Financial Statements
Plus Dane Housing Group Limited

For the year ended 31 March 2013

Industrial & Provident Society No: 29480R
Tenant Services Authority No: L4355

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Association information

Board members

Linda Minnis Chairman (appointed 21 Sept 2012)
Richard Kemp, Chairman (resigned 20 Sept 2012)
Catrina Hewitson, Deputy Chair
Roger Morris
John Turner
Glen Lewis
Lilian Hazell
Pol O'Gray
Anne Davies (appointed 23 November 2012)
Sandra Palmer (appointed 23 November 2012)

Secretary and registered office

Alison Carey
Baltimore Buildings
13-15 Rodney Street
Liverpool
L1 9EF

Executive officers

Ken Perry (Chief Executive)
Peter Shaw (Managing Director – Finance to July 2012, Managing Director- Ellesmere Port & Neston from July 2012))
Jayne Phillips (Managing Director - Knowledge, Innovation and Performance) – resigned April 2013
Mike Doran (Managing Director- Enterprising Neighbourhoods (Cheshire))
Gerard Murden (Managing Director – Enterprising Neighbourhoods (Merseyside))
Claire Griffiths (Managing Director – Regeneration and Commercial Development)
Vivien Cross (Managing Director- Finance from July 2012)
Chris Mather (Acting Managing Director – Regeneration and Commercial from March 2013)

Auditors

Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

Bankers

National Westminster Bank plc
Liverpool One Branch
49 South John Street
Liverpool One
Liverpool, Merseyside
L1 8BU

Solicitors

Devonshires LLP
Salisbury House
London Wall
London
EC2M 5QY

Chairman's statement

It is with pleasure that I report on the performance of Plus Dane Group since joining as Chairman on 21 September 2012. It is important to note that I have joined the Group at a time when we are witnessing some of the most significant changes to the social housing landscape yet the Group has recognised and risen to those challenges ahead, continually adapting to the changing needs and expectations that we are seeing on a daily basis.

As a sector we are operating under very different conditions brought about by the economic upheaval of recent years and the Government's response to it. Irrespective of this as a Group we have continued to improve the services we deliver with the objective of making a real difference to the lives of those we serve. We have worked with and engaged with our tenants and other stakeholders to improve our performance within the context of our seven promises.

Plus Dane Group is in a strong position to respond to the new landscape, with improved reserves we are determined to retain a strong financial profile as this will be used to support our plans to continue to build new homes over the next five years. With government grant falling further, strong surpluses and robust financial capacity are vital to support our position going forward.

I am proud to announce that on 1 July 2012, the Group was successful in securing and commencing the housing management contract to deliver housing management and capital programme works in Ellesmere Port and Neston. The contract was awarded to Plus Dane Cheshire by Cheshire West and Chester Council (CWAC) for an initial period of three years with the option to extend this for a further two years. Over 5,000 additional properties have been brought into management through this arrangement and close to 200 staff have also been transferred from CWAC to deliver the contract. The initial contract value is expected to be in the region of £100m over a five year period and performance will be monitored by CWAC as well as internally. This is particularly important as certain elements of the contract price are performance related. Management monitoring procedures have been put in place to monitor progress, and to date we have been successful in mobilising this contract in a very short timeframe and performance against the key indicators has been good.

The Group has also continued to successfully provide a range of new homes completing an additional 314 properties during the year. We have expanded our role in the formation of key strategic partnerships across the Group's area of operation ranging from north Liverpool to Cheshire. Plus Dane continues to adopt a variety of roles in the partnerships from facilitating some of the partnerships, leading others or simply contributing to them to achieve shared outcomes.

As the world within which we operate looks set to become even more challenging I am pleased that we have the strong platform, which includes a dedicated workforce on which to build an even stronger and innovative future for Plus Dane and the people it serves.

Linda Minnis
Chairman Plus Dane Housing Group
19th September 2013

Chief Executive's report

I am pleased with the continued strong financial performance of the Group during 2012-13 although I feel it is important to highlight that the true impact of the challenges facing the sector as a consequence of Welfare Reform are still uncertain and so I continue to advocate caution in the face of a very challenging economic and social climate.

Maintaining a focus on the financial position of the Group continues to be a key theme and despite external economic pressures, the organisation has continued to maintain its strong financial performance whilst focusing on operational improvements that have created increased capacity to optimise our investment in neighbourhoods.

I reiterate the comments made within the Chairman's statement around our achievements this year particularly with regards to our success in securing the housing management contract in Ellesmere Port and Neston which is now nearing its first year of successful completion.

