

*Registered Company No 4338328
Registered Provider of Social Housing No LH4402
Registered Charity No 1104956*

**GOLDING HOMES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**



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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS

Board

Chairman	Roger Ford	
Other Members	Simon Bandy Alison Breese Ronald Tedman Charles Leigh-Dugmore	Dan McDonald Graham Waite John Tranter Terence Edward Sullivan
Board Co-Optee	Christopher Munday (joined (11.08.16))	

Executive Directors

Chief Executive	Peter Stringer
Director of Resources	Neil Perrins (joined 03.01.17) Tim Jackson (retired 28.10.16)
Director of Development and Commercial Services	Chris Blundell
Director of Operations	Jillie Smithies

<i>Company Secretary</i>	Peter Stringer (appointed 2 nd July 2016) Michael Brian Chandler (retired 26 th March 2016)
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<i>Registered Office</i>	Whatman House St. Leonard's Road Allington, Maidstone Kent ME16 0LS
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<i>Company Status</i>	Registered as a private company, limited by guarantee (without share capital) under the Companies Act.
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<i>Registered number</i>	Registered Company No. 4338328 Registered by the Homes and Communities Agency, No. LH4402 Registered Charity No. 1104956
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<i>Auditors</i>	KPMG LLP
<i>Solicitors</i>	Trowers & Hamlin
<i>Bankers</i>	Barclays Bank Plc
<i>Funders</i>	Abbey National Treasury Services plc Barclays Bank Plc Affordable Housing Finance

<i>Internal Auditors</i>	Mazars LLP
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REPORT OF THE BOARD

The Board presents its report and Golding Homes' audited financial statements for the year ended 31st March 2017.

Principal Activities

Golding Homes is a company limited by guarantee and a housing company administered by a paid board. Golding Homes' principal activities are the development and management of affordable housing. The company has a 100% owned subsidiary, Golding Maintenance Services Ltd, which only supplies maintenance services to the holding company.

Business Review

Performance for the year and future plans

Details of Golding Homes' performance for the year and future plans are set out in the Strategic Report which follows this report of the Board.

Reserves

The profit before tax for the year was £9.3m (2016 profit of £8.1m). The actuarial loss on the pension scheme was £2,104k (2016: £703k gain).

Community Investment

Golding Homes invested £420k, (2016: £446k) in local initiatives. No political donations were made.

Post Balance sheet events

We consider that there have been no events since the year-end that have had a significant effect on Golding Homes' financial position.

Employees

The strength of Golding Homes lies in the quality of its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contributions. Golding Homes shares information on its objectives, progress and activities through regular office and departmental meetings involving the senior management team and all staff.

Equality and Diversity

We are committed to equality and diversity in all respects and have an ongoing programme of staff training and induction as well as measures to confirm Equality and Diversity achievement and to prevent breaches.

Health and Safety

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

REPORT OF THE BOARD (continued)

Board members and executive directors

The Board members and the executive directors of Golding Homes are set out on page 3. Unless stated they served throughout the year and up to the date of signing of these accounts. The Board members are drawn from a wide background bringing together professional, commercial and local knowledge and experience.

The four executive directors are the chief executive and the other members of Golding Homes' senior management team. They hold no interest in the company and act as executives within the authority delegated by the Board.

Pensions

Three executive directors are members of the Kent County Council Pension Fund, a defined benefit final salary pension scheme. One executive director is a member of the organisation's defined contribution scheme run by Legal & General. They participate in the schemes on the same terms as all other eligible staff and the company contributes to the schemes on behalf of its employees.

Other Benefits

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

NHF Code of Governance

We are pleased to report that Golding Homes has adopted and complies with the recommendations of the National Housing Federation (NHF) Code of Governance (revised 2016) and Code of Conduct (revised 2016) and keeps compliance under review each year.

Customer Involvement

We actively encourage customer involvement in decision making. We have one board member who is a customer and we have a customer sounding board which comments on a wide range of policy and performance matters. We have developed a scrutiny process which strives to maximise the number of engaged residents and is based around the operation of three service panels whose remit broadly reflects the scope of the regulatory consumer standards. In addition, we engage directly with interested customers on specific relevant issues.

Complaints

For the 2016/17 period we received 185 Stage 1 complaints (2015/16: 215); 4 of these were escalated to Stage 2 (2015/16: 4) and none of these went on to Stage 3 (2015/16: 4).

Public Benefit

The Board of Golding Homes Limited have had due regard to the Charity Commission's general guidance on public benefit when reviewing and planning future activities.

Details of our charitable purposes, aims and objectives, and some examples of the activities we have undertaken during 2016/17 to further our charitable purposes for the public benefit are set out below.

Golding Homes Limited is currently in the process of converting to a Community Benefit Society and we expect completion to be in July 2017.

REPORT OF THE BOARD (continued)

Our charitable purposes, aims and objectives include:

- The relief of poverty amongst the residents of the local authority areas in which we own or manage homes.
- The advancement of education, training or retraining, particularly among unemployed people.
- Providing unemployed people with work experience.
- The provision of affordable homes and associated amenities for persons in necessitous circumstances upon terms appropriate to their means.
- The provision of homes (and associated amenities) specially designed or adapted to meet the needs of elderly, disabled, vulnerable and chronically sick people in housing need.
- The provision of recreation or other leisure facilities in the interest of social welfare to improve the conditions of life for the residents in those areas where we own or manage homes.
- The provision of affordable services, advice and assistance to elderly, disabled and chronically sick people in housing need.
- We provided and managed 7,323 properties for letting in Kent.
- We developed, acquired and brought into management 109 additional homes with 183 new homes on site at the year end.

Unfortunately, in 2016/17 it was necessary to evict 27 households overall:- 23 households for rent arrears, 2 households for rent arrears and ASB and 2 household for ASB.

There were 452 lets of which 53 were new builds. 143 households moved properties through undertaking a mutual exchange and there were 13 market lets.

Other

During 2016/17 we completed 211 minor adaptations to residents' homes at a cost of £63,325 and 63 major adaptations at a cost of £261,963. This is a reduction in the number and cost of minor adaptations compared to the previous year (343 minor: £135,000). The number of major adaptations increased slightly compared to last year (57 major: £342,000), but costs were less.

REPORT OF THE BOARD (continued)

Statement of the responsibilities of the Board for the report and consolidated financial statements

The directors are responsible for preparing the Board Report, the operating and financial review and strategic 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 surplus or deficit 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

Internal Controls Assurance

The Board of Golding Homes Limited is the ultimate governing body for the Group and 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 across the Group which focus on the significant risks that threaten the Group's ability to meet its 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;
- written Group-wide financial regulations and delegated authorities, which were subject to review during the year;

REPORT OF THE BOARD (continued)

Internal Controls Assurance (continued)

- policies and procedures for all key areas of the business;
- group-wide Internal Audit function;
- a group-wide Health and Safety function.
- management structures providing balance and focus within the Group;
- a group-wide risk management function;
- Golding Homes and its subsidiary have annual budgets and long-term business plans;
- regulatory requirements and service objectives with managers ensuring that variances are investigated and acted upon; and
- all housing investment decisions and major commitments were subject to appraisal and approval by the Board.

During the year we prevented a small number of minor attempted frauds. No money was lost by Golding Homes in the year.

The Chief Executive has reviewed the internal control and assurance arrangements by reference to checks on the above and a report has been made to the Board on the effectiveness of the control systems for the year ended 31 March 2017 and up to the date of approval of the Annual Report and the Financial Statements. The Audit Committee and the Board have expressed their satisfaction with these arrangements.

No weaknesses were found in internal controls which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements.

Compliance with the Homes and Communities Agency's Governance and Viability Standard

On 17 March 2017 the Board considered evidence that Golding Homes Limited complies with the Governance and Viability Standard. The Board concluded that it meets this standard for the year to 31 March 2017, and reaffirms this in approving these Financial Statements for the year.

Going Concern

After making enquiries, the Board has a reasonable expectation that Golding Homes has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual Members Meeting

The Annual Members' Meeting will be held on the 28th September 2017 at our head office in Maidstone.

REPORT OF THE BOARD (continued)

Disclosure of information to auditor

At the date of making this report each of the company's directors, as set out on page 3 confirm the following:

so far as each director is aware, there is no relevant information needed by the company's auditors in connection with preparing their report of which the company's auditor is unaware; each director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant information needed by the company's auditors in connection with preparing their report and to establish that the company's auditor is aware of that information.

External Auditors

In accordance with Section 487 of the Companies Act 2006 the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office.

The report of the Board was approved by the Board on 29th June 2017 and signed on its behalf by:

Roger Ford
Chair



Dated

17/07/17

STRATEGIC REPORT

1) Background

Golding Homes is a Registered Provider of social housing. The company's head office is in Kent. The company is charitable and owns and manages over 7,000 properties in Kent. Golding Maintenance Services Ltd is a wholly-owned subsidiary which provides maintenance-related services only to Golding Homes Ltd.

Key Objectives

A summary of our corporate objectives is as follows:

Delivering great customer service and choice

This is about how we respond and react to customers delivering a professional, courteous service and treating people with dignity and respect. It's about doing the simple things well during every customer interface in their home, in our offices and over the phone in ensuring we deliver a quality service. Our aim is to get Service Right, First Time. Our market research with customers will drive this quality by helping us to shape and deliver the services they receive.

We believe that our focus upon improving estate environments and creating places where people choose to live will create a real legacy for our communities. Fantastic customer service is achieved by great individuals and teams, so we will attract and retain the best people who share our values.

Increasing our scale and scope by growing

This is essential if we are to meet our corporate priorities, customer needs and aspirations in the coming years. We are committed to growing our organisation by increasing the range of services that we offer to our customers. We aim to develop more new homes where people choose to live. We will pursue opportunities for transfers, partnerships and regeneration projects that strengthen our property portfolio. At the same time, our Asset Management Strategy will deliver our investment programme and review the long-term needs of our existing homes.

We will also focus on offering different tenures to meet the wishes of customers on different incomes or aspirations, thereby helping to build and sustain viable communities.

Developing partnerships and investing to build communities

Our Community Development Strategy and the work of Golding Vision will focus on the following key themes and link our efforts to the priorities set out by statutory partner agencies:

- Place shaping
- Safer communities
- Health and well being
- Financial inclusion

Remaining financially strong

We will continue to ensure we remain an organisation that is financially strong. We will do this by managing our risk effectively, driving our organisational costs down, procuring at the best possible price and increasing income. We need the support of our people and partners if we are to create the level of success envisaged in this Corporate Plan. We aim to attract and retain appropriately qualified Board members and staff. We will ensure that people who share our objectives choose to work with us. We need to influence and work with partner organisations to best meet the housing, community and housing-related support needs of our existing and prospective customers. Our Equality and Diversity Strategy will ensure that our policies and actions reflect the diverse needs of our communities.

STRATEGIC REPORT (continued)

2) Our business model

Golding Homes currently owns and manages 7,323 properties in total (2016: 7,263). We develop and let the vast majority of our properties at affordable or social rent levels. These are rents between 60%-80% of open market rent levels and are available to those who cannot afford to buy or rent on the open market.

We also own some properties we have acquired for their investment return and these are let at market rent levels.

We are fully responsible for the management and maintenance of these properties. Management involves the letting of properties, setting and collecting rents and dealing with tenancy issues. We carry out responsive repairs, those that need to be dealt with in the short term, and we also carry out planned maintenance over the medium to longer term.

We also develop homes for shared ownership, where a resident buys a part share of the property and we retain and rent to them the remaining share. The shared owner is fully responsible for maintenance of the property.

We also manage a number of leases: properties where we retain the freehold, but a leaseholder has the full lease ownership.

The acquisition and development of our assets has been and continues to be funded by a mixture of surpluses we make on our activities, private debt and Government grant.

STRATEGIC REPORT (continued)

3) Group Analysis of financial and non-financial performance - Group Highlights, five year financial summary

Note: This year FRS102 accounting standard was adopted in Golding Homes accounts. The results for 2017, 2016 and 2015 reflects FRS102, whereas previous periods do not.

