seeks to maintain these standards across all of its operations.

The Board is responsible for ensuring that sound systems of internal control exist within BHP and which focus on the significant risks that threaten our ability to meet our objectives, and provide reasonable assurance for the safeguarding of assets. The key means of identifying, evaluating and managing the systems of internal control are:

- Corporate governance arrangements as set out above;
- Written financial regulations and delegated authorities, which are subject to review during the year;
- Policies and procedures for all key areas of the business, which are reviewed periodically to ensure their continued appropriateness;
- An Internal Audit function, structured to deliver the Audit Committee's risk-based strategic audit plan, quality assurance and value for money. BHP uses the services of a professional firm of auditors (through the Council) and other

specialists as necessary. All audit reports are reviewed by the Audit Committee, which also receives updates on the implementation of agreed external and internal audit recommendations;

- A Health and Safety group, with BHP retaining the Royal Society for the Prevention of Accidents (RoSPA) Gold Awards for the management of Health and Safety;
- A management structure providing balance and focus within the Company;
- A risk management function, which seeks to manage risk so that residual risk, after appropriate mitigation, can be absorbed without serious permanent damage to BHP. This includes a formal risk management approach to new business and major development initiatives and action plans to mitigate the worst effects of the risks;
- BHP has annual budgets and a five year business plan. Throughout the year, the Board and managers regularly monitor performance against budgets and other indicators. A tool which will become more important in this process is BHP's Performance Dashboard which identifies performance against key performance indicators, underpinned by supporting performance indicators and management information;
- An anti-fraud and anti-bribery culture which is supported by a policy and procedure for dealing with suspected fraud, bribery and whistleblowing. BHP with the Council participates in the National Fraud Initiative sponsored by the Audit Commission as a matter of course.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the annual report, for the year ended 31 March 2016 and up to the date of the approval of the annual report.

By order of the board

Joanne Drew

Joanne Drew – Chair of the Board

Date: 8th December 2016

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2016

The Directors present their report and the audited financial statements of Brent Housing Partnership Limited (the 'Company' or 'BHP') for the year ended 31 March 2016. Reference should also be made to the Strategic Report for the year ended 31 March 2016.

Future developments

BHP has undergone a significant number of changes over the period under review and our primary focus, in the short-term, is the delivery of the transformation plan set out for BHP by the London Borough of Brent (the 'Council') in February 2016, as set out below:

Business Recovery Priority	Focus	Category	Outcomes	Plan Activities	Measurement
Senior Leadership and Governance	Governance	TMO Review	Improved Governance	Complete Governance Review of both TMOs	Viable TMOs
Capital and Revenue Asset Management and Delivery	Asset Management and Investment	Procurement	Improved stock condition data	Procure and implement a new Asset management Information System	Updated HRA Business Plan with validated stock information
Capital and Revenue Asset Management and Delivery	Asset Management and Investment	Contract Management	Assurance that there is compliance with Contract Management Procedures	Compliance Framework and monitoring arrangements in place	100% compliance on the key components of the framework
Capital and Revenue Asset Management and Delivery	Asset Management and Investment	Mobilisation	2016/17 Capital Programme	Delivery of the 2016/17 Capital Programme	TBC
Landlord Services Performance	Complaints Handling	Customer Service	Improved Customer Satisfaction	Improve Complaint Handling across the organisation	100% response rate, reduced escalation and increased customer satisfaction
Landlord Services Performance	Customer Access and Satisfaction	Customer Service	Improved Customer Satisfaction	Customer Service training.	100% attendance and increased customer satisfaction
Landlord Services Performance	Service Delivery	Governance	Improved Governance	Carry out Gap analysis into existing BHP policies and procedures	External assurance on compliance
Landlord Services Performance	Customer Access and Satisfaction	Customer Service	Improved Customer Satisfaction	Develop and consult on a Resident Engagement Strategy	External assurance on compliance and increased customer satisfaction
Landlord Services Performance	Leasehoder Services	Leaseholder obligations	Improvement of Leasehold Services	Peer review of leasehold services	External assurance on compliance and increased customer satisfaction
Support for Staff	Structure and Resourcing	Resource Requirements	Improved Staff	Review of staff terms and conditions	Standardisation of terms and conditions

In addition to these reset priorities the new Housing and Planning Act 2016 presents significant challenges to BHP and its parent authority, the London Borough of Brent, as well as for the local authority housing sector as a whole. Most notably is the requirement for local authorities to dispose of 'high value' voids in order to subsidise the introduction of the Housing Association sectors voluntary Right-to-buy. This will lead to diminishing housing stock levels within Brent and therefore the resources required to manage the remaining stock is likely to reduce on a directly proportional basis.

The Act also includes the 'Pay to Stay' regulations, whereby households earning in excess £40,000 will be required to pay differential market rents. This will lead to significant implementation and administration costs, because of the lack of current data available regarding the earnings of those tenants not on Housing Benefit; the prevalence of 'zero based contracts'; and the fact that HMRC are not yet ready to share information with social landlords. It will also change the relationship between the tenants and landlord.

BHP and the Council have also commissioned a joint Target Operating Model (TOM) review; the primary purpose of which is to modernise service delivery and reduce cost. This includes how BHP should be structured to deliver value for money, high performance and meets the needs of customers and communities (now and in the future). It sets out a roadmap of what needs to be done in order to reorganise itself from the current ("as is") to the new and optimum ("to be") arrangements. An intrinsic part of this review will be a change organisational culture in order to recommend an approach that will be successfully and sustainably implemented.

Once the Company has implemented the recovery plan, and established a strong foundation in its core functions, it can look to delivering its medium to long term objectives, which are:

BHP Key Strategic Objective	BHP Action
Building new homes and regenerating estates	• An Increased Development Programme for Brent • Development of a regeneration offer • Development of the Working People, Working Places project
A great place to work with strong partnerships	Development of the People Strategy
Great communities	Development of project work with Health and Age Concern
Good value	• Review of Voids performance • Development of an Energy Efficiency and Fuel Poverty Action Plan • Implementation of the Financial Inclusion Action Plan
Customer services and neighbourhoods	Development of Customer Access and IT strategies

BHP will continue to work in partnership with Council, in its capacity as its development agent, in delivering 100 new homes by the end of 2018 under the GLA's 2015-2018 Mayor's Covenant programme.