Clearly a key role for the Group is providing new homes and ensuring homes meet the Decent Homes Standard. I am therefore particularly pleased with the delivery results this year as we have developed 314 new properties during the year offering a range of new homes. Our Asset Management team have delivered £12m of planned investment work to Plus Dane homes and neighbourhoods across Merseyside and Cheshire during 2012/13. Through this investment we have maintained 100% compliance with the Decent Homes Standard, completed over 650 major adaptations enabling residents to retain independence in their own homes, and have continued our programmes of upgrading facilities to our sheltered accommodation. Alongside of this work our day to day repairs and maintenance service performance continues to improve.

In the advent of Welfare Reform and as part of our benefits awareness campaign more than 600 of Plus Dane employees, from all areas of the business, went door to door during the month of December to warn almost 3,000 tenants affected by new occupancy rules. This campaign was successful in providing one to one updates to our tenants thereby ensuring we answered any of their questions, flagged specific concerns and provided the necessary support. We also gathered essential information during this period that is being further developed to enhance business plan modelling, risk management and service development during this period of significant change.

The people who live in the neighbourhoods we serve continue to be at the core of our work and in particular we believe that children and young people should be involved in decisions that affect their lives and the neighbourhoods where they live. In recognition of this and as part of the organisation's plans to provide a platform and training ground for future board membership, the Merseyside Youth Shadow Board was established and became operational during the year.

We are proud of the work we have done to increase the range of opportunities we give residents to get involved, but we are not complacent and a key part of our organisational development this year focuses not just on improved governance and financial management, but also on how we further extend resident involvement in all we do. We invest heavily in the social and economic regeneration of the communities where we work and continue to develop our strategic partnerships in order to further improve the neighbourhoods we serve. We are lucky to work with some of the country's most innovative Local Authorities and our relations with them continue to be strong and purposeful.

Finally, it is very important to say that none of this could be achieved without the contribution of our colleagues across the Group. The skill and commitment they demonstrate every day and at every level underpins everything that we achieve.

Ken Perry
Chief Executive
19th September 2013

Operating and Financial Review

Overview of the business

The Group is a Neighbourhood Investor providing affordable homes for rent and shared ownership throughout Cheshire and Merseyside. It also provides support for vulnerable and elderly tenants and is involved in regeneration projects within the neighbourhoods and communities we serve.

For the year under review the Group comprised six members: Plus Dane (Merseyside) Housing Association Limited, INclude Neighbourhood Regeneration ("INclude"), three60 Property Investors ("three 60"), Plus Dane (Cheshire) Housing Association Limited, Dane Partnership Homes, and Plus Dane Housing Group itself. In addition there is Circle Liverpool Limited our joint venture undertaking.

Plus Dane (Merseyside), INclude, Plus Dane (Cheshire) and Plus Dane are incorporated as Industrial and Provident Societies and are, with the exception of Include, regulated by the Homes and Communities Agency as registered social landlords. three60 and Dane Partnership Homes are registered as limited companies with Companies House.

Objectives and strategies

The objectives and strategy of the Group are set out in a business plan that is reviewed annually and approved by the Board. A summarised version of this document is available on application to the Company Secretary.

The business planning process includes an assessment of strengths and weaknesses, opportunities and threats which are discussed annually between the senior management team and the Board. It builds on the progress the Group has made, reports on progress made to deliver business objectives of growth, quality and efficiency and identifies priorities for growth and improvement of neighbourhoods to deliver the Plus Dane Neighbourhood Investor business objectives.

Plus Dane will continue to deliver on the seven promises made to tenants and will target resources to meet the promises made in the Neighbourhood Investment and Influencing plans. These are:

- Increased investment in existing property
- Ensure neighbourhoods enjoy good well being
- Increased community safety measures
- Further supporting vulnerable customers
- Working in partnership with residents
- Increased creation of local jobs
- Increased supply and choice of homes

Performance against these objectives is monitored through the delivery of neighbourhood investor plans which have been drawn up for each of the Group's neighbourhoods.