For the year ended 31 March

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Income and Expenditure account/Income statement					
Total turnover	41,470	40,103	35,628	34,340	32,850
Income from social housing lettings	37,356	35,767	33,294	31,698	29,701
Operating surplus	13,858	11,194	13,081	11,074	10,300
Profit for the year	9,319	8,077	5,332	6,420	6,017
Balance Sheet/Statement of financial position					
Housing properties, net of depreciation & grants	341,575	330,806	316,036	155,908	138,692
Other fixed assets	21,673	19,574	17,661	10,348	9,964
Fixed assets net of capital grants and depreciation	363,248	350,380	333,697	166,256	148,656
Net current (liabilities)/assets	8,381	4,731	(5,963)	(6,894)	5,763
Total assets less current liabilities	371,629	355,111	327,734	159,362	154,419
Loans (due over one year)	139,975	133,389	113,493	95,411	98,000
Pensions liability	6,495	4,391	5,355	2,281	3,389
Other long term liabilities	27,023	26,903	27,239	456	124
Reserves	198,136	190,428	181,647	61,214	52,906
	371,629	355,111	327,734	159,362	154,419
Total housing stock owned at year end (<i>number of dwellings</i>):					
Social housing	6,764	6,694	6,436	6,368	6,348
Non Social Housing	99	114	101	95	95
Leaseholders	458	455	451	451	450
	7,321	7,263	6,988	6,914	6,893
Statistics based on Statutory Accounts					
Operating margin (operating surplus % of turnover)	33.4%	27.9%	36.7%	32.2%	31.4%
Profit for the year as % of turnover	22.5%	20.1%	14.9%	18.7%	18.3%
Rent losses (including garages)	0.3%	0.4%	0.9%	1.5%	1.3%
Rent arrears (including garages)	4.7%	3.9%	3.9%	3.8%	3.6%
Gearing	35.8%	79.0%	71.2%	49.2%	50.7%
Debt per unit	£20,785	£19,969	£17,362	£14,801	£15,210
Interest cover	364.7%	173.6%	142.6%	243.0%	339.9%
Total reserves per home owned	£28,870	£27,971	£27,788	£9,471	£8,211

STRATEGIC REPORT (continued)

4) Financial performance during the year

Golding Homes is in a very strong financial position and aims to continue delivering its objectives through this strong and stable financial underpinning. Golding Homes generates surpluses for a purpose. All our surpluses are re-invested in our on-going activities, particularly in providing new homes at below market rent levels. Golding Homes is also committed to maintaining its existing assets in a sound condition and to providing great services for our residents. These aims drive our financial performance.

Income

Golding Homes' turnover in the year was £41,470k (2016: £40,103k). Of this £37,356k (2016 £35,767k) was rental income, which increased by 4% compared with the previous year. This growth arose from rent increases for existing stock, from converting 11 properties from social rent levels, typically 60% of market rent levels, to affordable rents which are set at 80% of market levels. These conversions are required by our funding partner, the Homes and Communities Agency. We also acquired 109 new homes for rent and shared ownership in the year.

Our turnover also includes £1,632k from sales of shared ownership properties. This is a growing area of business for us, and provides homes for those wanting to buy a home but unable to afford homes at full market price.

We also received £308k rent from the 908 garages we own, and £1,053k from our commercial portfolio, including market rent properties. We intend to increase the number of market rent properties over the coming years to provide decent homes for those that want to rent, and to provide a contribution towards new affordable homes.

We also are contracted to provide services under the 'supporting people' funding regime, and received £648k under these contracts during the year.

Expenditure

Our main operating costs are management costs, the costs of maintaining our properties, and depreciation. The table below shows expenditure on maintenance compared with the previous year.

Maintenance/Expenditure

	2017 £k	2016 £k
Planned capital	4,242	4,348
Planned revenue	2,679	4,039
Cyclical	1,860	1,845
Responsive	4,743	3,851
TOTAL	13,524	14,083

Our planned and cyclical maintenance programmes were overall at around the same levels as in 2016, with extensive work carried out on bathrooms, kitchens, new and replacement heating systems, asbestos removal, fencing and paths and paving being the main components.

STRATEGIC REPORT (continued)

Management Costs

Our overall management costs in 2017 were £5,458k compared with the previous year of £5,901k. Golding Homes' overall employee costs were £5,934k (2015/16: £5,820k), representing an increase of 2.0% compared with the previous year. Our turnover increased by 3.4% in the same period, and the number of homes in ownership and management increased by 1.4%.

Depreciation

This is a measure of the wear and tear of our properties with other assets – such as to existing components including kitchens, windows, and bathrooms. We replace these periodically. Depreciation costs were £7.5m in the year (£7.7m 2016).

Treasury

Golding has borrowed money over its life to:-

- purchase properties from Maidstone Borough Council when the stock was initially transferred;
- pay for repairs to the transferred stock;
- build or acquire new homes;

Our aim going forward is to borrow only to acquire property, and any debt we raise for additional homes will also be supplemented by the cash generated by our existing activities.

At 31 March 2017 we had facilities with three lenders as set out below:-

	Facility	Facility (all secured)	Drawn	Undrawn
		£	£	£
Santander	123.4m	123.4m	90.4m	33.0m
Barclays	25.0m	25.0m	25.0m	0
AHF	30.0m	30.0m	30.0m	0
The overall facilities are repayable as shown in Note 20.				
Within 1 year			2.6m	
Between 1 and 2 years			2.7m	
Between 2 and 5 years			9.5m	
After 5 years			163.6m	

Our interest costs including amortised cost adjustments in 2016/17 were £4.5m compared with £3.1m in the previous year. We have repaid £2.7m and drawn £10m more debt. We have achieved a reduction in the rate of interest we pay by drawing more fixed rate debt and taking advantage of lower interest rates prevailing during the year. Note: interest actually paid in 2016/17 before considering amortised cost adjustments was £5.7m compared with £5.6m in the previous year.

STRATEGIC REPORT (continued)

Loan Covenants

Golding Homes needs to meet two key covenants within the loan agreements with our lenders:- interest cover (a measure of how much our surplus covers interest payable before amortised cost adjustments), and gearing (how much overall debt we have compared to the value of our assets). Performance at the year end was as follow:-

(Covenant based on loan agreement definition)	Minimum/ Maximum %	Outturn %	Headroom £
Gearing (maximum)	80%	48%	£97m
Interest cover (minimum)	110%	284%	£9.2m

The above outcomes mean that Golding Homes can borrow £97m more debt and incur £9.2m more costs without breaching the constraints imposed by our lenders. This is evidence of the very strong financial position of Golding Homes.

Other Balance Sheet items

The Existing Use Value of properties rose from £288m at 01 April 2016 to £304m at 31 March 2017.

Arrears were £1.7m at 31 March 2017, compared with £1.4m at 1 April 2016.

Pensions

Golding Homes has closed its SHPS and Kent County Council defined benefit pension schemes to new joiners and has replaced it with a defined contribution scheme administered by Legal & General. This helps to manage the risk of pension costs becoming unaffordable for Golding Homes. The pension deficit on only the Kent County Council scheme is recorded in the accounts. The deficit at 31 March 2017 was £6.2m compared with £4.1m at 31st March 2016. We also include in the financial statements the net present value of the deficit reduction contribution relating to the SHPS pension fund. This provision is £285k at 31st March 2017 compared with £315k at 31 March 2016.

STRATEGIC REPORT (continued)

Summary

Overall in the year we achieved a surplus of £9.3m compared with £8.1m in the previous year. Comparisons of the major items for this year and last year are set out in the table below:-

	2017	2016
	£'000	£'000
Surplus on social housing letting	12,923	9,955
Surplus on shared ownership sales	366	662
Other significant items		
Interest payable	(4,525)	(3,143)
Increase in value of commercial and market rent properties, included in other operating income	855	585

We continue to perform strongly against our covenants, and key measures of operational performance such as rent arrears are also strong. More detailed analysis of our performance is included in the Value for Money section below.

5) Value for Money

It is fundamental to the achievement of our strategic objectives that we achieve value for money in all aspects of our activities.

Overview

Value for Money is relevant to our residents, stakeholders such as the Homes and Communities Agency, the taxpayer who ultimately provides the grant for new homes, and to our staff and Board members. We aim to be accountable to all of these by setting out here our past performance and future aspirations.

Introduction

We see value for money as the relationship between how efficient and effective we are. Value for money is high where there is a good balance between low costs, high productivity and successful outcomes. The stronger we are in delivering value for money, the more resources we have to apply to:-

- Investing in existing homes;
- Building new homes for those in need;
- Protecting the services we provide, and supporting our communities.

This statement sets out our performance on value for money, and our future aspirations.

STRATEGIC REPORT (continued)

Longer term aspirations

Overall we want to be as efficient and effective in our delivery of services to our customers.

We continue to operate under the previously announced Government rent regime meaning we have to reduce our rents by 1% a year for four years. This results in an annual reduction in the income we previously expected of around £4m per annum or £10m cumulatively over the period. To compensate for this the Board has agreed a plan to deliver savings or extra income rising to £2.5m per annum in four years' time. This year we secured over £850k against a target of £85k, predominantly due to strong performance on interest costs. This aspiration is included embedded in our budget and business plan. Details of how this is being and will be achieved are set out later in this value for money statement.

On quality we will aim to maintain our customer satisfaction levels at the current strong levels.

How we monitor and manage value for money

The Board has approved a value for money strategy and this is reviewed periodically.

The cost targets set out above are clearly set out in the budget and business plan discussed and approved by Board. A system for monitoring and reporting on achievement of the target has been agreed and will be reviewed by Board every six months as part of its usual reporting.

Performance against budget is monitored on a monthly basis by staff and is reviewed quarterly by Board. The previous Resources Director formally reviewed the value for money activities of every department in the organisation. A contract database is actively maintained and monitored.

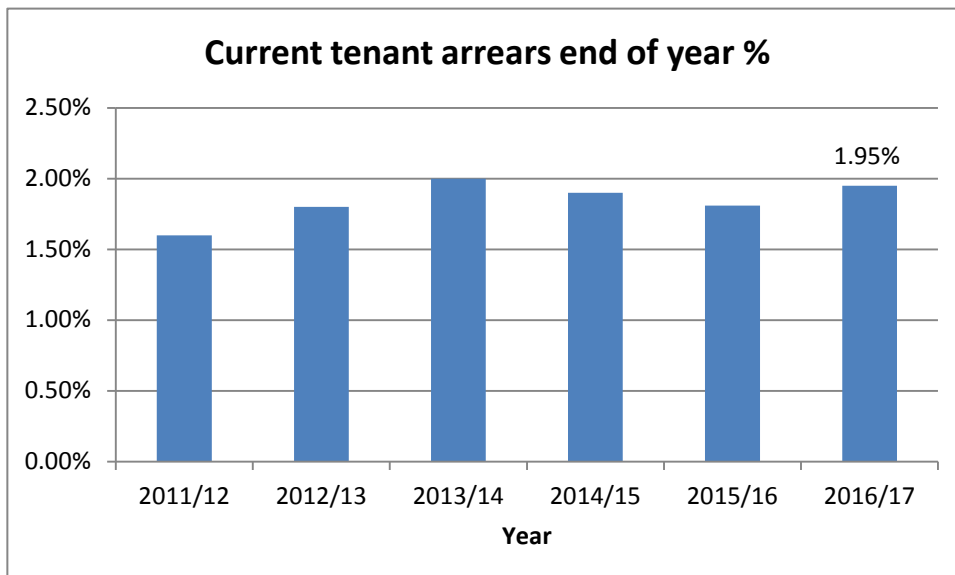
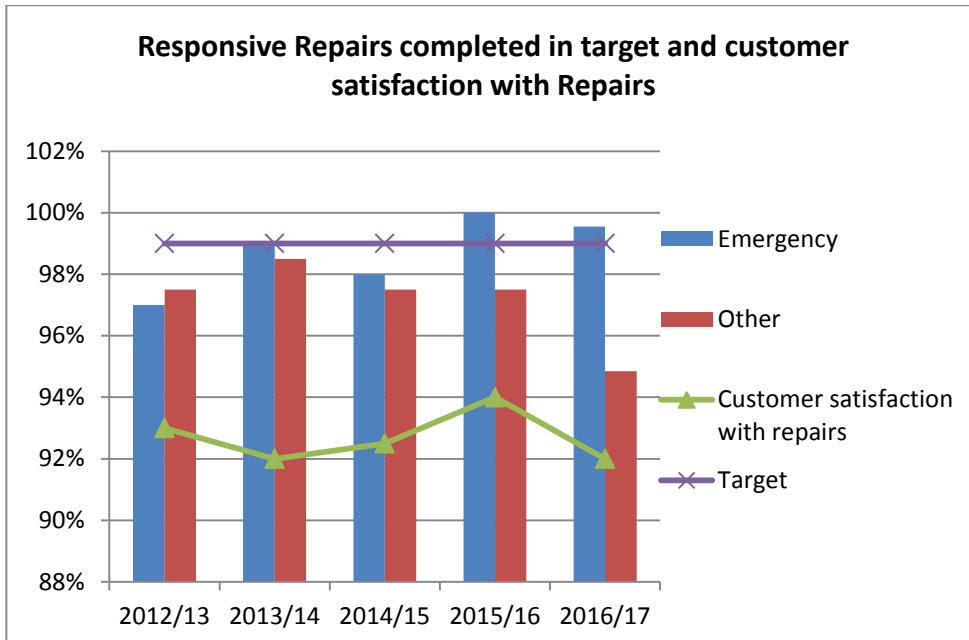
The organisation commits to delivery of an annual service improvement plan drawn up by the leadership team. The Leadership Team also considers value for money issues at its regular meetings.