Financial instruments

As at 31 March 2016, BHP had loan facilities with the Council, for the acquisition of its own properties, totalling £71.8m. All loan facilities are extended with fixed interest rates for the full term of the loan, which mitigates any interest rate risk. This loan facility is made up of £17.8m for the purchase of Granville New Homes (GNH) which has been drawn down fully, as well as £54.0m for the purchase of dwellings in connection with the Settled Homes Initiative (SHI), of which £28.8m has been drawn down.

Directors

The following were directors (in alphabetical order) during any part of the financial year 2015/16; as per page 1 – Board Information.

Farida Adjerit	Appointed	30 September 2015
Waqar Ahmed	Appointed	30 September 2015
Timothy Blanc	Appointed	21 March 2013
Shafique Choudhary	Resigned	21 May 2015
Bernard Collier	Appointed	22 May 2015
Samantha Da Lomba Costa	Appointed	30 September 2015
Joanne Drew	Appointed	11 October 2012
Patricia Harrison	Appointed	22 May 2015
John Healy	Appointed	21 March 2013
Karin Jaeger	Resigned	29 September 2015
Janice Elizabeth Long	Resigned	21 May 2015
Colin Moone	Resigned	29 September 2015
Tayo Oladapo	Resigned	21 May 2015
Vijay Patel	Appointed	21 March 2013
Mili Patel	Appointed	22 May 2015
Geoffrey Pearce	Appointed	21 March 2013
Sheila Perry	Appointed	21 March 2013
Margaret Von Stoll	Appointed	30 September 2015

The Company maintains insurance for members of the main Board, the executive team and other employees against liabilities in relation to their services for the Company.

There were qualifying third party indemnity insurance, for the benefit of all directors, in place during the financial year ended 31 March 2016 and at the date of approval of the 2015/16 annual report.

There have been no changes in directors since the end of the financial year.

Employees

BHP value our employees and seek to empower them to carry out their duties to the highest standards. We do this through our commitment to engagement, communication, training and development and our performance management processes and procedures.

Consultation with employees and the recognised trade unions has continued at all levels, to make sure their views are taken into account when decisions are made that are likely to affect their interests. Communication and engagement with all employees continues through internal newsletters and electronic communications, as well as the monthly Staff Champions meeting. Our commitment to effective management and communication has been recognised through achievement of the Investors in People accreditation.

BHP gives full and fair consideration to applications for employment that disabled people make to the Company and in accordance with the Equality Act 2010 and the Disability Discrimination Act (DDA) the Company ensures that disabled people are given equality of opportunity in relation to training, career development and promotions.

Going concern

The Company (a company limited by guarantee) is a wholly owned subsidiary of the Council.

In April 2013, the Council entered into a new ten-year Management Agreement with the Company whereby BHP would manage and maintain Council properties on behalf of the Council.

In addition, the Company is a registered housing provider owning 332 properties at 31 March 2016 (net book value £57.4m), the funding for which is fully provided by the Council (£39.8m) secured on the said properties.

The Company also has a pension scheme deficit of £16.0m and this liability is fully supported by the Council.

In February 2016, the Council and BHP entered into a formal transformation plan for the Company to address, amongst other things, customer service, complaints and repairs. This plan is on-going.

Since that time, the Council has also been actively reviewing the on-going provision of housing management services in the London Borough of Brent. The outcome of such review has recently been announced by the Council and is now the subject to a further period of consultation and formal approval.

The main recommendation of the review is that the provision of housing services should no longer be exercised by BHP and that it should be brought in-house to the Council. As a consequence, the Management Agreement would be terminated with due notice. The position as to the Company's housing stock and related funding is unclear under the Council proposals.

Based on (a) an on-going Management Agreement, (b) continuing financial support from the Council, (c) the Company's Board approved budget for 2016/17, and (d) normal strategic business planning and financial control procedures, the Board would ordinarily have a reasonable expectation that BHP would have adequate resources to continue in operational existence for at least twelve months from the date of approval of the annual report and financial statements.

However, as the final outcome of such decisions by the Council as to BHP's future, both operationally and financially, remain open, the Board cannot predict with reasonable certainty the Company's future and, accordingly, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Until such a final resolution by the Council has been made, the Board have determined, however, that the financial statements should continue to be drawn up on a going concern basis, but draw attention to all the above.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102)*, and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Disclosure of information to auditors

Each of the persons who are directors at the time when the report is approved, the following applies:

- As far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- The director has taken all the steps that he/she ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By order of the board

Joanne Drew

Joanne Drew – Chair of the Board

Date: 8th December 2016

Company registration number: 04533752

Registered address: Brent Civic Centre,
Engineers Way,
Wembley,
Middlesex,
HA9 OFJ

Independent auditors' report to the members of Brent Housing Partnership Limited

Report on the financial statements

Our opinion

In our opinion, Brent Housing Partnership Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 3(b) to the financial statements concerning the company's ability to continue as a going concern. The final outcome of decisions by the London Borough of Brent, the entity's parent, as to the company's future, both operationally and financially, remain open and cannot be predicted with certainty. These conditions, along with the other matters explained in note 3(b) to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of Financial Position as at 31 March 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' responsibilities set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

andrew

Andrew Lowe (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

8 December 2016

Statement of Comprehensive Income for the year ended 31 March 2016

	Notes	2016 £'000	2015 £'000
Turnover	5	54,753	33,706
Operating costs	5/8	(50,808)	(30,348)
Operating surplus	5	**3,946**	**3,368**
Gain on disposal of tangible fixed assets	11	190	-
Interest payable and similar charges	17	(2,183)	(2,215)
Surplus on ordinary activities before taxation		**1,952**	**1,143**
Tax on surplus on ordinary activities	10	[illegible]	[illegible]
Surplus on ordinary activities after taxation		**1,757**	**976**
Surplus for the financial year		**1,767**	**976**
Unrealised surplus on revaluation of housing properties	20	1,308	2,141
Actuarial gain/(loss) in respect of pension scheme	18	3,646	(4,673)
Total comprehensive income/(expense) for the year		**6,711**	**(1,557)**

All amounts relate to continuing operations. The notes on pages 24 to 32 form part of these financial statements.