Operating and Financial Review

Financial performance in the period

Income and expenditure account

The following table provides a summary of the Group's results:

For the year ended 31 March	2013 £m	2012 £m
Turnover	73.7	57.4
Operating surplus	14.4	12.4
Surplus on sale of property	0.3	0.1
Net interest payable	11.3	9.4
Surplus for the year	3.3	3.1

Turnover has increased by £16.3m in the year, of which £11.8m is in respect of the fee income for the Ellesmere Port and Neston management contract which commenced in July 2012. Social housing income has been impacted by the RPI movement which is based on September 2011 RPI. This gave rise to an RPI increase of 6.1%. Further, additional developed properties have also increased turnover for the Group as well as a number of properties moving from target to affordable rent. Overheads were managed within budget and the Group delivered on efficiency targets set as part of the budget process. Low interest rates mean that despite borrowing more, the Group minimised the impact on interest this year.

During the year the Group undertook a voluntary redundancy programme with a number of its employees applying and being accepted for voluntary redundancy under the programme. Of the 26 staff who have left or are due to leave under the programme 7 are in respect of Ellesmere Port and Neston staff transferred across to Plus Dane Cheshire as part of the Ellesmere Port and Neston contract. The costs of the redundancy programme are disclosed within note 3 to the accounts.

Balance Sheet

As at 31 March	2013 £m	2012 £m
Tangible fixed assets	293.4	269.3
Net current (liabilities)/assets	(0.2)	3.8
Loans due after one year	273.8	256.3
Pension provision	11.9	9.3
Reserves:		
Revenue reserve	14.7	14.5
Revaluation reserve	(8.3)	(8.2)
Designated reserves	1.2	1.2
Total	293.2	273.1
Housing stock, owned and managed (units)	18,295	12,395

Of the 5,900 increase in housing stock 5,614 is in respect of the stock we now manage under the Ellesmere Port and Neston five year management contract.

Operating and Financial Review

Gearing and interest cover covenants are funding covenant measures and the Group continues to operate within the covenant requirements.

The Group is showing a position of £0.2m net current liabilities (2012: £3.8m net current assets) as an £8.1m loan held in Three60 is due for renewal in March 2014 and consequently disclosed within current liabilities, this was previously held within long term liabilities.

Operating Performance in the period

The Group has continued to improve performance overall and has implemented strategies to consolidate strong performance and drive performance up in areas where it is identified as being needed.

The performance reporting for the Group covers 17 performance measures which are reported to the parent board on a quarterly basis and which cover governance and financial viability; home; tenant involvement and empowerment; neighbourhoods and community and value for money. Of the 17 measures, 12 have achieved or exceeded targets, none were on a warning level reflecting improvements toward target with performance only just falling short of target and 5 were on an alert indicating a significant improvement requirement, with corrective action already underway. Performance in respect of the alert indicators has been investigated and the Board is satisfied with the explanations for the dip in performance recorded. The Board is confident that performance will continue to improve.

Key indicators that warrant specific mention are as follows:

- retained surplus achieved of £3.3m against a target of £0.8m (2012: 3.0m)
- Interest cover ratio 127% against a target of 110% (2012: 133%)
- Number of properties handed over was 314 against a target of 300 (2012: 452)
- % of properties with a valid gas safety certificate only just fell short of the target of 100% at 99.96 % (2012: 99.76%) with legal action in place against the outstanding properties
- Number of apprentice/trainee opportunities exceeded target of 60 at 139 (2012: 33)

Subsidiary companies performance

The performance reporting for the Group's Registered Providers covers 29 performance measures which are reported to board on a quarterly basis.

Merseyside

Of the 29 measures for Plus Dane Merseyside, 18 have been achieved or exceed targets, 3 were on warning levels reflecting improvements towards target and 8 were on alert indicating improvement requirement with corrective action already underway. Performance in all the red indicators has been investigated and the Board is satisfied with the explanations for the dip in performance recorded. The Board is confident that performance will continue to improve.

- First time fixes on repairs stands at 89.37% against a target of 82% and a 2011/12 level of 90%.
- Customers satisfied with new tenancies stands at 97.37% against a target of 90% (2011: 94%).
- However tenancies failing within 12 months increased from 12.74% to 13.53% with a target of 10%, demonstrating the more difficult circumstances we currently operate within.
- During the year customer satisfaction with repairs decreased from 91% to 90.12% against a target of 92%.
- Current arrears (in respect of general needs and housing for older people shown net of housing benefit) stand at 3.45% against a target of 3.42% and 2011/12 performance of 3.42%.

Operating and Financial Review

Cheshire

Of the 29 measures for Plus Dane Cheshire, 19 have been achieved or exceed targets, 5 were on warning levels reflecting improvements towards target and 5 were on alert indicating improvement requirement with corrective action already underway. Performance in all the red indicators has been investigated and the Board is satisfied with the explanations for the dip in performance recorded. The Board is confident that performance will continue to improve.