STRATEGIC REPORT (continued)

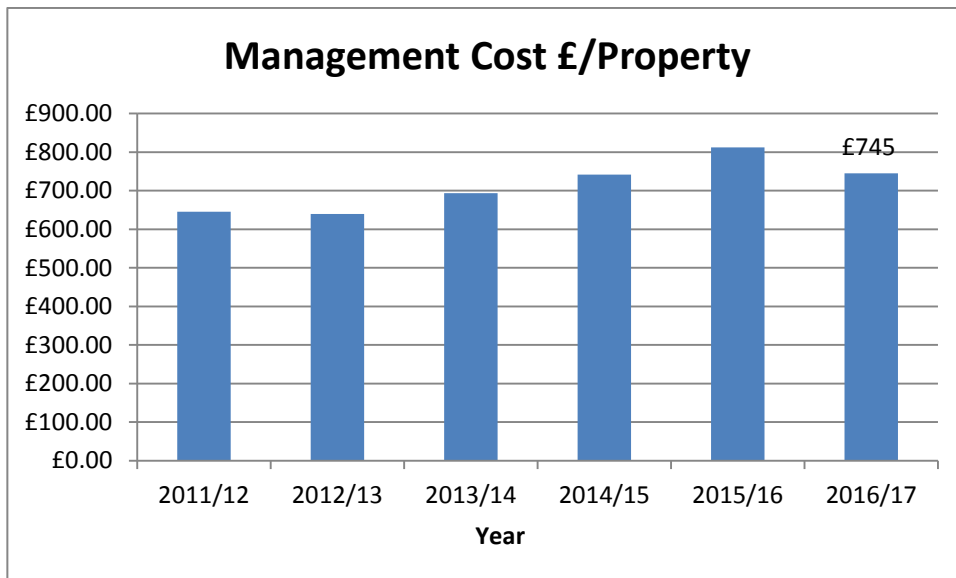
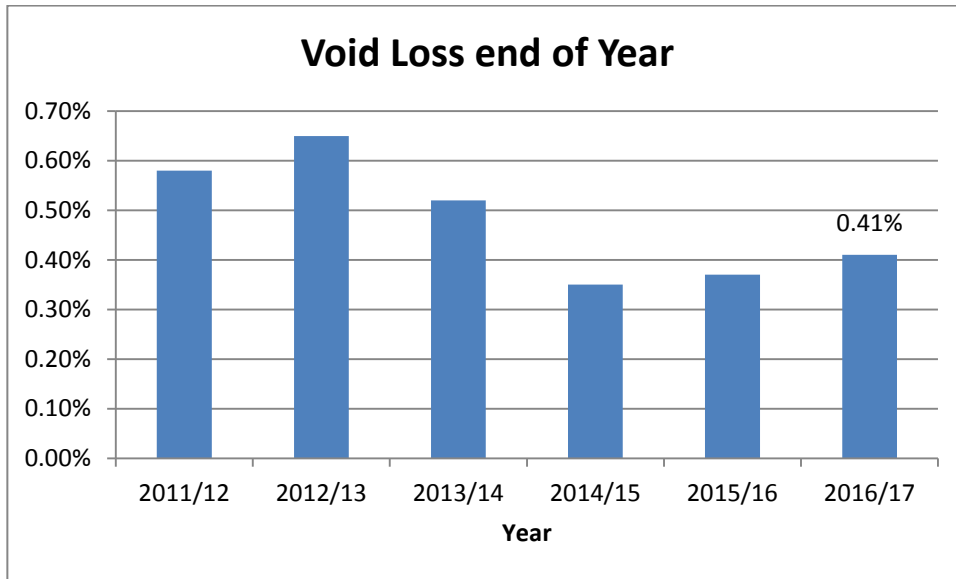
Understanding our performance

Our Performance: performance over time.

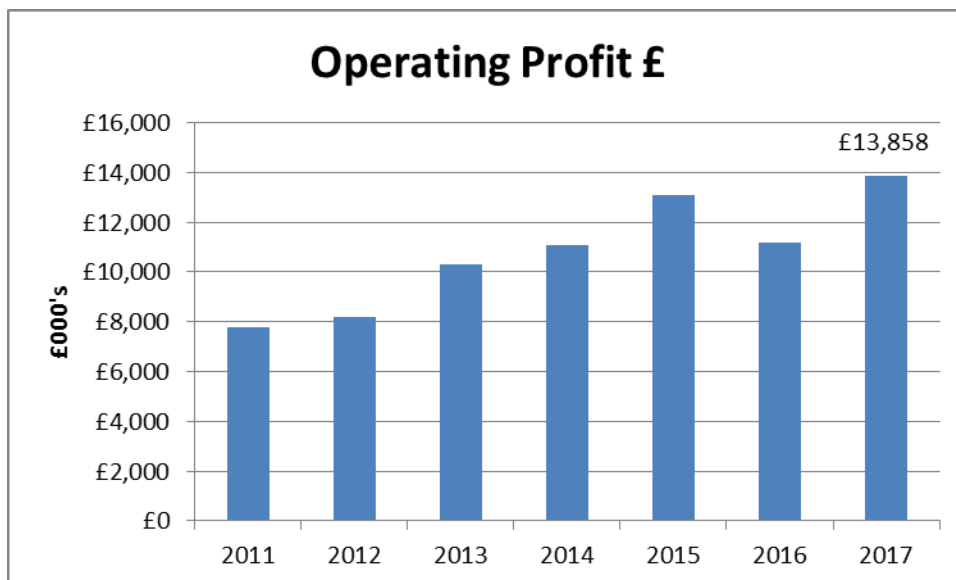
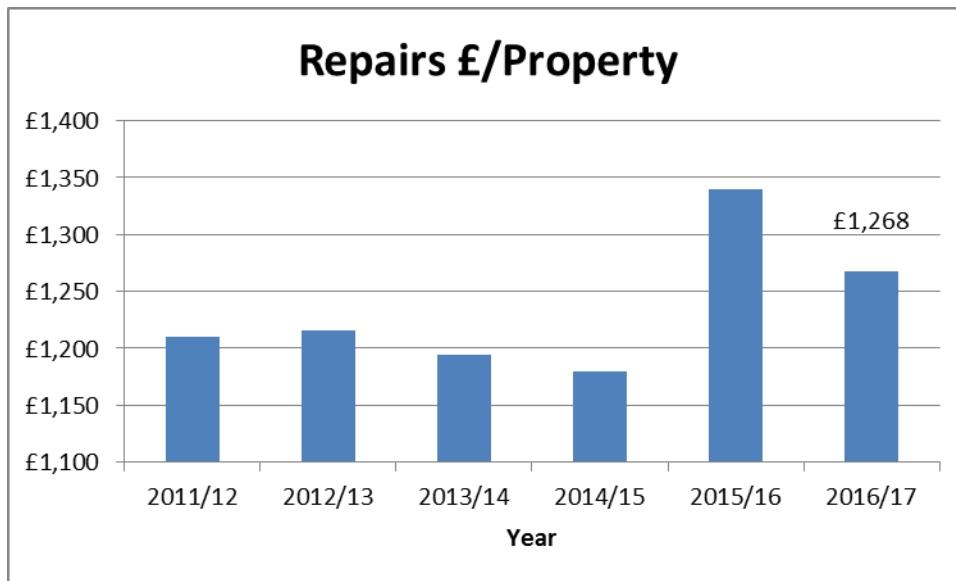
We have reviewed the indicators which we believe are currently most relevant to our stakeholders. Performance over time against these indicators is set out below:-



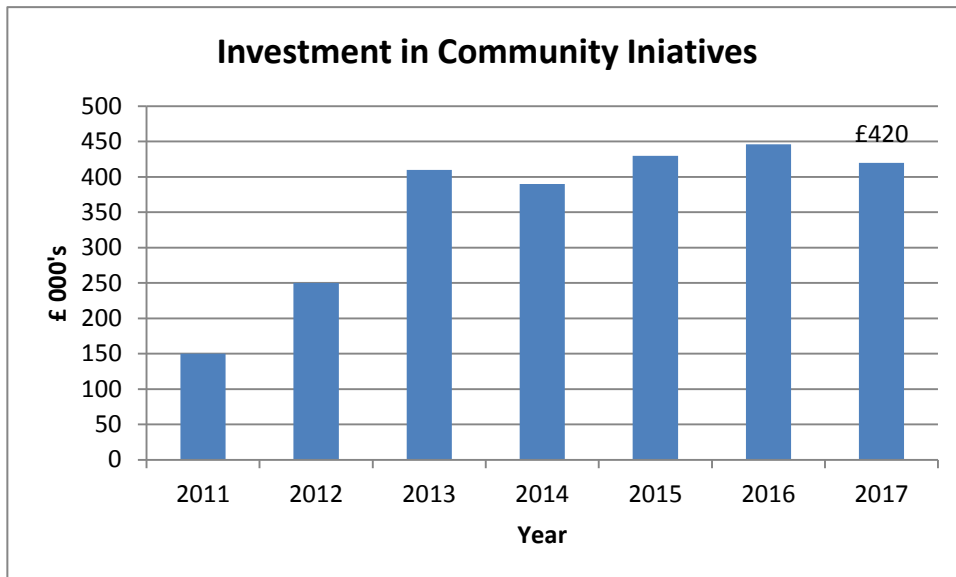
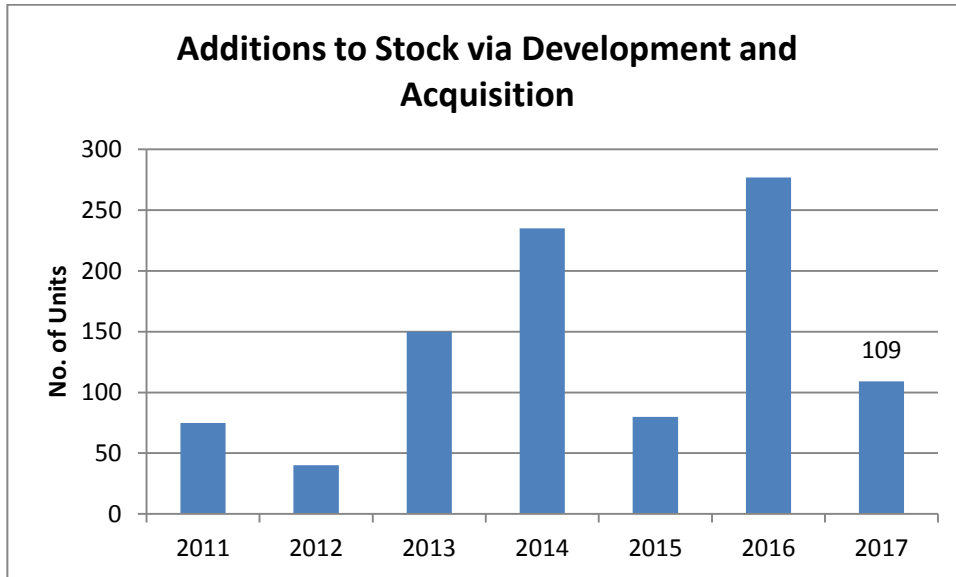
STRATEGIC REPORT (continued)



STRATEGIC REPORT (continued)



STRATEGIC REPORT (continued)



Summary

The above charts generally show strong performance on customer satisfaction, repairs times, arrears and voids. Our operating surplus has risen this year whilst we have maintained investing around 1% of our turnover into the community through our Golding Vision activities. We continue to work hard at bringing new homes into our portfolio and while we are pleased that 109 new homes came into management this year, we have also made significant progress in a pipeline of schemes to achieve our ambition of delivering around 200 new homes each year going forward.

STRATEGIC REPORT (continued)

Our Performance: benchmarking our performance v others

To better understand our performance we have compared our performance with others in the sector.

We have adopted an approach of testing our performance across a range of quality and efficiency measures. To best utilise resources and minimise time and money spent conducting surveys we have chosen to alternate performance and satisfaction benchmarking annually between a full Housemark Benchmark data submission and Standardised Tenants and Residents Satisfaction survey (STAR). We completed a full Housemark submission in 2016 but have completed our own internal analysis this year. Furthermore, we have completed a STAR survey this financial year.