Statement of Financial Position as at 31 March 2016

Fixed assets	Notes	2016 £'000	2015 £'000
Housing properties at valuation - investment properties	11	10,410	9,670
Housing properties at valuation - social housing properties	11	46,790	46,310
Social housing properties - furniture, fixtures & fittings	11	161	215
Commercial properties	11	234	234
Other fixed assets - cost		-	197
Other fixed assets - depreciation		-	(197)
Total fixed assets		57,595	56,429
Current assets			
Stocks	12	75	159
Debtors	13	12,036	6,345
Cash at bank and in hand	14	2,148	4,631
Total current assets		14,259	11,135
Creditors: amounts falling due within one year	15	(12,183)	(11,164)
Net current assets/(liabilities)		2,076	(29)
Total assets less current liabilities		59,671	56,400
Creditors: amounts falling due after more than one year	15	(39,154)	(39,804)
Net assets excluding pension liability		20,517	16,596
Net pension liability	18	(16,023)	(18,813)
Net assets / (liabilities) including pension liability		4,494	(2,217)
Capital and reserves			
Revaluation reserve	20	10,949	9,641
Revenue reserve	20	7,523	5,766
Pension reserve	20	(13,978)	(17,624)
Total shareholder's surplus/(deficit)		4,494	(2,217)

The notes on pages 24 to 32 form part of these financial statements.
The financial statements on pages 20 to 32 were approved by the Board of Brent Housing Partnership Limited (Registered number 04533752) and signed on its behalf by:

Joanne Drew

Joanne Drew
Chair of the Board

Date: 8th December 2016

Statement of Changes in Equity as at 31 March 2016

	Notes	Revaluation reserve commercial properties £'000	Revaluation reserve investment properties £'000	Revaluation reserve social housing properties £'000	Total revaluation reserve £'000	Revenue reserve £'000	Pension reserve £'000	Total reserves £'000
Balance at 31 March 2014		233	3,780	3,487	7,500	4,791	(12,951)	(660)
Surplus for the financial year		-	-	-	-	975	-	975
Revaluation of properties		1	420	1,720	2,141	-	-	2,141
Net actuarial loss on pension scheme		-	-	-	-	-	(4,673)	(4,673)
Balance at 31 March 2015		234	4,200	5,207	9,641	5,766	(17,624)	(2,217)
Surplus for the financial year		-	-	-	-	1,757	-	1,757
Revaluation of properties	*11*	-	740	568	1,308	-	-	1,308
Net actuarial gain on pension scheme	*18*	-	-	-	-	-	3,646	3,646
Balance at 31 March 2016		234	4,940	5,775	10,949	7,523	(13,978)	4,494

The notes on pages 24 to 32 form part of these financial statements.

Statement of Cash Flows for the year ended 31 March 2016

	Notes	2016 £'000	2016 £'000
Cash flows from operating activities			
Surplus for the financial year		1,757	975
Adjustments for:			
Depreciation of tangible fixed assets	11	54	80
Post employment benefits less payments	18	856	845
Other provisions less payments	19	-	(1,624)
Gain on disposal of tangible fixed assets	11	(190)	-
Interest paid	17	2,183	2,215
Tax on surplus on ordinary activities	10	195	168
Increase in debtors		(5,691)	(1,878)
Decrease in inventories		84	148
Increase in creditors		997	5,386
Cash from operations		245	6,316
Interest paid	17	(2,183)	(2,215)
Income taxes paid	10	(195)	(168)
Net cash (utilised by)/generated from operating activities		(2,133)	3,933
Cash flows from investing activities			
Proceeds from disposals of tangible fixed assets	11	277	-
Net cash generated from investing activities		277	-
Cash flows from financing activities			
Repayment of loans		(627)	(593)
Net cash used in financing activities		(627)	(593)
Net increase/(decrease) in cash and cash equivalents		(2,483)	3,339
Cash and cash equivalents at beginning of year		4,631	1,292
Cash and cash equivalents at end of year	14	2,148	4,631
Notes to the statement of cash flows			
Components of cash and cash equivalents			
Cash	14	2,148	4,631
Cash equivalents		-	-
	14	2,148	4,631

The notes on pages 24 to 32 form part of these financial statements.

BRENT HOUSING PARTNERSHIP LIMITED

Notes to the financial statements for the year ended 31 March 2016

1. General Information

Brent Housing Partnership Limited ('the Company' or 'BHP') manages and maintains social housing and other properties on behalf of its parent local authority, the London Borough of Brent ('the Council'). The company is a private company limited by guarantee and is incorporated in England (registered number 04533752).

The address of its registered office is Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ.

2. Statement of compliance

The financial statements of Brent Housing Partnership Limited have been prepared in compliance with the new Generally Accepted Accouting Practice in the UK, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102"), the Companies Act 2006 and the accounting direction for social housing in England from April 2015 and the Housing SORP 2014, Statement of Recommended Practice for Social Housing Providers ("the 2014 SORP").

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Details of the transition to FRS 102 are disclosed in note 20.

(a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

The financial statements have been prepared on an accruals basis. Assets and liabilities are recognised on the Company's statement of financial position when it is probable that future economic benefits or costs will flow and the amounts of the assets and liabilities can be reliably measured. Turnover and expenditure is recognised in the statement of comprehensive income where it can be reliably measured that income has become due to the Company or expenditure has been incurred by the Company.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements.

(b) Going concern

The Company (a company limited by guarantee) is a wholly owned subsidiary of the Council.

In April 2013, the Council entered into a new ten-year Management Agreement with the Company whereby BHP would manage and maintain Council properties on behalf of the Council. In addition, the Company is a registered housing provider owning 332 properties at 31 March 2016 (net book value £57.4m), the funding for which is fully provided by the Council (£39.8m) secured on the said properties.

The Company also has a pension scheme deficit of £16.0m and this liability is fully supported by the Council.

In February 2016, the Council and BHP entered into a formal transformation plan for the Company to address, amongst other things, customer service, complaints and repairs. This plan is on-going.