- First time fixes on repairs stands at 91.64% against a target of 82% and a 2011/12 level of 88.29%.
- Customers satisfied with new tenancies stands at 94.55% against a target of 95% (2011: 90.35%).
- However tenancies failing within 12 months increased from 16.81% to 19.33% with a target of 10%, demonstrating the more difficult circumstances we currently operate within.
- During the year customer satisfaction with repairs decreased from 91.35% to 91.24% against a target of 92%.
- Current arrears (in respect of general needs and housing for older people shown net of housing benefit) stand at 1.81% against a target of 2.07% and 2011/12 performance of 2.08%.

These only represent a snapshot of performance and a much broader range of activities are measured. We continue to develop our performance management framework which is central to the way we do business.

Value for Money (VfM)

Achieving value for money is a fundamental business strategy for Plus Dane as it seeks to become financially stronger and provide excellent customer service. VfM is a core factor embedded in how we deliver all of our services.

Our VfM strategy is reviewed annually and delivery of VfM is currently reported to the Group Board and subsidiary Boards. VfM is embedded through all our strategies including the Procurement Strategy, the Asset Management Strategy and our Business plan and is firmly embedded in our day to day business practices. A detailed annual value for money statement was produced for March 2013.

Our VfM framework includes the following:

- Obtaining feedback on services through satisfaction monitoring
- Benchmarking of services
- Setting VfM targets for areas of operational delivery
- Appointment of VfM champions to a VfM working group
- Programme of service reviews and Social Return on Investment (SROI) reviews
- Establishing core costs for each area of service delivery
- Measurable VfM and procurement targets

Plus Dane has also undertaken a number of service reviews in the past three years and as well as an organisational development review that is currently underway and is expected to contribute to our value for money agenda, a number of other service reviews and significant contract reviews are planned for 2013.

Our approach to planning, delivering, evaluating VfM and ensuring it is embedded as follows:

Operating and Financial Review

- **Governance** - Value for Money is addressed through Group Board and Audit Committee reporting and also through the other two functional committees the Group has in place.

- **Resident Engagement** - A key route to achieving value for money in the organisation is to work in partnership with our residents to provide a framework through which they can monitor performance through performance reporting, evaluate outcomes, and actively participate in challenging the organisation on service delivery and value for money through tenant inspections. They are also key in working alongside us in procurement.

- **Benchmarking and comparing our costs to others** – we benchmark our costs and performance through Housemark and other groups. This ensures we learn from sector good practice, understand our position which can inform the setting of challenging targets.

- **Financial Control** - Plus Dane has a robust budget setting process and is currently reviewing its business planning process. The current financial strategy which runs to 2014/15 is being reviewed together with an overarching review of risk management and strategic growth. Protocols in the Income and Opportunities Panel and the Development Investment Fund Panel approve significant investment and growth opportunities.

- **Performance Management and reporting –** annual key performance indicators are cascaded down through the organisation to individual team members through annual appraisal and target setting procedures.

Group Financial VfM analysis

Group VfM highlights	**2012/13**	**2011/12**	**2010/11**
Financial VfM Indicators			
Operating costs (excluding cost of sales) per home	£3,577	£3,341	£3,435
Planned and routine maintenance cost per home	£972	£952	£904
Rent void loss per home	£62	£52	£59
Social Housing lettings operating margin	22.4%	21.5%	16.7%
Housing Management VfM indicators			
Current rent arrears	4.94%	5.61%	6.12%
Relet times – general needs and housing for older people properties	33.7	40.5	37.5
Resident satisfaction – overall landlord	87.3%	85.0%	85.0%
Resident satisfaction - repairs	90.7%	91.2%	89.1%
Other analysis			
Ratio of top earner to bottom earner (maximum)	15:1	15:1	15:1
CEO and chair remuneration in £ per unit	11	12	12

Number of homes = total owned and/or managed (excluding managed for Cheshire West and Chester)
Operating cost (Excluding cost of sales), management cost, planned and routine maintenance cost and void loss all per note 3

Operating and Financial Review

Risks

A number of key risks exist that may prevent the Group achieving its objectives. The process for identifying risk is detailed in the internal controls section of the report of the board. The Group has identified the following major risks to the successful achievement of its objectives:

- Challenging financial markets in particular a continuing tightening of the credit markets leading to funding shortfalls and potential re-pricing of existing loan facilities;
- Changes in grant funding and structures, introduction of affordable rent and the change in market demand effecting the properties which we need to deliver;
- Changes in Supporting People funding;
- Uncertainty following changes in government policy and new legislation in particular Welfare Reform, changes to the methods of calculating rents, challenges to the sustainability of tenancies through polices such as under occupancy and changes such as the direct payment of housing benefit;
- Failure to effectively deliver the Ellesmere Port and Neston contract;
- Diversification of other activities which may not be sustainable or appropriate within the Group;
- The potential for further negative movements in the property market and an on-going period of economic stagnation;
- Failure to maintain effective governance arrangements due to the increased focus on boards and their ability to challenge within the new regulatory framework;
- Increasing pressure on tenants as local authorities cuts start to impact;
- Funding of the future final salary pension scheme liabilities.

Our response to the risks

The Group has put actions in place as appropriate to mitigate these risks which include:

- Approving a long term business plan which protects our financial strength and reflects the changing risk landscape. This incorporates the results of a detailed assessment of the assumptions we use for business planning to ensure that they properly reflect the new environment. For instance, we have reflected the risk of increased arrears and bad debts by adopting more prudent assumptions in this area;
- Undertaken a range of robust sensitivity and scenario analysis which demonstrates impact of and options of recovering from worst case adverse movements on our financial results;
- Started work with Ark, the real estate services provider, to deliver a more refined assessment of the performance of our housing stock. This will help us to deliver a more effective asset management strategy and improve decision making using better economic data;
- In addition we monitor new activities through either the Development Investment Fund Panel (DIF) or the Income and Opportunities Panel (IOP) – to ensure that all new initiatives are appraised in detail to confirm that they meet with current business plan objectives and can be accommodated within the approved financial projections;
- We are undertaking an externally supported Governance review looking at size, structure and succession planning as well as skills, pay and appraisal; and
- We have an established Welfare Reform project Group in place tackling the impact of policy changes on the wider Group.

Operating and Financial Review

Investment for the future

The investment of this year's financial results is detailed above. The investment of surpluses for investment in the Group's future financial stability is a key tenet of our financial strategy and is of paramount importance for all businesses. The investment will be in the form of development of new homes, extension and improvement of services, investment in existing stock and regeneration of our communities and neighbourhoods, investment in the people we serve as well as our properties. It also helps protect against unexpected events which is key in the current uncertain political and economic climate.

Accounting policies

The principal accounting policies are set out on pages 21-27 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development administration costs, deduction of capital grant from the cost of assets; treatment of shared ownership properties; the identification of components and calculation of depreciation.

Housing properties

At 31 March 2013, the Group owned or managed 18,295 (2012: 12,395) completed units of accommodation. The owned properties are carried in the balance sheet at cost (after depreciation and capital grant) of £277.4 million (2012: £253.2 million). Further detail can be found in note 12.

Our investment in housing properties this year was funded through a mixture of cash generated from operations, social housing grant and loan finance. The Group's treasury management arrangements are considered below.

Pension costs

The Group participates in three defined benefit pension schemes, the Social Housing Pension Scheme ("SHPS"), the Cheshire Pension Fund ("CPF") and the Merseyside Pension Fund ("MPF"). These are final salary schemes, offering good benefits for our staff. The Group has contributed to the schemes in accordance with levels set by the actuaries of between 7% and 16.5%. In addition, the Group offers a defined contribution pension scheme with contribution levels of 4.5% for both employees and employers.

Capital structure and treasury policy

There is a robust treasury management strategy in place which addresses interest rate risk, covenant compliance, funding and liquidity risk and exposure to counterparties. The strategy is set annually and is approved by the Board. Management of the loan portfolio is the responsibility of the Managing Director-Finance and is managed in accordance with the treasury management strategy and policy. The Group borrows at both fixed and floating interest rates. Regular updates on treasury activity are given to the Group treasury panel.

The Group does not make use of hedging instruments other than to fix variable rate debt either at the time of drawdown or following a review of the loan portfolio and market conditions.

The Group's borrowings total £281.6 million (2012: £260.9 million). The movement in loans drawn represents funds drawn for stock development and improvement. Cash balances at the end of the year stood at £5 million (2012: £3.7 million). New debt drawn totalled £21.1million (2012: £19.2 million). Interest costs increased to £11.3 million (2012: £9.5 million) reflecting the continued low interest rates and increased borrowing levels. The average rate of interest paid in the year increased slightly from 3.9%

Operating and Financial Review

to 4.07%. Gearing for those members of the Group subject to gearing covenants stood at 64.8% (2012: 56%) while interest cover reduced to 127 % (2012: 133%).