Benchmarking

The STAR satisfaction results published in November 2016 provides a means of comparing key satisfaction results, both benchmarking against others and looking at trends over time. Surveys were sent to a sample 3,312 residents on the 8th August 2016. A response rate of 29% was achieved (956 responses). This was a good increase on previous surveys. The results were as follows:

- Overall landlord service reached median at 87% with a sample size of 95
- Quality of home reached median at 85% with a sample size of 99
- Neighbourhood reached the lower quartile at 83% with a sample size of 96
- Repairs and maintenance reached median at 79% with a sample size of 86
- Views acted upon reached median at 69% with a sample size of 92
- Keeping you informed reached the lower quartile at 76% with a sample size of 14
- Finding staff helpful reached the lower quartile at 80% with a sample size of 7
- Rent is value for money reached the upper quartile at 87% with a sample size of 95

Although Golding Homes reached the lower quartile in three of the categories above, two of these were extremely low sample sizes. The questions asked in terms of Neighbourhoods related to issues such as anti social behaviour and estate services. This is an area where dissatisfaction may be experienced with outcome rather than the procedure, colouring opinions of the entire process. One major improvement showed in the number of satisfied tenants with the value for money section. The satisfaction rate increased by 5% in comparison with the 2014 survey, which put Golding Homes in the upper quartile for 2016.

Global Accounts benchmarking analysis

This focuses on financial performance and compares our financial statements for 2015/16 with the 100 largest Housing Associations. A summary of the benchmarking results are as follows:-

Growth

Golding Homes' growth in units is above average. Growth was 4.04% compared with a sector average of 1.61% for the sample.

STRATEGIC REPORT (continued)

Operating Costs

Management costs per property in 2015/16 were below the average at £880 per property compared with average for the sample of £1,100.

Maintenance costs per property were below the average at £890 per property versus an average of £1,000 for the sample.

Major repairs per property were above average at £1,250 per property versus an average of £900 for the sample.

Our operating margin was below the average at 26.6% compared with the average of 28.8% for the sample. This is probably the best measure of financial efficiency.

Void, Bad Debts and Arrears

Golding Homes' void losses as a percentage of gross rents and service charges was 0.36% in 2015/16, compared with 1.51% for the sample.

Rent arrears were 3.94% compared with 6.20% for the sample.

Losses from bad debts were 0.05% which was better than the average of the sample at 0.73%.

Conclusions for financial benchmarking

Golding Homes is performing efficiently in a number of areas compared with the 100 largest Housing Associations. We need to focus on continuing to reduce our average rate of interest as this is high compared with some peers. Whilst this reflects the economic circumstances prevailing at the time loans were taken out, as Golding Homes grows we should be able to reduce this rate of interest further, and lower costs in this area. We also need to review and reduce maintenance costs where possible.

Our Performance: financial return on assets

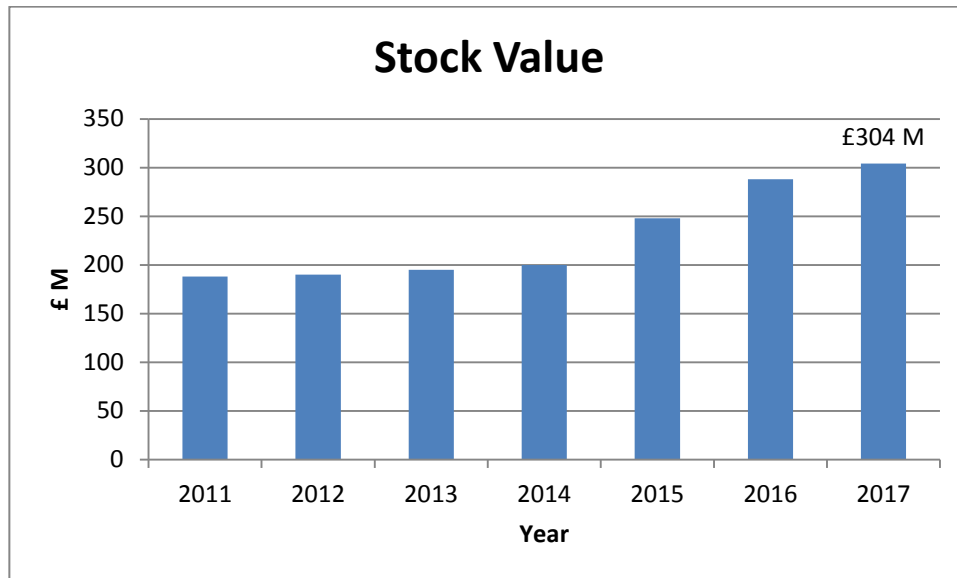
Are we holding and investing in the right assets?

Golding Homes has for a number of years had an asset management strategy setting out how we will ensure that the assets we continue to hold are maintained in good condition, and are not a financial drain on the business. One element of the strategy is an assessment of the future costs of maintaining the assets, compared with the income we expect to receive. Where assets are expected to cost more to maintain than the income we receive we will consider disposals, with a view to investing sales proceeds in new properties, which will cost less to maintain in the future.

STRATEGIC REPORT (continued)

Return on assets: The value of our properties

The existing use value (EUV) is a formal valuation of our stock by external valuers. The valuation is a measure of the total income we receive from our homes less the running costs of the homes over the lifetime of the homes, all added up. Increasing values indicate that the total return on the assets is increasing. We have an annual valuation for Golding Homes' stock and the results are set out below:-



Return on assets: Surplus on social and non social housing activities as a percentage of assets value

Set out below is a return on assets calculation showing another indication of our performance. This is presented for the last two years only, as data is only available under FRS102 accounting standards for these two years.

	2016/17 £m	2016/16 £m
Fixed asset value in statement of financial position	363.3	350.4
Surplus on social and non social housing activities	13.7	10.4
Return on assets	3.8%	3.0%
Interest paid in year before amortised cost adjustments	5.7	5.6
Interest costs as a % of assets	1.6%	1.6%

This shows that in 2016/17 our returns are higher than our cost of funding those assets and that the returns on assets as a percentage is growing.

STRATEGIC REPORT (continued)

Our Performance: Social Return on Investment

Community Development

Our activities and achievements during 2016/17 included:

- In 2016/17 we invested £360k in community initiatives.
- During the year we granted £50,542 to 72 local groups and clubs to assist them with community projects.
- Through our pre-employment support service we have provided training to 57 residents and provided information, advice and guidance to a further 158 job seekers
- Throughout the year we have supported/attended and hosted 214 events in the community including our Access for All event.
- In partnership with Kent Sport we have funded a further round of the delivery of a Get Active diversionary activity programme with a total of 2154 attendances by 504 participants aged 5-15. Activities included Cricket, dancing Gymnastics Boxing and Archery Tag.
- Pre-Tenancy Training, this training has been established in partnership with MBC. Over the course of the year 81 people have attended the training. The feedback received remains positive and attendance rates are good. Over the last 4 months each session has had at least 14 people in attendance.
- We ran 3 Easter Explorer sessions, in partnership with Medway Valley Conservation Society. The sessions were held in Park Wood, Tovil and Shepway. We were able to engage with 55 children across the 3 sessions and provide a diversionary activity during the Easter holidays.
- We commissioned Garden Organic to deliver a community garden scheme at 4 locations. During the course of the project 8 volunteers were recruited and 396 volunteer hours were contributed to the scheme. The project won the Wellbeing Community Award at the 2017 Wellbeing Symposium
- Overall in 2016/17 against a £400,000 project funding pot we achieved in kind/match funding contributions of £344,000.

Supporting People

Long Term Supported Accommodation (Sheltered)

We provide 974 long term supported housing (sheltered) properties for older people in Maidstone District with housing related support attached to the accommodation. Occupation exceeds the capped contract income for customers in receipt of Housing benefit with the remaining residents being self-funders. Referrals continue to be assessed to ensure support is required by each applicant and this is assisted by the close professional working relationship between Support Services and the Allocation team. This ensures the most vulnerable applicants access the service for their needs. We support residents with a wide variety of problems which may impact on their ability to sustain their tenancy and continue to live independently. These include: debt, domestic abuse issues, mental ill health issues, self-harm, substance and alcohol misuse. In addition our Sheltered Service supports many customers with physical disability, chronic illness and sensory needs.

STRATEGIC REPORT (continued)

The Sheltered Service is complemented by our Day Centre provision through which a range of events and activities are provided by local groups and partner agencies of Golding Homes. These are available to residents of our sheltered accommodation and seek to enhance independent living, health and well-being and mitigate the risk of social isolation.

Teenage Parent Short Term Supported Accommodation

Golding Homes' Teenage Parent Short Term Supported Accommodation at Willowbrook Place comprises 6 self contained apartments, communal facilities, a play area and an office. We support young people who are in fear of homelessness, who are pregnant or who have young dependant children. The unit offers up to 14 hours per week of housing related support for up to 2 years, with the possibility of 3 months out-reach move on support. The unit continues to flourish with a waiting list of 6 applicants. From 1 April 2016 to 31st March 2017 we received 23 referrals. We have had 4 customers move on during this period. At least 3 activities a week provided at the unit are open to the wider community. Examples of sessions provided include: counselling, drug and alcohol awareness, financial capability, sexual health, smoking cessation, gardening, cooking, first aid, driving lessons. All customers are encouraged to consider education, employment options and volunteering.

Golding Lifeline

Our Golding Lifeline service provides alarm support to 600 customers. The service is accessible across all tenures to support those with long term conditions, assisting convalescence (e.g. Home from Hospital support) as well as care for those with terminal conditions, the older population, or people who have another vulnerability. Golding Lifeline enables customers to remain in their own home with access to 24/7 response via their lifeline unit. The Golding Lifeline service has customers across the county. Referrals to the service come from many partner agencies and stakeholders e.g. NHS, Hospitals, Kent County Council, Euro-Mobility, and Community Wardens. The service is promoted via the Appointment Cards in Maidstone and Tunbridge Wells Hospital, local Hospices, The annual Access for All event in Maidstone, talks and promotion by Golding Homes staff.

STRATEGIC REPORT (continued)

Social return on investment: new homes, and the 'rent dividend'

In 2016/17 we completed or acquired 109 new homes, investing £19.2m in the community on the overall development programme. Over the medium term we plan to develop around 200 new homes a year. Of these 108 will be homes sold as shared ownership or let at below market rates, thus providing new secure homes for families unable to afford housing on the open market.

In total we now own or manage over 7,000 homes. The vast majority of these properties are at rent levels significantly below market levels. This creates a 'rent dividend': for residents in receipt of Housing Benefit rents lower than market rates mean a lower housing benefit bill and this saves government and the tax payer money. For those residents not on housing benefit they pay less rent than for homes in the private sector, leaving them more money to live on.

The average rent we charge is £105 per week, compared with market rents of £202 per week. Given around half our rents are covered by housing benefits we are saving these residents that pay the rent themselves over £18m a year and the government and tax payer the same sum in housing benefit compared with housing our residents at the private sector rent levels.

Value for Money achievements: potential and actual efficiency savings

Within Golding Homes our Leadership Team has monitored potential and actual efficiency savings. Some of the savings achieved in the recent period and plans for future savings are set out below.

We have achieved savings in a number of areas. Examples large and small are set out below:-

Loans:

We have reduced the effective rate of interest on our loans from 4.15% in 2016 to 3.91% as at 31st March 2017. On facilities drawn of approximately £40m this saves around £345k a year on a like for like drawn debt position. This has been achieved by an active interest rate management strategy, and accessing Affordable Housing Funding which is government guaranteed and is at a very low interest rate.

Revise employee discretionary award:

Following Staff forum feedback, the Senior Management Team agreed to replace the discretionary award with an increase in the Personal Development and Wellbeing grant from £75 to £200 per employee per year. £40,000 savings were achieved in 2016/17 with projected savings of £200,000 over four years.

Close Shepway office:

All of the services, facilities and ICT services saved from the closure of this office which impacted the 2016/17 budget by £50K.

Reduce consultancy/legal/audit

The budget for 2016/17 saw a reduction in consultancy and legal fees of £100k.