Since that time, the Council has also been actively reviewing the on-going provision of housing management services in the London Borough of Brent. The outcome of such review has recently been announced by the Council and is now subject to a further period of consultation and formal approval.

The main recommendation of the review is that the provision of housing services should no longer be exercised by BHP and that it should be brought in-house to the Council. As a consequence, the Management Agreement would be terminated with due notice. The position as to the Company's housing stock and related funding is unclear under the Council's proposals.

Based on (a) an on-going Management Agreement, (b) continuing financial support from the Council, (c) the Company's Board approved budget for 2016/17, and (d) normal strategic business planning and financial control procedures, the Board would ordinarily have a reasonable expectation that BHP would have adequate resources to continue in operational existence for at least twelve months from the date of approval of the annual report and financial statements.

However, as the final outcome of such decisions by the Council as to BHP's future, both operationally and financially, remain open, the Board cannot predict with reasonable certainty the Company's future and, accordingly, there is a material uncertainty which may cast significant doubt as to the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Until such a final resolution by the Council has been made, the Board have determined, however, that the financial statements should continue to be drawn up on a going concern basis, but draw attention to all the above.

(c) Turnover

Turnover represents services supplied in the year, included at values which are exclusive of VAT, as well as rents and service charges. The Company operates both fixed and variable service charges based on the services received by each property. Other turnover derives mainly from service level agreements with the Council as well as the Brent Direct Leasing scheme. All income is recognised on a receivable basis. Repairs income is recognised at the point the job is completed.

The Company monitors activities by both directorates and operational segments. The directorates used by the Company are: Managing Directorate, Property (formerly Development and Growth), Transformation (formerly Operations) and Finance.

(d) Employee benefits

The Company provides a range of benefits to employees, including paid holiday arrangements and a defined benefit pension plan. Staff costs include wages and salaries, PAYE, National Insurance contributions, pension costs and any post-employment benefits.

(i) Short term benefits

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

(ii) Defined benefit pension plan

The fair value of plan assets is measured in accordance with FRS 102 and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income. The cost of the defined benefit plan, recognised in the statement of comprehensive income as employee costs, except where included in the cost of an asset, comprises:

(a) the increase in pension benefit liability arising from employee service during the period; and

(b) the cost of plan introductions, benefit changes, curtailments and settlements.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is recognised in the statement of comprehensive income as an operating cost.

(e) Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively. Current or deferred taxation assets and liabilities are not discounted.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

The Company's VAT affairs are in the name of Brent Housing Partnership Limited. The Company only recovers a proportion of input VAT and therefore expenditure on its own property portfolio is shown inclusive of VAT, to the extent that it is not recoverable, with recoverable input tax recovered being credited against management expenses.

(f) Tangible assets

Tangible assets are stated at valuation or cost less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. Tangible fixed assets of a value exceeding £1,500 will be capitalised and depreciated.

(i) Land & buildings

Land and buildings include freehold and leasehold properties. Land and buildings are stated at cost (or deemed cost for land and buildings held at valuation at the date of transition to FRS 102) less accumulated depreciation and accumulated impairment losses

The directly attributable costs are the labour costs of own employees, arising directly from the construction or acquisition of the property and the incremental costs that would have been avoided only if individual properties had not been constructed or acquired. Interest is capitalised on a fair proportion of the borrowings of the Company as a whole, calculated on the costs incurred during the period of development, less social housing grant (SHG) received. Improvements are capitalised only when they result in an increase in the net rental income, a reduction in future maintenance costs, or in a significant extension of the useful economic life of the property. All other improvement expenditure is charged to the statement of comprehensive income when incurred.

Commercial properties

Commercial properties have been valued on a market value basis using a conventional investment approach based on the current or anticipated rental income.

Housing properties held for investment

Housing properties held for investment are the land and buildings in the market-rent scheme. Investment properties are carried at fair value, which is based on active market prices adjusted, if necessary, for any difference in the nature, location or condition of the specific asset.

Jones Lang LaSalle (JLL), independent valuers, formed an opinion on the values, in accordance with the Royal Institution of Chartered Surveyors (RICS) publication 'RICS Valuation Professional Standards' (January 2014 edition) as at 31 March 2016

These valuations are reviewed annually. Gains in fair values are recorded in a revaluation reserve, whereas revaluations which are below carrying value are shown as an impairment and are recognised in the statement of comprehensive income.

Investment properties are included in the statement of financial position at fair value and in accordance with FRS102. Investment properties are not subject to periodic charges for depreciation.

Social housing properties

This class of asset is made up of social rented properties (general needs), intermediate market rented properties, settled homes initiative properties, new build properties and an equity share property and are subject to depreciation over their estimated useful economic life (100 years). These propeties were revalued by JLL as at 31 March 2016 on the basis of their existing use value - social housing (EUV-SH). The Company conducts an annual review of the need to adopt component accounting as per the 2014 SORP.

(ii) Furniture, fixtures and fittings

Furniture, fixtures, and fittings are stated at cost less accumulated depreciation and accumulated impairment losses.

(iii) Depreciation and residual values

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each reporting period. The effect of any change is accounted for prospectively. Depreciation is charged so as to write down the assets to their residual value on a straight line basis over their estimated useful economic life, unless otherwise noted below. Depreciation is calculated as follows:

Furniture, fixtures and fittings	Depreciated at 40% in the first year of the economic life and at 25% for the remainder of the economic life using the reducing balance method
Furniture, fixtures and fittings - short life	Straight line basis over five years

(iv) Subsequent additions and major components

Repairs, maintenance and minor inspection costs are expensed in comprehensive income as incurred.

(v) Assets in the course of construction

Assets in the course of construction are stated at historical cost. These assets are not depreciated until they are available for use. There were no assets under construction in this financial year.

(vi) Derecognition

Tangible assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in statement of comprehensive income.

(g) Borrowing costs

All borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(h) Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset may be impaired. If there is such an indication the recoverable amount of the asset is compared to the carrying amount of the asset.

The recoverable amount of the asset is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the statement of comprehensive income.

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

(i) Stocks

Inventories are stated at the lower of cost and estimated selling price less costs to sell. Inventories are recognised as an expense in comprehensive income in the period in which the related revenue is recognised.