The Group borrows principally from banks, at both fixed and floating rates of interest. There is no limit imposed on the level of fixed interest rate borrowings the Group is able to hold although the treasury policy recommends that between 50% and 80% of the Group's debt should be fixed. At the year-end, 53.5% of the Group's borrowings were at fixed rates. Variable rate borrowings are those where the interest rate is fixed for less than 12 months from the balance sheet date, including any where the agreement is longer but the bank has the option to cancel in this period.

Bank borrowings in summary:

	2013 £'000	2012 £'000
Fixed	150,797	139,900
Variable	130,822	120,559
Total drawn	281,619	260,459
Available facility	44,600	70,451

The maturity of the Group's borrowings is detailed in note 20 of the financial statements.

The Group borrows and lends only in sterling and so is not exposed to currency risk.

Going Concern

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. It therefore continues to adopt the going concern basis in the preparation of the financial statements.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the Statement of Recommended Practice "Accounting by Registered Social Housing Providers (update 2010)".

Vivien Cross
Managing Director - Finance
19th September 2013

Report of the Board

The Board has pleasure in presenting the report and financial statements for Plus Dane Housing Group Limited for the year ended 31 March 2013.

Principal Activity

Plus Dane Group provides affordable homes for rent and shared ownership together with housing support for vulnerable and elderly residents. It also has interests in major regeneration projects and partnerships to deliver change to the neighbourhoods and communities which it serves.

Status

Plus Dane Housing Group is an Industrial and Provident Society incorporated under the Industrial and Provident Societies Act 1965. It is registered with the Homes and Communities Agency as a Registered Provider of social housing as defined by the Housing Act 1996.

Role of the Board

The Board comprises up to nine non-executive directors and is responsible for managing the affairs of the Association and Group. The present Board members and the executive officers of the Association are set out on page 1. All of the Board members served throughout the period except as indicated on page 1.

The Board meets formally at least six times a year for regular business, including approval of the budget and business plan. Board members also attend an annual conference to discuss future strategy as part of the wider Plus Dane Group. Also in attendance at Board meetings are the members of the Managing Director Team as detailed on page 1. The managing director team are supported in their day to day running of the Association and Group by members of the Group's Leadership Team. The managing director team served throughout the year except as detailed on page 1. They hold no interest in the Association's shares and act as executives within the authority delegated by the Board.

The Board members are drawn from a wide background bringing together professional, commercial and local experience. Terms of reference are issued to the Board. Board members act in the interest of the Association and not on behalf of any interest Group.

Members of the Board represent the Group on the Plus Dane Group's Group-wide committees: HR Committee, Group Audit and Scrutiny Committee and Development Investment Fund Panel.

Group insurance policies indemnify board members and officers against liability when acting for the Group.

Managing Director Team

While the Board is responsible for the Association's and Group's overall policy and strategy, management is delegated to the Chief Executive. The Managing Director Team are the senior management team appointed and act as executives within the authority delegated by the Board. They meet monthly under a revolving chairmanship to consider management issues. The meeting is the key decision making forum within the business.

Corporate Governance

Since the year end, the Group has received a change to its governance rating in its Regulatory Judgement from the Homes and Communities Agency (HCA) from a G1 to a G3. Its viability rating remains unchanged at a V2. An action plan has been put in place to address the concerns raised by the HCA

Report of the Board

around governance, growth, risk management and financial strategy. The Regulatory Judgement is available on the HCA website.

The Board is committed to the integrity and accountability in the stewardship of the Association's affairs. One of Plus Dane's objectives in respect of governance is to follow best practice. The Group has adopted the National Housing Federation (NHF)'s Excellence in Governance – Code for Members 2010 and endeavours to comply with it in its entirety. This year, the Group's only identified areas of non-compliance relate to Board Member succession, training and induction. These areas are being addressed immediately. Processes for these have been updated for the coming year and the Group has appointed a dedicated Training Partner. The Group, in September, also updated its regulatory code policy by adopting the NHF's Code of Conduct 2012. Despite adopting it only recently, the Group already substantially complies with the NHF Code of Conduct 2012; the only identified area of non-compliance relates to the arrangements for its involved residents. The Group is already reviewing its "Tenants Together" programme for involved residents and will work towards full compliance over the coming year.

The Group Audit and Scrutiny Committee has a protocol with the external auditors, which sets out policies for determining what non-audit work can be undertaken by the external auditors and procedures for periodic review and selection of external auditors.