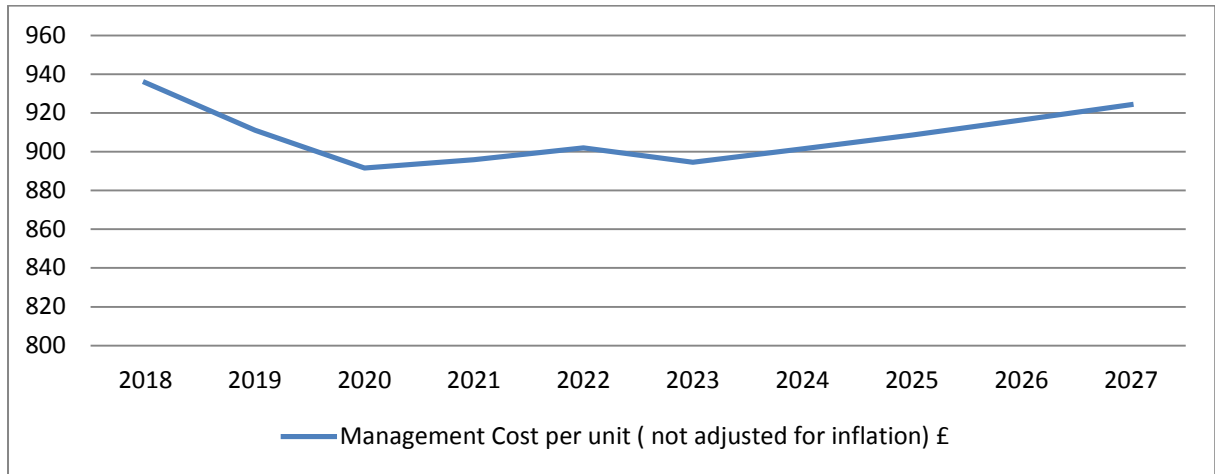
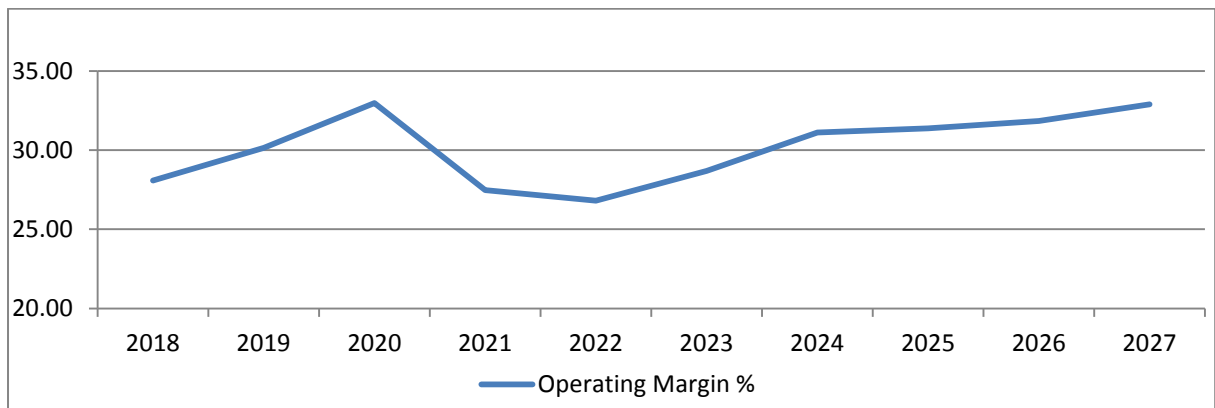
STRATEGIC REPORT (continued)

Our Plans for Future efficiency savings

We continue to have an ongoing focus on looking for further opportunities to improve our efficiency and effectiveness. For example, posts that become vacant are reviewed on whether they are still required going forward and we have instigated a fresh approach to Business Planning which we anticipate will also highlight further areas for improvement beyond those identified previously.

Summary

A summary of how we see our efficiency in the future is set out in the projections for our management costs per unit and operating margin for the coming years. This is set out below.



STRATEGIC REPORT (continued)

Monitoring

The Board and Executive receive information on our performance on value for money in the following ways:-

- This statement has been reviewed by Board and Executives
- Our quarterly business report covers Key Performance Indicators such as management costs, arrears, performance versus budget that covers the efficiency of our services
- Key savings initiatives are recorded and delivery monitored by the Leadership Team, comprising senior staff in the organisation.
- The budget and business plan is approved by the Board and these include a specific plan around savings over the medium term discussed and approved by Board.
- Tenants are consulted on this report as part of our Customer Scrutiny cycle and a précis version is published in our Tenants Annual Report. The full version is also made publically available via our website.

Conclusions on Value for Money

Golding Homes is a financially strong organisation. It is achieving a good operating margin compared with other housing organisations. Whilst it can improve efficiency in a number of areas it has set achievable targets to maintain satisfaction and improve efficiency over the coming years and continues to look for ways to do more. The Board acknowledges this and expects to deliver against these targets.

6) Development and Regeneration

We have secured funding in the 2016-18 programme, for 74 new homes. For this funding round we have secured our own Investment Partner status with the HCA.

The current development market is marked by high demand for homes, high land and construction costs and a lack of labour and some materials, a challenging environment. However, as the cost of debt for new homes has fallen we have been successful in finding opportunities for growth, and anticipate fulfilling our plans to delivery 200 new homes per year over the medium term. We approach all new schemes using prudent assumptions, and expect new developments to add value to our business plan. In some instances we expect to replace grant, which is now at lower levels than in the past, with surpluses from commercial tenures such as market rent and sale. We will always seek to ensure the new homes we provide are good value for our customers and enhance local communities.

STRATEGIC REPORT (continued)

7) Our future prospects

Whilst we ended the year in a strong financial position we face a number of challenges and threats to our financial well being, largely arising from changes in Government policy. These include:-

- The continued roll out of Universal Credit which will be applicable to a number of our residents in coming years.
- On going restrictions on housing benefit available for certain age groups of our customers, restrictions on housing benefit where homes are not fully occupied (the spare room was subsidy), and overall limits to total benefits payable to individual households.
- The introduction of voluntary right to buy, currently being piloted in the sector.
- Most fundamentally the change in general policy rent increases of CPI+1% each year, to a reduction in rent of -1% for each of the four years from 1 April 2017.

We continue to focus on maintaining our financial strength and continue to develop around 200 homes a year for the next eight years. Financial highlights of our longer term business plan are set out below.

	£m
Turnover from lettings 2018	38.7
Turnover from lettings 2026	56.8
Surplus before Interest 2018	13.3
Surplus before Interest 2026	22.5
Interest Costs as at 2018	5.5
Interest Costs as at 2026	14.9
Total Surplus at 2017	7.3
Total Surplus at 2026	7.5
Total Surplus at 2041	33.6
Peak debt year	2027
Peak debt	349
Total properties in Management 2027 (excluding leaseholders)	8633

STRATEGIC REPORT (continued)

8) Key Risks faced by Golding Homes Limited

The key risks that we face, as reported to Board are:-

- Changes arising from Government policy, such as welfare reform, the introduction of right to buy which will threaten our income streams.
- Treasury risks, such as breaching loan covenants and running out of money to pay for our activities.
- Threats to our data security.
- Failure to comply with health and safety obligations.
- Failure to maintain a positive regulatory judgement.
- Failure to deliver our development and regeneration programme on time and on cost.
- Increases in pension costs.
- Failure to make the planned returns from market rent activities.
- A combination of adverse financial events, financial assumptions and other scenarios that cause failure.
- Failure to achieve planned improvements in efficiency.

We manage risks in the following way:-

- We use the Hargreaves database to monitor all risks and controls in place.
- Risks are reviewed quarterly by the Board, Audit Committee and senior staff.
- An in depth review of each significant risk is presented to the Audit Committee annually.
- Stress and scenario testing is carried out and reported to Board annually.
- The Board has set its risk appetite and activity limits for the organisation and these are reviewed annually.
- John Hargreaves Consultancy reviews our risk profile and risk management practices annually and reports to Audit Committee on this.

9) Governance at Golding Homes

The following sets out the approach to governance within Golding Homes.

The Board is responsible for all strategic decisions, for ensuring compliance with the law and regulatory standards, and for monitoring performance.

The Board is comprised of up to ten independent members, and meets at least quarterly during the year for formal meetings and also holds 'strategic away days' where relevant.

The Board is supported by an Audit Committee, which reviews the risk management framework and assesses the work of the internal and external auditors. It is also supported by a Remuneration Committee which is supported by external independent advice on Board and Executive salaries.

Overall the Board reviews and approves where necessary strategies and reports concerning:-

- The organisation's corporate plan.
- The business plan and budget.
- Customer related strategies such as asset management.
- New development and regeneration.
- Compliance with HCA regulatory standards, relevant legislation and good practice such as that issued by the NHF.
- The Financial Regulations and schemes of delegated authority.

STRATEGIC REPORT (continued)

The Board receives advice from:-

- Internal and External Auditors
- Pay consultants
- Risk management advisers.
- Legal advisers.
- Treasury advisers.

The Board regularly reviews its own performance. The Board is appointed by the shareholders of Golding Homes.

10) Judgements and Estimates

This section sets out where we have, in preparing the financial statements, made certain judgements and estimates.

- Useful economic lives of properties

The basis of preparation of the financial statements is set out in note 2. This includes a section on the assumed lives of the various components of our housing properties. These are based on information provided on replacement cycles by our Property Services team.

- Impairment review

We have carried out a review of the potential for impairment of our properties. We carried out two tests. We compared the Existing Use Value of our properties with the book value. We also assessed the rebuild costs of our stock compared with book value. Rebuild costs were based on costs experienced in our 2016/17 development programme by property size. No areas of impairment were identified.

- Pension assumptions

The financial statements include pensions in respect of pension deficits. The deficits have been informed by an actuary and details are presented in note 9. The note sets out the assumptions used by the actuary in determining the assets and liabilities of the pension schemes.

- Rental and commercial arrears where any exceptional repayment arrangements were in place, i.e. an agreement to repay outside normal business arrangements, these repayments have been discounted at a rate of 7-15% in arriving at book values for these arrears.

- Categorisation of investment properties and fixed assets

Where properties are acquired and retained and let at market rent levels these assets are recorded as investment properties in the statement of financial position. All properties which are let at sub market rents, or shared ownership properties are held as fixed assets in the statement of financial position.

STRATEGIC REPORT (continued)

Statement of compliance

In preparing this Strategic Report, the Board has followed the principles set out in the SORP (Statement of Recommended Practice) 2014.

This Strategic Report was approved by Roger Ford:-

Roger Ford
Chair

Date

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDING HOMES LIMITED

We have audited the financial statements of the Group and Golding Homes Limited for the year ended 31st March 2017 as set out on pages 36 to 68. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the group's and company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the group's and company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the group and company and the group's and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors Responsibilities Statement set out on page 7, the directors are responsible for the preparation of financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- Give a true and fair view of the state of the group's and company's affairs as at 31st March 2017 and of the profit for the year then ended;
- Have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- Have been prepared in accordance with the Companies Act 2006, The Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GOLDING HOMES LIMITED

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors report:

- We have not identified material misstatements in those reports; and
- In our opinion, those reports have been prepared in accordance with the Companies Act 2006

Matters on which we are required to report by exception

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

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

Harry Mears, (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
EC14 5GL

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2017

	Note	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Turnover: continuing activities	3a and 3b	41,470	40,103	41,555	40,183
Cost of sales	3a and 3b	(1,344)	(1,924)	(1,344)	(1,924)
Operating costs	3a and 3b	(26,387)	(27,774)	(26,624)	(28,008)
Other operating income	6	119	789	119	789
		<hr/>	<hr/>	<hr/>	<hr/>
Operating profit	5	13,858	11,194	13,706	11,040
Interest receivable and other income	7	125	65	125	65
Interest payable and similar charges	8	(4,525)	(3,143)	(4,524)	(3,141)
Other finance costs		(161)	(17)	(161)	(17)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit before tax		9,297	8,099	9,146	7,947
Gift Aid Receipt		-	-	150	153
Corporation tax charge	11	22	(22)	22	(22)
		<hr/>	<hr/>	<hr/>	<hr/>
Profit for the financial year		9,319	8,077	9,318	8,078
Other comprehensive income					
Actuarial gain/(loss) relating to pension scheme	9	(1,653)	703	(1,653)	703
		<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year		<u>7,666</u>	<u>8,780</u>	<u>7,665</u>	<u>8,781</u>