Cost is determined on the first-in, first-out (FIFO) method. Cost includes the purchase price, including taxes and duties and transport and handling directly attributable to bringing the inventory to its present location and condition.

At the end of each reporting period inventories are assessed for impairment. If an item of inventory is impaired, the identified inventory is reduced to its selling price less costs to complete and sell and an impairment charge is recognised in the statement of comprehensive income. Where a reversal of the impairment is required the impairment charge is reversed, up to the original impairment loss, and is recognised as a credit in the statement of comprehensive income.

(j) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

(k) Provisions and contingencies

(i) Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations might be small.

In particular:

(i) Restructuring provisions are recognised when the Company has a detailed, formal plan for the restructuring and has raised a valid expectation in those affected by either starting to implement the plan or announcing its main features to those affected and therefore has a legal or constructive obligation to carry out the restructuring; and

(ii) Provision is not made for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation..The increase in the provision due to passage of time is recognised as a finance cost.

(ii) Contingencies

Contingent liabilities are not recognised, except those acquired in a business combination. Contingent liabilities arise as a result of past events when (i) it is not probable that there will be an outflow of resources or that the amount cannot be reliably measured at the reporting date or (ii) when the existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the Company's control. Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

(l) Financial instruments

The Company has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the statement of comprehensive income.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in the statement of comprehensive income.

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

(ii) Financial liabilities

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

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

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

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

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

(m) Related party transactions

The Company discloses transactions with related parties. Where appropriate, transactions of a similar nature are aggregated unless, in the opinion of the directors, separate disclosure is necessary to understand the effect of the transactions on the financial statements.

4. Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key accounting estimates and assumptions

(i) Provisions for doubtful debts (note 13)

Provision is made for bad debts on rental income from the Company's owned stock. This provision requires management's best estimate of the likely rent collection rates based upon past experience and trends. In addition, any other provisions require management's best estimate of the costs that will be incurred based on legislative and contractual requirements.

(ii) Defined benefit pension scheme (note 18)

The Company has obligations to pay pension benefits to employees. The cost of these benefits and the present value of the obligation depend on a number of factors, including; life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. The Company's actuaries estimates these factors in determining the net pension obligation in the statement of financial position. The assumptions reflect historical experience and current trends.

(iii) Valuation of properties (note 11)

All properties have been included at either cost or valuation. The intermediate rented properties have been classified as social housing properties and were valued by JLL as at 31 March 2016 on the basis of existing use value - social housing (EUV-SH) with special assumptions. The special assumptions are those applied to the 15 year term that departs from EUV-SH to reflect the nature of the Company's holding for the properties purchased with a grant, assuming market rents with rental growth capped at RPI and allowing for sales.

5. Particulars of turnover, operating costs and operating surplus

Turnover is derived completely from the principal activities of the Company and arises solely within the United Kingdom.

		Turnover	Turnover		Operating costs	Operating costs	Operating surplus	Operating surplus
		2016	2015		2016	2016	2016	2015
	Notes	**£'000**	**£'000**	**Notes**	**£'000**	**£'000**	**£'000**	**£'000**
Social housing lettings	6	3,788	3,626		(1,429)	(1,089)	2,359	2,537
Market rent		597	542		(22)	(21)	575	521
Other*		50,368	29,538		(49,357)	(29,238)	1,011	300
Total		**54,753**	**33,706**	7&8	**(50,808)**	**(30,348)**	**3,945**	**3,358**
Gain on disposal of fixed assets	11	190	-		-	-	190	-
Interest payable and similar charges	17	-	-		(2,183)	(2,215)	(2,183)	(2,215)
Total		**54,943**	**33,706**		**(52,991)**	**(32,563)**	**1,952**	**1,143**

*Includes management fees paid by the Council in respect of housing management and support services, service level agreements with the Council, recharges of expenditure incurred through maintenance of Council-owned properties, repairs income, and other recharges to the Council for management and other services.

Turnover comprises the following elements

	2016 £'000	2016 £'000
Management fee paid by the Council in respect of housing management and support services	6,813	6,848
Service level agreements with the Council	836	836
Recharges of expenditure incurred through maintenance of Council-owned properties*	38,975	16,272
Repairs income from the Company's empty property repairs section	2,908	2,622
Rental income from the Company's social housing properties	3,788	3,626
Rental income from the Company's market rented properties	597	542
Other**	2,836	2,960
Total	54,763	33,706

* Recharges of revenue and capital expenditure, from external contrators, incurred by the Company for repair works carried out on the Council's properties.
**Includes charges to the Council for the provision of services such as regeneration and responsive repairs works, asbestos works, management of private lettings, travellers' site and the Brent mental health scheme.

6. Particulars of turnover and operating costs from social housing lettings

	2016 £'000	2015 £'000
Rent receivable net of service charges	3,665	3,570
Service charges receivable	65	3
Net rental income	3,730	3,673
Management fees	58	53
Turnover from social housing lettings	3,788	3,626
Depreciation - social housing fixtures and fittings	(54)	(72)
Other costs	(1,375)	(1,017)
Operating costs on social housing lettings	(1,429)	(1,089)
Operating surplus on social housing lettings	2,359	2,537

Accommodation owned and in management

	Commercial properties	Equity Share	General needs social rent	Intermediate market rent	Other market rent	Total
Housing accommodation:						
Units in ownership 2016	2	1	84	200	45	332
Units in ownership 2015	2	1	85	200	45	333

7. Operating surplus is stated after charging:

	2016 £'000	2015 £'000
Wages and salaries	4,752	4,584
Social security costs	384	387
Pension costs	992	1,035
Total staff costs	6,128	6,006
Training and recruitment expenses	130	73
Agency and consultancy costs	1,290	2,333
Supplies and services	6,194	7,133
Depreciation of tangible fixed assets	54	80
Auditors' remuneration:		
- Audit of the financial statements	30	33
- Non audit services	7	41
Property maintenance costs	36,975	16,272
Movement in provisions (property lease)	-	(1,624)
	50,808	30,348

8. Operating cost (apportioned by Directorate)*

	2016 £'000	2015 £'000
Managing Directorate	422	442
Property (formerly Development and Growth)	6,776	5,473
Transformation (formerly Operations)	38,969	19,619
Finance	3,910	3,737
Centralised Income & Expenditure*	731	1,077
Total	50,808	30,348

*Includes Service Level Agreement (SLA) from the Council

9. Employees and directors

Employees:

*The average monthly number of persons employed by the Company during the year was:**

	2016 No.	2015 No.
Managing Directorate	2	3
Property (formerly Development and Growth)	21	25
Transformation (formerly Operations)	59	45
Finance	40	41
Board members	11	11
Total	133	125

*This is calculated using the sum of permanent employees per month, then divided by 12 to obtain an average.