Employees

The strength of the Group lies in the quality and commitment of its employees. The Group's ability to meet its objectives and commitments to its tenants in an efficient and effective manner depends on the contribution of all employees.

As an Investor in People, the Group provides training programmes focused on quality and customer service throughout the association, and seeks employees' views on how to improve services and on matters of common concern.

The Group continues to provide information on the Group's objectives, progress and activities through regular office and departmental meetings and through its staff newsletter 'Ni News'.

Tenant Engagement

The Board actively encourages tenants' involvement in decision making by promoting differing methods and means of tenant involvement. Effective tenant involvement enhances the scrutiny of the Group.

Three board members are tenants. The Tenants Together Forum meets regularly to consider policy and service delivery issues and commission tenant inspections of the Group's work. Tenants are also heavily involved in corporate initiatives such as the repairs framework tender, and amalgamation working groups.

Equality and Diversity

The Group is committed to equal opportunities for all its employees. It is committed to fulfilling its statutory responsibilities with regard to equality and to the continued promotion of equality and diversity across the business.

Investment power

The Association's rules permit investment of monies not immediately required to carry out its objectives, as it determines and is permitted by law.

Report of the Board

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies for all organisations controlled by the Association.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, and not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Association is ongoing, has been in place throughout the period commencing 1 April 2012 up to the date of approval of the annual report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for Development Investment Fund Panel, Group Audit and Scrutiny Committee and Group HR Committee
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks
- Robust strategic and business planning processes, with detailed financial budgets and forecasts
- Formal recruitment, retention, training and development policies for all staff
- Established authorisation and appraisal procedures for significant new initiatives and commitments
- A sophisticated approach to treasury management which is subject to external review each year
- Regular reporting to the appropriate committee on key business objectives, targets and outcomes
- Board approved whistle-blowing and anti-theft and corruption policies
- Board approved fraud policies, covering prevention, detection and reporting of fraud, and the recovery of assets
- Regular monitoring of loan covenants and requirements for new loan facilities

A fraud register is maintained and is reviewed by the Group Audit and Scrutiny Committee on a quarterly basis.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Group Audit and Scrutiny Committee to regularly review the effectiveness of the system of internal control. The Board receives quarterly reports and copies of the minutes from the Group Audit and Scrutiny Committee.

The Group Audit and Scrutiny Committee has received the Managing Director's annual review of the effectiveness of the system of internal control for the Association, and the annual report of the internal auditor, and has reported its findings to the Board.

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

The board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Industrial and Provident Society legislation requires the Board to prepare financial statements for each financial year. Under that law the board has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and

Report of the Board

applicable laws). Under the Industrial and Provident Society legislation 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 and surplus or deficit of the Association and Group for that period. In preparing these financial statements, the board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Housing Providers update 2010, have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association and enable it to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

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

The Board is responsible for the maintenance and integrity of the corporate information on the Association's website.

Annual general Meeting
The Annual General Meeting will be held on 19th September 2013.

Auditors
The directors have invited firms to tender for audit services for the year ended 31 March 2014 and the outcome of the tender process will result in the appointment of auditors prior to the next year end of 31 March 2014.

Approval
Approved by the Board and signed on its behalf by:

VMCross

Vivien Cross
Deputy Company Secretary
19th September 2013

Independent Auditors' Report to the Members of Plus Dane Housing Group Limited

We have audited the financial statements of Plus Dane Housing Group Limited for the year ended 31 March 2013 which comprise the Consolidated and Association Income and Expenditure accounts, the Consolidated and Association Statements of Total Recognised Surpluses and Deficits, the Reconciliations of Movements in Group and Association funds, the Consolidated and Association Balance Sheets, the Consolidated Cash Flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association's members, as a body, in accordance with regulations made under Section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the Statement of Board's Responsibilities set out on pages 14 and 15, the board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion

In our opinion the financial statements:

- give a true and fair view of the state of the Association's and of the Group's affairs as at 31 March 2013 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
24 September 2013