STATEMENT OF FINANCIAL POSITION
At 31 March 2017

	Note	Group		Company	
		2017 £'000	2016 £'000	2017 £'000	2016 £'000
Tangible fixed assets					
Housing properties	12	341,575	330,806	341,575	330,806
		<u>341,575</u>	<u>330,806</u>	<u>341,575</u>	<u>330,806</u>
Investment properties	13	17,641	15,343	17,641	15,343
Other tangible fixed assets	14	4,032	4,231	4,032	4,231
		<u>363,248</u>	<u>350,380</u>	<u>363,248</u>	<u>350,380</u>
Current assets					
Properties for sale	17	4,489	588	4,489	588
Debtors	18	2,292	1,772	2,446	1,962
Cash and cash equivalents		15,721	12,684	15,497	12,433
		<u>22,502</u>	<u>15,044</u>	<u>22,432</u>	<u>14,983</u>
Creditors: Amounts falling due within one year	19	<u>(14,121)</u>	<u>(10,313)</u>	<u>(14,048)</u>	<u>(10,248)</u>
Net current (liabilities)/assets		<u>8,381</u>	<u>4,731</u>	<u>8,384</u>	<u>4,735</u>
Total assets less current liabilities		<u>371,629</u>	<u>355,111</u>	<u>371,632</u>	<u>355,115</u>
Creditors: Amounts falling due after more than one year	20	<u>(167,283)</u>	<u>(160,607)</u>	<u>(167,283)</u>	<u>(160,607)</u>
Net pension liability	9	<u>(6,210)</u>	<u>(4,076)</u>	<u>(6,210)</u>	<u>(4,076)</u>
Net assets		<u>198,136</u>	<u>190,428</u>	<u>198,139</u>	<u>190,432</u>
Capital and reserves					
Revenue reserve		81,814	73,442	81,817	73,446
Revaluation reserve		116,322	116,986	116,322	116,986
		<u>198,136</u>	<u>190,428</u>	<u>198,139</u>	<u>190,432</u>

Registered Company No 4338328
Registered Provider of Social Housing No LH4402
Registered Charity No 1104956

The financial statements were approved by the Board on 29th June 2017 and signed on its behalf by:

Roger Ford
Chair

Date

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY
For the year ended 31 March 2017

	Group Share Capital £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
Balance at 1 April 2016	-	116,986	73,442	190,428
Surplus for year	-	-	9,319	9,319
Revaluation reserve	-	(664)	664	-
Other comprehensive income for the year	-	-	(1,611)	(1,612)
Balance at 31 March 2017	-	116,322	81,814	198,135

COMPANY STATEMENT OF CHANGE IN EQUITY
For the year ended 31 March 2017

	Company Share Capital £'000	Revaluation Reserve £'000	Revenue Reserve £'000	Total £'000
Balance at 01 April 2016	-	116,986	73,446	190,432
Surplus for year	-	-	9,318	9,318
Revaluation reserve	-	(664)	664	-
Other comprehensive income for the year	-	-	(1,611)	(1,611)
Balance at 31 March 2017	-	116,322	81,817	198,139

CONSOLIDATED STATEMENT OF CASHFLOWS
For the year ended 31 March 2017

CASH FLOWS FROM OPERATING ACTIVITIES

	2017	2016
	£'000	£'000
Operating profit for the year	13,858	11,194
Depreciation of tangible fixed assets	7,633	7,966
<i>Adjustments for</i>		
Impairment	(36)	2
Grant income	(360)	(276)
Pension operating charge	690	804
Pension contributions paid	(364)	(383)
(Increase)/decrease in debtors	(520)	94
Increase/(decrease) in creditors	4,422	(250)
Interest paid	(4,568)	(5,997)
Taxation	22	(22)
	<hr/>	<hr/>
Net cash flow from operating activities	20,777	13,132
	<hr/>	<hr/>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest received	126	64
Purchase and construction of housing properties	(19,915)	(25,777)
Social housing grant received	480	310
Purchase of other fixed assets	(88)	(31)
Purchase of properties for sale	(6,268)	(588)
Purchase of investment properties	(1,443)	-
Sales of housing properties	2,107	1,555
Sales of other fixed assets	1	4
	<hr/>	<hr/>
Net cash flow from Investing Activities	(25,000)	(24,463)
	<hr/>	<hr/>

CASHFLOW FROM FINANCING ACTIVITIES

Loans received	10,000	25,000
Housing loans repaid	(2,740)	(2,249)
	<hr/>	<hr/>
Net cash flow from financing activities	7,260	22,751
	<hr/>	<hr/>
Increase in cash	3,037	11,420
	<hr/>	<hr/>
Cash and cash equivalent at 1 st April 2016	12,684	1,264
Cash and cash equivalent at 31 st March 2017	15,721	12,684
	<hr/> <hr/>	<hr/> <hr/>

NOTES OF THE FINANCIAL STATEMENTS

1. Company Information

The company is registered under the Companies Act 2006 and is registered with the Homes and Communities Agency as a social landlord. The company is a public benefit entity.

2. Basis of preparation

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS102;’), and with the Companies Act 2006. The financial statements comply with the “Statement of Recommended Practice: Accounting by Registered Housing Providers 2014” and comply with “Accounting Direction for Private Registered Providers of Social Housing 2015”. The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

These Group and Company financial statements were prepared in accordance with Financial Reporting Standard 102. The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) as issued in August 2014. The amendments to FRS102 issued in July 2016 and effective immediately have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The group financial statements consolidate the financial statements of Golding Homes Limited and Golding Maintenance Service Limited drawn up to 31 March each year.

Going concern

After reviewing the group’s forecasts and projections, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Turnover

Turnover comprises rental income receivable in the year, service charges receivable in the year, sales of properties which have been built for sale and other services included at the invoiced value (excluding VAT where applicable) of goods and services supplied in the year and revenue grants receivable in the year.

Taxation

The charge for taxation is based on the surplus for the year and takes into account taxation deferred. Deferred taxation on differences between the treatment of certain items for accounting and taxation purposes is accounted for to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

Value added tax

Golding Homes charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by Golding Homes and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents interest on borrowings of the company as a whole after deduction of interest on SHG in advance to the extent that they can be deemed to be financing the development programme. Other interest payable is charged to the income and expenditure account in the year.

Pensions

Golding Homes participates in two funded multi-employer defined benefit schemes: the Social Housing Pension Scheme (SHPS) and the Kent County Council Pension Fund (KCCPF). Both schemes were closed to new employees on 1st October 2012. The schemes were also closed to existing members of staff joining the schemes on 2nd January 2014.

The operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities are recognised in the accounting period in which they arise. The operating costs, finance costs and expected return on assets are recognised on the income and expenditure account with any other changes in fair value of assets and liabilities being recognised in the statement of comprehensive income.

New staff may participate in a Defined Contribution scheme, managed by Legal & General, to which the company also contributes.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Financial Instruments

Loans are recognised on the balance sheet and measured at the transaction price including transaction costs. As the loans are categorised as basic each period end the financial instrument is remeasured and held at amortised cost using the effective interest rate, with the movement posted to the statement of comprehensive income.

Impairment of Financial Assets

Financial assets not carried at fair value are assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition. Any impairment loss is recognised in the operating surplus or deficit.

Component accounting

Golding Homes accounts for its expenditure on housing properties using component accounting. Under component accounting, the housing property is divided into those major components which are considered to have substantially different useful economic lives. These components are then depreciated over their individual useful economic lives. The particular components useful economic lives when new are as follows:-

Land	infinite
House structure	50-100 years
Flat structure	30-70 years
Roofs pitched	60 years
Roofs flat	19 years
Water treatment plant and PV panels	25 years
Wiring , windows and doors	30 years
Bathrooms	30 years
Kitchens, lifts and digital TV aerials	20 years
Central heating boilers, hard wired alarms and PV inverters	15 years
Heating systems	30 years
Non traditional external	40 years

Properties acquired by transfer from Maidstone Borough Council on 2nd February 2004 were treated as having useful economic lives of 0 to 50 years and all of the value was ascribed to land and structure.

As at 1st April 2014 the properties acquired from Maidstone Borough Council were revalued using the Deemed Cost Method with the increase in value being moved to a revaluation reserve. Depreciation on the increase in value is calculated over the remaining life of the asset.

Where a separately identified and depreciated component of an existing property is replaced, the carrying value of the component is expensed and the cost of the replacement component capitalised. The depreciable amount of housing properties is depreciated over the above periods on a straight line basis.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Investment properties

In accordance with FRS102, investment properties are included in the financial statements at their open market values. They are re-valued annually and the aggregate gain or loss on revaluation is included in other operating income. Depreciation is only provided for short leasehold properties (those with less than twenty years to run). This departure from the requirements of the Companies Act 2006 for all properties to be depreciated is, in the opinion of the directors, necessary for the financial statements to give a true and fair view.

Supporting people

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

Housing properties

Housing properties are principally properties available for rent and include those that are in the course of construction and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and interest charges incurred during the development period.

Gains and losses on disposals of housing properties are determined by comparing the proceeds with the carrying amount with any gain/loss on disposal of fixed assets recognised in the consolidated statement of comprehensive income

Properties for sale

Completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Shared ownership

Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units to persons who occupy them at a share equal to between 25% and 75% of value. The occupier has the right to purchase further proportions up to 100% at the then current valuation. Low cost home ownership properties are split between current and fixed assets on initial recognition. The proceeds from the sale of the current asset element ("first tranche") are included in turnover and the related asset expensed through the income and expenditure statement as a cost of sale. The remaining element of the property ("staircasing element") is accounted for as a fixed asset and any subsequent tranche sale treated as a part disposal of a fixed asset.

Impairment

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. If there is an internal subsidy on the scheme this is included as part of the impairment review.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount plus the intended internal subsidy amount. Any such write down is charged to operating surplus.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Judgements and Estimates

This section sets out where we have, in preparing the financial statements, made certain judgements and estimates.

Useful economic lives of properties

The basis of preparation of the financial statements is set out above. This includes a section on the assumed lives of the various components of our housing properties. These are based on information provided on replacement cycles by our Property Services team.

Impairment review

We have carried out a review of the potential for impairment of our properties. We carried out two tests. We compared the Existing Use Value of our properties with the book value. We also assessed the rebuild costs of our stock compared with book value. Rebuild costs were based on costs experienced in our 2016/17 development programme by property size. No areas of impairment were identified.

Pension assumptions

The financial statements include pensions in respect of pension deficits. The deficits have been informed by an actuary and details are presented in note 9. The note sets out the assumptions used by the actuary in determining the assets and liabilities of the pension schemes.

Rental and commercial arrears where any exceptional repayment arrangements were in place, i.e. an agreement to repay outside normal business arrangements, these repayments have been discounted at a rate of 7-15% in arriving at book values for these arrears.

Categorisation of investment properties and fixed assets

Where properties are acquired and retained and let at market rent levels these assets are recorded as investment properties in the statement of financial position. All properties which are let at sub market rents, or shared ownership properties are held as fixed assets in the statement of financial position.

Deemed cost

The Board has approved a change in the presentation of our fixed assets in the statement of financial position. These assets have previously been stated at cost. In the financial statements for both the year ended 31 March 2017 and the comparative year these assets have been stated at deemed cost. Those assets transferred from Maidstone Borough Council have been uplifted from historic cost to existing use value. Those assets built or acquired since transfer remain at historic cost.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Other tangible fixed assets

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

Office accommodation	2.5%
Computers and office equipment	20%-50%
Motor vehicles	33%

Grant

Social Housing Grant (SHG) is received from the Homes and Communities Agency (HCA) and is utilised to fund the building of social housing properties. This is treated as a long term creditor and released to Income Statement over the useful life of the property. On disposal of properties, all associated SHG is transferred to the Disposal Proceeds Fund until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

NOTES OF THE FINANCIAL STATEMENTS (continued)

3a. Turnover, cost of sales, operating costs and operating surplus/ (deficit)

	Group							
	2017	2017	2017	2017	2016	2016	2016	2016
	Turn over	Cost of Sales	Operating Costs	Operating Surplus/ (deficit)	Turnover	Cost of sales	Operating Costs	Operating Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	37,716	-	24,793	12,923	36,043	-	26,088	9,955
Social housing activities								
Aids and adaptations	19	-	173	(154)	17	-	301	(284)
Supporting people	744	-	735	9	761	-	805	(44)
Shared ownership sales	1,632	1,266	-	366	2,586	1,924	-	662
Other	236	-	-	236	196	-	-	196
	2,631	1,266	908	457	3,560	1,924	1,106	530
Non social housing activities								
Commercial rent	579	-	686	(107)	423	-	580	(157)
Open market sales	544	78	-	466	77	-	-	77
	1,123	78	686	350	500	-	580	(80)
	41,470	1,344	26,387	13,739	40,103	1,924	27,774	10,405

**Turnover, cost of sales, operating costs and operating surplus
Particulars of income and expenditure from social housing lettings**