Directors:	2016	2015
Board remuneration (Non-Executive)	£'000	£'000
Chair (highest paid)	8	7
Board members	52	49
Total	60	56

Key management compensation* (Executive)

Key management includes the directors noted above and members of senior management. The compensation paid or payable to key management for employee services is shown below:

	2016 £'000	2015 £'000
Managing Director (Apr-15 to Dec-15)**	182	163
Interim Managing Director (Dec-15 to Mar-16)**	39	-
Director of Transformation (formerly Operations)	217	125
Director of Finance (Apr-15 to Dec-15)	106	115
Director of Property (formerly Development & Growth)	129	125

* Includes pension contributions

**The Managing Director is an ordinary member of the local government pension scheme (LGPS) on the same basis as is available to all staff. No enhanced terms or special conditions apply. Employees' contribution rate depends on their pay, in the case of the Managing Director the rate was 11.4% per annum, in addition the employer contributed a further 23.3% per annum. The Company has not made any contributions to a personal pension scheme on behalf of any member of staff. The Managing Director's contract can be terminated by giving 3 months' notice.

Highest paid director (Executive)	2016	2015
The highest paid director's emoluments were as follows	£'000	£'000
Salaries	85	124
Compensation for loss of office	71	-
Pensions - employer's contribution	20	25
Employer's NI contributions	10	15
Total	186	164

Staff salary banding*	2016 No.	2015 No.
£60,000 to £69,999	9	2
£70,000 to £79,999	6	1
£80,000 to £89,999	1	1
£90,000 to £99,999	1	2
£100,000 to £109,999	-	-
£110,000 to £119,999	-	1
£120,000 to £129,999	1	2
£130,000 to £139,999	-	-
£140,000 and £149,999	1	-
£150,000 and £159,999	-	-
£160,000 and £169,999	-	1
£170,000 and £179,999	-	-
£180,000 and £189,999	2	-
Total	21	10

*Excludes Board Members

10. Tax on surplus on ordinary activities

	2016 £'000	2015 £'000
Current tax:		
UK corporation tax on surplus for the year	195	168
Tax on surplus on ordinary activities	195	168

Factors affecting the tax charge

	2016 £'000	2015 £'000
Surplus on ordinary activities before taxation	1,952	1,143
Surplus multiplied by the standard rate of tax in the UK of 20% (2015: 21%)	390	240
Effects of:		
Surplus outside of scope of corporation tax (see note below)	(191)	(65)
Capital allowances in excess of depreciation	(4)	(5)
Marginal relief	-	(2)
Current tax charge for the year	195	168

As the memorandum and articles of association of the Company are in accordance with HM Revenue & Customs (HMRC) BIM58210, transactions between the Company and the Council are not regarded by HMRC as amounting to trading and will therefore not attract corporation tax.

There are £20,071 (2015: £20,071) of losses carried forward at 31 March 2016 which at the tax rate of 20% (2015: 21%) would have a tax value of £4,014 (2015: £4,214). This potential asset has not been recognised in the financial statements in view of the uncertainty of the future use of the tax losses.

11. Tangible fixed assets

	Commercial properties	Housing properties held for investment	Social housing properties	Social housing properties furniture, fixtures and fittings	Total
Number of Housing Units	2	45	285	-	332
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
As at 1 April 2015	234	9,670	46,310	404	56,618
Disposals	-	-	(88)	-	(88)
Adjustment on revaluation	-	740	568	-	1,308
As at 31 March 2016	234	10,410	46,790	404	57,838
Accumulated depreciation and impairment					
As at 1 April 2015	-	-	-	(189)	(189)
Charge for the year	-	-	(493)	(54)	(547)
Reversal on revaluation of accumulated depreciation	-	-	492	-	492
Reversal on disposal of accumulated depreciation	-	-	1	-	1
As at 31 March 2016	-	-	-	(243)	(243)
Net book value					
As at 31 March 2016	234	10,410	46,790	161	57,595
As at 31 March 2015	234	9,670	46,310	215	56,429

The assets portfolio is made up of 45 market rented properties held for investment, 84 social housing properties, 200 intermediate rented properties, 2 commercial properties and 1 equity share property. All properties are located in North London.
The Company disposed of one social housing property which at the time of sale had a carrying value of £87k. The sales proceeds were £277k which generated a profit on disposal of £190k as shown in the Statement of Comprehensive Income.

All properties have been included at either cost or valuation. The intermediate rented properties have been classified as social housing properties and were valued by JLL as at 31 March 2016 on the basis of existing use value - social housing (EUV-SH) with special assumptions. The special assumptions are those applied to the 15 year term that departs from EUV-SH to reflect the nature of the Company's holding for the properties purchased with a grant, assuming market rents with rental growth capped at RPI and allowing for sales. The agreement permits a different structure for the first 15 years to that permitted thereafter. The revaluation increase of £1.308m arises from the revaluation exercise carried out by JLL.

In valuing the properties, discounted cash flow methodology was adopted and key assumptions included:

	Social housing properties	**Housing properties held for investment**
Rental growth p a (Year 1) (Real)	-1.0%	14.5%
Voids and bad debts (Year 1)	2.5%	4.0%
Cost of growth p a (Real)	1.0%	1.0%
Discount rate (Income)	6.0%	7.0%
Discount rate (Sales)	n/a	9.8%

The carrying value of the housing properties that would have been carried forward at historical costs less social housing grant, depreciation and impairment is as follows:

	2016 £'000	**2015 £'000**
Historical cost	56,211	56,294
Social housing grant	*(6,561)*	*(6,561)*
Depreciation and impairment	(4,123)	(3,630)
	45,527	**46,103**

The ownership status of properties is as follows:

	2016 No.	**2015 No.**
Equity share	1	1
Long leasehold	145	145
Freehold	179	180
Shared freehold	5	5
Commercial Properties	2	2
	332	**333**

12. Stocks

	2016 £'000	**2015 £'000**
Raw materials and consumables	41	37
Work in progress	35	123
Total stocks	**76**	**160**

There is no significant difference between the replacement cost of the inventory and its carrying amount.
Raw materials include items used in repairs and maintenance works for both the Council-owned properties and Company-owned properties. Work in progress are third party costs and relate to unfinished jobs which have not yet been completed and invoiced at year end.