	Group			
	2017	2017	2017	2016
	General Needs Housing	Supported Housing	Total	Total
	£'000	£'000	£'000	£'000
Turnover from social housing lettings				
Rent receivable	30,939	4,670	35,609	34,266
Service charges receivable	1,744	3	1,747	1,501
Amortised Government grant	360	-	360	276
Net rental income	33,043	4,673	37,716	36,043
Total from social housing lettings	33,043	4,673	37,716	36,043

NOTES OF THE FINANCIAL STATEMENTS (continued)

**Turnover, cost of sales, operating costs and operating surplus
Particulars of income and expenditure from social housing lettings (continued)**

	Group			
	2017	2017	2017	2016
	General	Supported	Total	Total
	Needs	Housing		
	Housing			
	£'000	£'000	£'000	£'000
Expenditure on social housing lettings				
Management	4,682	776	5,458	5,901
Community initiatives	507	-	507	446
Services	1,778	3	1,781	1,742
Routine maintenance (responsive)	4,068	675	4,743	3,851
Cyclical maintenance	1,595	265	1,860	1,845
Planned maintenance	2,298	381	2,679	4,039
Bad debts	(56)	(8)	(64)	17
Depreciation of housing properties	6,418	1,064	7,482	7,670
Accelerated depreciation on components	204	-	204	220
Abortive and demolition costs	179	-	179	357
Impairment of housing properties	(36)	-	(36)	-
	-----	-----	-----	-----
Operating costs on social housing lettings	21,637	3,156	24,793	26,088
	-----	-----	-----	-----
Operating surplus/(deficit) on social housing lettings	11,406	1,517	12,923	9,955
	=====	=====	=====	=====
Void Losses	153	28	181	131

NOTES OF THE FINANCIAL STATEMENTS (continued)

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

	Company							
	2017	2017	2017	2017	2016	2016	2016	2016
	Turnover	Cost of sales	Operating Costs	Operating Surplus/ (deficit)	Turnover	Cost of sales	Operating Costs	Operating Surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social housing lettings	37,716	-	25,030	12,686	36,043	-	26,322	9,721
Other social housing activities								
Aids & adaptations	19	-	173	(154)	17	-	301	(284)
Supporting people	744	-	735	9	761	-	805	(44)
Shared ownership	1,632	1,266	-	366	2,586	1,924	-	662
Other	321	-	-	321	276	-	-	276
	<u>2,716</u>	<u>1,266</u>	<u>908</u>	<u>542</u>	<u>3,640</u>	<u>1,924</u>	<u>1,106</u>	<u>610</u>
Non social housing activities								
Commercial rent	579	-	686	(107)	423	-	580	(157)
Open market sales	544	78	-	466	77	-	-	77
	<u>1,123</u>	<u>78</u>	<u>686</u>	<u>359</u>	<u>500</u>	<u>-</u>	<u>580</u>	<u>(80)</u>
	<u>41,555</u>	<u>1,344</u>	<u>26,624</u>	<u>13,587</u>	<u>40,183</u>	<u>1,924</u>	<u>28,008</u>	<u>10,251</u>

Turnover, operating costs and operating surplus

Particulars of income and expenditure from social housing lettings

	Company			
	2017	2017	2017	2016
	General Housing	Supported Housing	Total	Total
	£'000	£'000	£'000	£'000
Turnover from social housing lettings				
Rent receivable	30,939	4,670	35,609	34,266
Service charges receivable	1,744	3	1,747	1,501
Amortised Government Grants	360	-	360	276
Net rental income	<u>33,043</u>	<u>4,673</u>	<u>37,716</u>	<u>36,043</u>
Total from social housing lettings	<u>33,043</u>	<u>4,673</u>	<u>37,716</u>	<u>36,043</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

	Company			
	2017 General Housing £'000	2017 Supported Housing £'000	2017 Total £'000	2016 Total £'000
Expenditure on social housing lettings				
Management	4,668	774	5,442	5,875
Community initiatives	507	-	507	446
Services	1,778	3	1,781	1,742
Routine maintenance (responsive)	4,286	710	4,996	4,111
Cyclical maintenance	1,595	265	1,860	1,845
Planned maintenance	2,298	381	2,679	4,039
Bad debts	(56)	(8)	(64)	17
Depreciation of housing properties	6,418	1,064	7,482	7,670
Accelerated depreciation on components	204	-	204	220
Abortive and demolition costs	179	-	179	357
Impairment of housing properties	(36)	-	(36)	-
	-----	-----	-----	-----
Operating costs on social housing lettings	21,841	3,189	25,030	26,322
	-----	-----	-----	-----
Operating surplus/(deficit) on social housing lettings	11,202	1,484	12,686	9,721
	=====	=====	=====	=====
Void losses	153	28	181	131

NOTES OF THE FINANCIAL STATEMENTS (continued)

4. Accommodation in management and development

At the year end, accommodation in management for each class of accommodation was as follows:-

	Group		Company	
	2017 No.	2016 No.	2017 No.	2016 No.
Social Housing				
- social rent	5,022	4,973	5,022	4,973
- affordable rent	675	614	675	614
- supported housing and housing for older people	976	1,030	976	1,030
- low cost home ownership	91	77	91	77
Market renting properties	47	46	47	46
Commercial properties	52	68	52	68
Leaseholders	458	455	458	455
Total owned	7,321	7,263	7,321	7,263
Accommodation managed for others				
Total managed	7,321	7,263	7,321	7,263
Accommodation in development at year end	183	101	183	101

5. Operating Profit

This is arrived at after charging/ (crediting)

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Depreciation of housing properties	7,350	7,670	7,350	7,670
Depreciation of other fixed assets	283	296	283	296
Impairment				
- housing properties	(36)	-	(36)	-
Operating lease rentals				
- office equipment and computers	9	15	9	15
Auditors remuneration				
- for audit services	29	44	25	38

NOTES OF THE FINANCIAL STATEMENTS (continued)

6. Other Operating Income

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Sale of Properties:				
Disposal proceeds	2,107	1,555	2,107	1,555
Carrying value of sales	(2,844)	(1,354)	(2,844)	(1,354)
	<u>(737)</u>	<u>201</u>	<u>(737)</u>	<u>201</u>
Surplus on disposals				
Other fixed assets	1	3	1	3
Increase in investment properties	855	585	855	585
	<u>119</u>	<u>789</u>	<u>119</u>	<u>789</u>

7. Interest receivable and similar income

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Interest receivable and similar income	125	65	125	65
	<u>125</u>	<u>65</u>	<u>125</u>	<u>65</u>

8. Interest payable and similar charges

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Loans and bank overdrafts	4,957	4,230	4,956	4,228
Interest payable capitalised on housing properties under construction	(432)	(1,087)	(432)	(1,087)
	<u>4,525</u>	<u>3,143</u>	<u>4,524</u>	<u>3,141</u>
Capitalisation rate used to determine the finance costs capitalised during the period	4.13%	4.13%	4.13%	4.13%
	<u>4.13%</u>	<u>4.13%</u>	<u>4.13%</u>	<u>4.13%</u>

Interest payable and similar finance payments excluding commitments or non-utilisation fees and any other fees or expenses payable in relation to financial indebtedness 2017: £5,732.3k (2016: £5,623.7k)

NOTES OF THE FINANCIAL STATEMENTS (continued)

9. Employees

Average monthly number of employees expressed in full time equivalent

	Group		Company	
	2017	2016	2017	2016
	No.	No.	No.	No.
Housing and administration	115	113	99	99
Development	6	6	6	6
Support and care	8	10	8	10
Cleaning service	21	18	21	18
Maintenance service	73	81	-	-
	<u>223</u>	<u>228</u>	<u>134</u>	<u>133</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Employee costs:	£'000	£'000	£'000	£'000
Wages and salaries	6,754	6,534	4,500	4,411
Social security costs	688	603	475	403
Other pension costs	924	1,051	859	1,006
	<u>8,366</u>	<u>8,188</u>	<u>5,834</u>	<u>5,820</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The costs of agency staff are not included in the above. A total of £363,658 was spent (2016: £426,523).

Social Housing Pension Scheme (Group and company)

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

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

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

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2016 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

NOTES OF THE FINANCIAL STATEMENTS (continued)

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	285	315	278

Deficit contributions

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

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

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

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Provision at start of period	315	278
Unwinding of the discount factor (interest expense)	6	5
Deficit contribution paid	(43)	(35)
Remeasurements - impact of any change in assumptions	7	(2)
Remeasurements - amendments to the contribution schedule	-	69
Provision at end of period	285	315

NOTES OF THE FINANCIAL STATEMENTS (continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2017 (£000s)	Period Ending 31 March 2016 (£000s)
Interest expense	6	5
Remeasurements – impact of any change in assumptions	7	(2)
Remeasurements – amendments to the contribution schedule	-	69
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

ASSUMPTIONS

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

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

NOTES OF THE FINANCIAL STATEMENTS (continued)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Year 1	44	43	35
Year 2	46	44	36
Year 3	48	46	38
Year 4	39	48	40
Year 5	30	39	41
Year 6	31	30	32
Year 7	23	31	22
Year 8	15	23	23
Year 9	15	15	15
Year 10	8	15	7
Year 11	-	8	7
Year 12	-	-	4
Year 13	-	-	-
Year 14	-	-	-
Year 15	-	-	-
Year 16	-	-	-
Year 17	-	-	-
Year 18	-	-	-
Year 19	-	-	-
Year 20	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

NOTES OF THE FINANCIAL STATEMENTS (continued)

Kent County Council Scheme (Group and company)

The KCCPC is a multi-employer scheme, administered by Kent County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2004 and rolled forward to 31 March 2016 by a qualified independent actuary.

The employers' contributions to the KCCPF by the company for the year ended 31 March 2017 were £688,731 (2016: £802,379) at a contribution rate of 15.2% of pensionable salaries.

	31 March 2017	31 March 2016	31 March 2015	31 March 2014	31 March 2013
Rate of increase in salaries	4.20%	4.20%	4.20%	4.60%	4.80%
Rate of increase in pensions payment	2.70%	2.40%	2.40%	2.40%	2.80%
Discount rate	2.70%	3.70%	3.30%	4.50%	4.60%
Inflation assumption – RPI	3.60%	3.30%	3.20%	3.60%	3.40%
Inflation assumption – CPI	2.70%	2.40%	2.40%	2.80%	2.60%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out of practice.

Mortality assumptions

The post-retirement mortality assumptions used to value the benefit obligation at March 2014 and March 2013 are based on the PA92 series projected to calendar year 2017 for pensioners and 2033 for non-pensioners.

The assumed life expectations on retirement at age 65 are:

	2017 No. of years	2016 No. of years
Retiring today:		
Males	23	22.9
Females	25	25.3
Retiring in 20 years:		
Males	25.1	25.2
Females	27.4	27.7

NOTES OF THE FINANCIAL STATEMENTS (continued)

Amounts recognised in the balance sheet:

	2017	2016
	£'000	£'000
Present value of funded obligations	(27,285)	(21,481)
Fair value of plan assets	21,075	17,405
Net liability	<u>(6,210)</u>	<u>(4,076)</u>

Analysis of the amount charged to the income and expenditure account:

	2017	2016
	£'000	£'000
Service cost	690	804
Interest on pension scheme liabilities	144	153
Administration expenses	11	12
Total operating charge	<u>845</u>	<u>969</u>

Changes in present value of defined benefit obligation:

	2017	2016
	£'000	£'000
Opening defined benefit obligation	21,481	21,837
Service cost	690	804
Interest cost	789	718
Contribution by members	188	212
Change in Financial Assumptions	4,626	(1,704)
Actuarial gains relating to change to CPI increases		
Past service costs		
Losses (gains) on curtailments		
Benefits paid	(489)	(386)
Closing defined benefit obligation	<u>27,285</u>	<u>21,481</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

Changes in fair value of employer assets:

	2017	2016
	£'000	£'000
Opening fair value obligation	17,405	17,021
Interest on assets	645	565
Contribution by members	188	212
Administration expenses	(11)	(12)
Contribution by employer	364	383
Return on Assets less Interest	2,999	(378)
Other actuarial (losses)	(26)	-
Benefits paid	(489)	(386)
	<u>21,075</u>	<u>17,405</u>

Major categories of plan assets as a percentage of total plan assets:

	2017	2016
	%	%
Equities	71%	67%
Gifts	1%	1%
Bonds	10%	11%
Property	12%	15%
Cash	3%	3%
Target return portfolio	4%	4%

	2017	2016
	£'000	£'000
Actual return on plan assets	3,644	175

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

	2017	2016	2015	2014	2013
	£'000	£'000	£'000	£'000	£'000
Present value of defined benefit obligations	(27,285)	(21,481)	(21,837)	(17,297)	(16,848)
Fair value of scheme assets	21,075	17,405	16,760	15,016	13,459
(Deficit) on scheme	(6,210)	(4,076)	(5,077)	(2,281)	(3,389)

Legal & General Pension Scheme

Golding Homes Limited and Golding Maintenance Services Limited participate in a defined contribution scheme administered by Legal & General. The Group contributed £174k (2016: £133k) to the scheme and the Company contributed £108k (2016: £88k).

NOTES OF THE FINANCIAL STATEMENTS (continued)

10. Board members and executive directors

The emoluments paid to directors during the year were £507,051 (2016: £540,953). The emoluments of the highest paid director, the Chief Executive, including pension contribution were £159,994 (2016: £155,562). The Chief Executive is a member of the KCC Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The company does not make further contributions to an individual pension arrangement for the Chief Executive.

The full time equivalent number of staff who received emoluments:

	2017	2016
	No.	No.
£60,000 to £70,000	-	-
£70,001 to £80,000	2	5
£80,001 to £90,000	3	1
£90,001 to £100,000	-	-
£100,001 to £110,000	-	-
£110,001 to £120,000	1	1
£120,001 to £130,000	-	-
£130,001 to £140,000	-	2
£140,001 to £150,000	1	-
£150,001 to £160,000	-	1

The emoluments paid to board members during the year were £46,792 (2016: £56,850). The emoluments of the highest paid board member, the Chair, were £10,525 (2016: £11,217).

The emoluments of the board directors were as follows:

	Emoluments	Expenses
	£	£
Roger Ford	10,525	1,027
Simon Bandy	3,791	-
John Tranter	3,791	-
Alison Breese	6,191	439
Charles Leigh-Dugmore	3,791	1,082
Dan McDonald	3,791	-
Terry Sullivan	3,791	802
Ronald Tedman	7,017	305
Graham Waite	3,791	112
Ann Heywood	313	-

NOTES OF THE FINANCIAL STATEMENTS (continued)

11. Tax on surplus on ordinary activities

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
UK corporation tax on surplus for the year	30	31	-	-
Adjustments in respect of prior years	(22)	22	(22)	22
Gift aid	(30)	(31)	-	-
	<u>(22)</u>	<u>22</u>	<u>(22)</u>	<u>22</u>
Current tax reconciliation:				
Surplus on ordinary activities before tax	9,441	8,099	9,290	7,947
Theoretical tax at UK corporation tax rate 20%	1,888	1,620	1,858	1,589
Exempted charitable activities	(1,888)	(1,620)	(1,858)	(1,589)
Adjustment to tax charge in respect of prior period	(22)	22	(22)	22
Current tax (credit)/charge	<u>(22)</u>	<u>22</u>	<u>(22)</u>	<u>22</u>

12. Tangible fixed assets – properties (group and company)

	Social Housing properties held for letting 2017 £'000	Shared ownership properties held for letting 2017 £'000	Social Housing properties under construction 2017 £'000	Shared ownership properties under construction 2017 £'000	Total 2017 £'000
Cost:					
As 1 April 2016	354,798	8,092	7,206	1,059	371,155
Additions	-	-	-	-	-
Properties acquired	-	-	10,785	3,878	14,663
Replacements	4,242	-	-	-	4,242
Interest capitalised	-	-	278	50	328
Schemes completed	10,976	2,030	(10,976)	(2,030)	-
Disposals	(1,340)	(54)	-	-	(1,394)
At 31 March 2017	<u>368,676</u>	<u>10,068</u>	<u>7,293</u>	<u>2,957</u>	<u>388,994</u>
Depreciation:					
At 1 April 2016	(40,313)	-	-	-	(40,313)
Charged in year	(7,350)	-	-	-	(7,350)
Released on disposal	244	-	-	-	244
At 31 March 2017	<u>(47,419)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(47,419)</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

12. Tangible fixed assets – properties (group and company)

	Social Housing properties held for letting 2017 £'000	Shared ownership properties held for letting 2017 £'000	Social Housing properties under con- struction 2017 £'000	Shared ownership properties under con- struction 2017 £'000	Total 2017 £'000
Impairment:					
At 1 April 2016	(36)	-	-	-	(36)
Charged in year	36	-	-	-	36
At 31 March 2017	-	-	-	-	-
Net book value:					
At 31 March 2017	321,257	10,068	7,293	2,957	341,575
At 31 March 2016	314,449	8,092	7,206	1,059	330,806

	2017 £'000	2016 £'000
Expenditure on works to existing properties		
Amounts capitalised	4,242	4,348
Amounts charged to I&E	2,679	4,039
	6,921	8,387
Housing properties book value, net of depreciation, and office net book value		
Freehold land and buildings	345,509	334,890

Independent valuers (Savills (UK) Limited) have provided a valuation of our housing fixed asset properties on an existing use as social housing basis of £304.2 million in March 2017 (2016: £278.7 million). The main assumptions used in the valuation are:-

Management & Maintenance: the allowance per property in years 1-6 are shown in the table.

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Management and supervision	£650	£650	£650	£650	£650	£650
Cyclical/Responsive/Void repairs	£950	£927	£944	£972	£980	£987
Programme/Planned repairs	£1,010	£1,371	£1,155	£1,130	£1,221	£1,852

NOTES OF THE FINANCIAL STATEMENTS (continued)

13. Investment properties (group and company)_

	2017	2016
	£'000	£'000
At 1 April 2016	15,343	13,163
Additions	1,443	1,595
Disposals	-	-
Increase	855	585
	<hr/>	<hr/>
At 31 March 2017	17,641	15,343
	<hr/>	<hr/>

14. Tangible fixed assets – other (group and company)

	Office Accomm odation 2017 £'000	Computers and office equipment 2017 £'000	Motor vehicles 2017 £'000	Total 2017 £'000
Cost:				
As 1 April 2016	4,843	957	153	5,953
Additions	29	20	35	84
Disposals	-	-	(24)	(24)
	<hr/>	<hr/>	<hr/>	<hr/>
	4,872	977	164	6,013
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 2016	(759)	(812)	(151)	(1,722)
Change for year	(179)	(98)	(6)	(283)
Disposals	-	-	24	24
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2017	(938)	(910)	(133)	(1,981)
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 March 2017	3,934	67	31	4,032
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2016	4,084	145	2	4,231
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES OF THE FINANCIAL STATEMENTS (continued)

15. Investments in subsidiaries

As required by statute, the financial statements consolidated the results of Golding Maintenance Services Limited, which was a subsidiary of the company at the year end. The company has the right to appoint members of the board of the subsidiary and therefore exercise control over the subsidiary. Golding Maintenance Services Limited is a non regulated company.

Golding Homes Limited is the ultimate parent undertaking.

During the year the company had the following intra group transactions with Golding Maintenance Services Limited, a non regulated entity:

	2017	2016	Allocation basis
	£'000	£'000	
Management services	253	260	Allocation of actual staff costs
Staff costs	2,532	2,364	Cost of staff
	<u>2,785</u>	<u>2,624</u>	

16. Related parties

Golding Maintenance Services is a wholly owned subsidiary of Golding Homes Limited and information about transactions and outstanding amounts are shown below:-

	Sales		Expenses	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Hire of staff from GMS	-	-	2,785	2,624
Sale of management costs to GMS	89	80	-	-
	<u>89</u>	<u>80</u>	<u>2,785</u>	<u>2,624</u>
	<u>89</u>	<u>80</u>	<u>2,785</u>	<u>2,624</u>
	Debtors Outstanding		Creditors Outstanding	
Hire of staff from GMS	-	35	-	-
Sale of management costs to GMS	-	-	-	7
	<u>-</u>	<u>35</u>	<u>-</u>	<u>7</u>
	<u>-</u>	<u>35</u>	<u>-</u>	<u>7</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

17. Properties for sale

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Properties under construction – shared ownership	1,675	588	1,675	588
Properties under construction – outright sale	2,814	-	2,814	-
	<u>4,489</u>	<u>588</u>	<u>4,489</u>	<u>588</u>

18. Debtors

	Group		Company	
	2017 £'000	2016 £'000	2017	2016
Due within one year				
Rent and service charges receivable	1,742	1,410	1,742	1,410
Less: Provision for bad and doubtful debts	(602)	(705)	(601)	(705)
	<u>1,140</u>	<u>705</u>	<u>1,141</u>	<u>705</u>
Other debtors	379	919	378	919
VAT	-	19	-	19
Gift aid	-	-	154	153
Amounts owing from subsidiary	-	-	6	37
Prepayments and accrued income	773	129	767	129
	<u>2,292</u>	<u>1,772</u>	<u>2,446</u>	<u>1,962</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

19. Creditors: amounts falling due within one year

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Trade creditors	2,124	937	2,120	966
Bank overdraft	1	6	1	6
Debt (note 21)	2,674	2,560	2,674	2,560
Rent and service charges received in advance	681	646	681	646
Other taxation and social security	177	169	126	116
VAT	25	-	25	-
Right to buy creditor	144	236	144	236
VAT saving scheme	79	79	79	79
Disposals proceeds fund	1,422	794	1,422	794
Other creditors	969	1,012	959	982
Accruals and deferred income	5,825	3,874	5,817	3,863
	<u>14,121</u>	<u>10,313</u>	<u>14,048</u>	<u>10,248</u>

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

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Debt (note 21)	139,975	133,389	139,975	133,389
SHPS creditor	285	315	285	315
Grant creditor	27,023	26,903	27,023	26,903
	<u>167,283</u>	<u>160,607</u>	<u>167,283</u>	<u>160,607</u>

NOTES OF THE FINANCIAL STATEMENTS (continued)

21. Debt analysis

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Due within one year				
Bank overdraft	1	6	1	6
Bank loans	2,674	2,560	2,674	2,560
	<u>2,675</u>	<u>2,566</u>	<u>2,675</u>	<u>2,566</u>
Due after more than one year				
Bank loans	139,975	133,389	139,975	133,389
Within one year	2,674	2,560	2,674	2,560
Between one and two years	2,702	2,674	2,702	2,674
Between two and five years	9,542	8,764	9,542	8,764
After five years	127,731	121,951	127,731	121,951
	<u>139,975</u>	<u>133,389</u>	<u>139,975</u>	<u>133,389</u>

The organisation has total loan facilities of £123.4 million available from Santander, £25 million from Barclays PLC and £30m from AHF. The loans are secured by fixed and floating charges on the assets of the company and are repayable at variable and fixed rates of interest between 0.8% and 6.2%. The actual loans drawn down at 31st March 2017 was £145.4m.

22. Disposal proceeds fund

Funds pertaining to activities within areas covered by:-

		HCA £'000
Opening balance		
Inputs to DPF (source of funds)	Funds recycled	794
	Net Preserved Right To Buy receipts	623
	Certain proceeds of profit making PRPs	-
	Interest accrued	5
Use/allocation of funds	New build	-
	Major repairs and works to existing stock	-
Repayment of funds to the HCA	Closing balance	<u>1,422</u>
Amounts 3 years old or older where repayment may be required		-

NOTES OF THE FINANCIAL STATEMENTS (continued)

23. Subsidiaries

Golding Homes is deemed to control Golding Places Limited and Golding Maintenance Services Limited.

Name of undertaking	Country of registration / operation	Principle activity
Golding Places Limited	England	Dormant
Golding Maintenance Services Limited	England	Labour Agency

24. Financial Commitments

Capital expenditure commitments were as follows:-

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Capital expenditure				
Expenditure contracted for but not provided in the accounts	19,212	15,984	19,212	15,984
Grant expected on above contracts not provided in the accounts	-	-	-	-
Expenditure authorised by the board, but not contracted	21,504	21,726	21,504	21,726
Grant expected on above contracts authorised by the board but not contracted	-	-	-	-
	<u>40,716</u>	<u>37,710</u>	<u>40,716</u>	<u>37,710</u>

25. Operating leases

	Group		Company	
	2017 £'000	2016 £'000	2017 £'000	2016 £'000
Operating leases which expire:				
Between 0 and 1 year	15	15	15	15
Between 2 and 5 years	-	15	-	15

26. Contingent liabilities

The company had no contingent liabilities at 31 March 2017 (2016: nil).

NOTES OF THE FINANCIAL STATEMENTS (continued)

27. Financial assets and liabilities

	Group		Company	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit and loss	-	-	-	-
Financial assets measured at amortised cost	-	-	-	-
Financial assets measured at cost less impairment	22,418	15,044	22,348	14,983
Financial liabilities measured at fair value through profit and loss	-	-	-	-
Financial liabilities measured at amortised cost	142,649	135,949	142,649	135,949
Financial liabilities measured at cost less impairment	11,675	7,753	11,602	7,688