13. Debtors

Amounts falling due within one year	**2016 £'000**	**2015 £'000**
Rental debtors	829	626
Provision for doubtful debts	(147)	(99)
Net rental debtors	**682**	**527**
Other trade debtors	9	1
Other debtors	-	7
Amounts owed by the Council*	11,339	5,801
Loans to employees	6	9
Total debtors due within one year	**12,036**	**6,345**

*Amounts owed by the Council are interest free, unsecured and payable on demand.

14. Cash at bank and in hand

	2016 £'000	**2015 £'000**
Bank current account	2,148	4,631
Total cash at bank and in hand	**2,148**	**4,631**

15. Creditors: amounts falling due within one year

	2016 £'000	**2015 £'000**
Amounts owed to the Council*	3,081	4,662
Loans owed to the Council**	650	637
Other creditors	3,643	2,575
Taxation and social security	558	634
Accruals and deferred income	4,129	2,490
Rental prepayments	122	166
Total creditors due within one year	**12,183**	**11,164**

Creditors: amounts falling due after more than one year

	2016 £'000	**2015 £'000**
Loans owed to the Council**	39,154	39,804
Total creditors	**51,337**	**50,968**

*Amounts owed to the Council are interest free, unsecured and payable on demand.
** Loans owed to the Council are secured against all properties, the purchase of which was financed with the respective loans. Details of properties owned are provided in Notes 6 and 11.

Loan repayments are analysed as follows:	**2016 £'000**	**2015 £'000**
Within one year	650	637
Between two to five years	3,172	2,956
More than five years	35,982	36,848
Total	**39,804**	**40,441**

16. Loans and other borrowings

As at 31 March 2016, loan facilities with the Council for the acquisition of properties totalled £71.8m. £17.8m has been drawn down fully for the purchase of Granville New Homes (GNH). £54.0m was for the purchase of dwellings in connection with the Settled Homes Initiative (SHI), of which £28.8m has been drawn down. All loan facilities are extended with fixed interest rates for the full term of the loan. All of the loans are secured against housing properties. The loan facilities are payable in 30 annual fixed instalments. The interest rate for the Granville new homes and settled homes initiative - tranche 1 loans is 5% per annum (pro rata on a daily rate) while the settled homes initiative - tranche 2 loans interest rate is 6% per annum.

17. Interest payable and similar charges

	2016 £'000	2015 £'000
Interest payable on loans from the Council	2,183	2,215
Total interest payable	**2,183**	**2,216**

18. Post-employment benefits

The Company participates in the Local Government Pension Scheme (LGPS). In accordance with the TUPE provisions applicable for staff transferred from the Council to the Company, pension rights accruing from previous service with the Council have been transferred to the Company's pension scheme. The pension fund is a defined benefit scheme and it is based on final pensionable salary for employees that joined up to, but excluding, 01/04/2014 and on career average for employees joining on or after 01/04/2014.

Changes to the LGPS permit employees retiring on or after 6th April 2006 to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.

The following rates of contribution were certified at the 31st March 2013 actuarial valuation:

April 2014 to March 2015	20.3% of pensionable salaries
April 2015 to March 2016	23.3% of pensionable salaries
April 2016 to March 2017	26.2% of pensionable salaries

	2016	2015
Number of active scheme members	117	117

The most recent formal actuarial valuation was carried out as at 31st March 2013 and has been updated by independent actuaries, Hymans Roberison LLP, to the London Borough of Brent Pension Fund (the Fund) to take account of the requirements of FRS102 in order to assess the liabilities of the Fund as at 31 March 2016.

Assumptions used by the actuary were:

	2016 % per annum	2015 % per annum
Rate of increase in pensions in payment	2.2	2.4
Rate of increase in salaries	4.0	4.1
Discount rate	3.5	3.2

Mortality assumptions:

Post retirement mortality (retirement in normal health)	**2016**	**2015**
Males		
Year of birth base table	Standard SAPS Normal Health Light Amounts	Standard SAPS Normal Health Light Amounts
Improvements to base table rates	CMI_2010 with a long term rate of improvement of 1.25% p.a.	CMI_2010 with a long term rate of improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	22.0	22.0
Future lifetime from age 65 (currently aged 45)	24.4	24.4
Females		
Year of birth base table	Standard SAPS Normal Health Light Amounts	Standard SAPS Normal Health Light Amounts
Improvements to base table rates	CMI_2009 with a long term rate of improvement of 1.25% p.a.	CMI_2009 with a long term rate of improvement of 1.25% p.a.
Future lifetime from age 65 (currently aged 65)	24.3	24.3
Future lifetime from age 65 (currently aged 45)	26.8	26.8

Amounts in the Statement of Financial Position are as follows:

Plan assets as percentage of total assets:	2016 £'000	2016 %	2015 £'000	2015 %
Equities	15,284	69	15,114	64
Bonds	5,732	14	5,667	24
Property	2,388	12	2,362	10
Cash	478	5	472	2
Total	23,882	100	23,615	100

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the statement of comprehensive income.

The liability recognised in the Statement of Financial Position in respect of the defined benefit plan is the present value of the defined benefit obligation at the reporting date less the fair value of the plan assets at the reporting date.

The fair value of plan assets is measured in accordance with FRS 102 and in accordance with the Company's policy for similarly held assets. This includes the use of appropriate valuation techniques.

	2016 £'000	2015 £'000
Fair value of assets	23,882	23,615
Present value of funded liabilities	(39,905)	(42,428)
Net liability*	**(16,023)**	**(18,813)**

*The pension liability is fully supported by the Council

The amounts recognised in the income and expenditure account are as follows:	2016 £'000	2015 £'000
Current service cost	1,339	1,037
Settlement cost	-	60
Interest cost on pension liability	1,373	1,478
Expected return on plan assets	(767)	(901)
Expense recognised	**1,945**	**1,674**

Changes to the present value of defined benefit obligation are as follows:	2016 £'000	2015 £'000
Opening defined benefit obligation	(42,428)	(34,076)
Current service cost (includes curtailment losses)	(1,339)	(1,097)
Interest cost on pension liability	(1,373)	(1,478)
Contributions by participants	(315)	(301)
Actuarial gain/(loss) on pension liabilities including other experience	4,869	(6,213)
Net benefits paid out	681	737
Closing defined benefit obligation	**(39,905)**	**(42,428)**

Changes to the fair value of plan assets:	**2016**	**2015**
	£'000	**£'000**
Opening fair value of assets	23,615	20,781
Expected return on assets	767	901
Actuarial (loss)/gain on assets	(1,223)	1,540
Contributions by employer	1,089	829
Contributions by participants	315	301
Net benefits paid out	(681)	(737)
Closing fair value of assets	**23,882**	**23,615**

The amounts recognised in the notes to the cashflow statement are as follows:	**2016**	**2015**
	£'000	**£'000**
Current service costs	1,339	1,037
Settlement cost	-	60
Less employer's contribution	(1,089)	(829)
Interest cost on pension liability	1,373	1,478
Expected return on plan assets	(767)	(901)
Pension cashflow recognised	**856**	**846**

Amounts for the current and previous four years are as follows:

	2016	**2015**	**2014**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
Fair value of assets	23,882	23,615	20,781	19,843	17,051
Present value of defined benefit obligation	(39,905)	(42,428)	(34,076)	(38,213)	(29,967)
Surplus/(deficit)	(16,023)	(18,813)	(13,295)	(18,370)	(12,916)
Experience gains/(losses) on assets	(1,223)	1,540	(1,071)	1,220	(1,315)
Experience gains/(losses) on liabilities	4,869	(6,213)	7,295	23	(176)

19. Provisions for other liabilities	**2016**	**2015**
	£'000	**£'000**
Opening provision	-	1,624
Increase in provision	-	5
Provision moved to creditors	-	(1,083)
Provision released to statement of comprehensive income	-	(546)
Closing provision	-	-

20. Reserves

	Revaluation reserve commercial properties £'000	**Revaluation reserve investment properties £'000**	**Revaluation reserve social housing properties £'000**	**Total revaluation reserve £'000**	**Revenue reserve £'000**	**Pension reserve £'000**	**Total reserves £'000**
Balance at 31 March 2014	233	3,780	3,487	7,500	4,861	(12,951)	(590)
Surplus for the financial year	-	-	-	-	1,381	-	1,381
Revaluation of properties	1	420	1,720	2,141	-	-	2,141
Net actuarial loss on pension scheme	-	-	-	-	-	(5,065)	(5,065)
Previously stated balance at 31 March 2015	234	4,200	5,207	9,641	6,242	(18,016)	(2,133)
Reserves restated for FRS 102							
Balance at 31 March 2014	233	3,780	3,487	7,500	4,861	(12,951)	(590)
Short term compensated absences*	-	-	-	-	(70)	-	(70)
Restated balance at 31 March 2014	233	3,780	3,487	7,500	4,791	(12,951)	(660)
Surplus for the financial year	-	-	-	-	1,381	-	1,381
Short term compensated absences*	-	-	-	-	(14)	-	(14)
Pension interest cost**	-	-	-	-	(392)	-	(392)
Restated surplus for the financial year	-	-	-	-	975	-	975
Revaluation of properties	1	420	1,720	2,141	-	-	2,141
Net actuarial loss on pension scheme	-	-	-	-	-	(5,065)	(5,065)
Pension interest cost**	-	-	-	-	-	392	392
Restated net actuarial loss on pension scheme	-	-	-	-	-	(4,673)	(4,673)
Restated balance at 31 March 2015	234	4,200	5,207	9,641	5,766	(17,624)	(2,217)
Balance at 31 March 2015	234	4,200	5,207	9,641	5,766	(17,624)	(2,217)
Surplus for the financial year	-	-	-	-	1,757	-	1,757
Revaluation of properties	-	740	568	1,308	-	-	1,308
Net actuarial gain on pension scheme	-	-	-	-	-	3,646	3,646
Balance at 31 March 2016	234	4,940	5,775	10,949	7,523	(13,978)	4,493

This is the first year that the Company has presented its results and financial position under FRS 102. The last financial statements under the UK GAAP were for the year ended 31 March 2015. The date of transition to FRS 102 was 1 April 2014. Set out below are the changes in accounting policies which reconcile surplus for the financial year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

*FRS 102 requires short term employee benefits to be charged to the Statement of Comprehensive Income as the employee service is received. This has resulted in the Company recognising a liability for holiday pay of £70k on transition to FRS 102. Previously holiday pay accruals were not recognised and were charged to the profit and loss account as they were paid. In the year to 31 March 2015 an additional charge of £14k was recognised in the profit and loss account and the liability at 31 March 2015 was £84k.

**Under FRS 102, the method and assumptions underlying the pension calculations which are to be recognised in the financial statements are different. The 2014/15 financial statements have been restated to include an additional pension interest cost of £392k.

21. Related Party Transactions

During 2015/16 the Company had related party transactions with the Council.

(a) Transactions
Income received from the Council in 2015/16 was £50.10m, amounts paid to the Council in 2015/16 was £3.78m inclusive of loan interest payment of £2.18m.

(b) The amount of outstanding balances
Trade receivables with the Council are £11.34m and trade payables are £3.08m.

22. Controlling Party

The immediate and ultimate parent undertaking and controlling party is the London Borough of Brent, whose financial statements can be obtained from:
The Chief Financial Officer, London Borough of Brent, Brent Civic Centre, Engineers Way, Wembley, Middlesex, HA9 0FJ.

23. Subsidiaries and related undertakings

The Company has one incorporated subsidiary: Skipview Limited (Registration number 08266383). The subsidiary remained dormant throughout the financial year 2015/16. A nominal share valued at £1 is held.