Consolidated and Association's Income and Expenditure Accounts

	Note	Group 2013 £'000	Group 2012 £'000	Association 2013 £'000	Association 2012 £'000
Turnover: Group and share of joint venture		73,887	57,637	9,084	8,945
Less: share of joint venture turnover		(217)	(283)	-	-
Group turnover	3	73,670	57,354	9,084	8,945
Operating costs	3	(45,357)	(41,415)	(9,093)	(8,550)
Cost of Sales	3	(13,956)	(3,520)	-	-
Group operating surplus/(deficit) before share of joint venture operating profit	3	14,357	12,419	(9)	395
Share of joint venture operating profit		6	13	-	-
Total operating surplus/(deficit)	9	14,363	12,432	(9)	395
Surplus on sale of fixed assets	10	276	52	-	-
Gift Aid		-	-	-	(400)
Interest receivable	7	39	71	2	2
Interest payable and similar charges	8	(11,288)	(9,476)	-	-
Share of joint venture interest payable		(4)	(4)	-	-
Other finance costs	6	(119)	17	-	-
Surplus/(deficit) on ordinary activities before tax		3,267	3,092	(7)	(3)
Tax on surplus/(deficit) on ordinary activities	11	(6)	(35)	(5)	(27)
Surplus/(deficit) for the year	25	3,261	3,057	(12)	(30)

All amounts relate to continuing activities.

The financial statements were approved by the Board and signed on its behalf on19th September 2013.

Linda Minnis
Board Member

Catrina Hewitson
Board Member

Vivien Cross
Deputy Secretary

The accompanying notes form part of these financial statements.

Consolidated and Association Statements of Total Recognised Surpluses and Deficits

Group	2013 £'000	2012 £'000
Surplus for the year	3,261	3,057
Actuarial loss on defined benefit pension schemes	(2,994)	(3,088)
Unrealised loss on revaluation of investment properties	(240)	(2,425)
Total recognised surpluses and deficits for the year	27	(2,456)

Association
There are no other recognised gains and losses for the Association for the year other than the deficit for the year.

Reconciliations of Movements in Group's and Association's Funds

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Opening funds	7,573	10,029	16	46
Total recognised deficits relating to the year	27	(2,456)	(12)	(30)
Closing funds	7,600	7,573	4	16

The accompanying notes form part of these financial statements.

Consolidated and Association's Balance Sheets

	Note	Group 2013 £'000	Group 2012 £'000	Association 2013 £'000	Association 2012 £'000
Tangible fixed assets					
Housing properties	12	551,873	529,020	-	-
Social housing and other grant	12	(274,457)	(275,824)	-	-
		277,416	253,196	-	-
Other fixed assets	13	15,822	15,982	1,854	1,231
Investments	15	113	113	113	113
Share of joint venture gross assets	15	313	323	-	-
Share of joint venture gross liabilities	15	(302)	(313)	-	-
Homebuy initiative		1,194	1,260	-	-
Less: Social housing grant		(1,159)	(1,225)	-	-
		293,397	269,336	1,967	1,344
Current assets					
Stock	16	275	109	-	-
Properties for sale	17	3,192	4,208	-	-
Debtors: Due within one year	18	10,507	7,915	2,761	1,645
Debtors: Due after one year	18	5,920	5,973	-	-
Cash at bank and in hand		5,045	3,676	66	914
		24,939	21,881	2,827	2,559
Creditors: amounts falling due within one year	19	(25,106)	(18,073)	(4,790)	(3,887)
Net current (liabilities)/assets		(167)	3,808	(1,963)	(1,328)
Total assets less current liabilities		293,230	273,144	4	16
Creditors: amounts falling due after more than one year	20	273,755	256,257	-	-
Net pension liability	6	11,875	9,314	-	-
Capital and reserves					
Non-equity share capital	24	-	-	-	-
Revenue reserve	25	14,732	14,471	4	16
Designated reserve	25	1,226	1,220	-	-
Revaluation reserve	25	(8,358)	(8,118)	-	-
Consolidated/Association funds		7,600	7,573	4	16
		293,230	273,144	4	16

These financial statements were approved by the Board and signed on its behalf on 19th September 2013.

Linda Minnis
Board Member

Catrina Hewitson
Board Member

Vivien Cross
Deputy Secretary

Consolidated Cash Flow Statement

	Note	2013 £'000	2013 £'000	2012 £'000	2012 £'000
Net cash inflow from operating activities	27(a)		25,236		24,287
Returns on investment and servicing of finance					
Interest received		39		71	
Interest paid		(11,331)		(9,747)	
Interest element of finance lease payments		(10)		(25)	
			(11,302)		(9,701)
Taxation:					
Taxation (paid)/received			(46)		293
Capital expenditure and financial investment					
Housing property additions		(39,935)		(55,230)	
Social Housing Grant received		5,837		21,214	
Proceeds from sale of housing properties		1,751		765	
Proceeds from sale of other fixed assets		300		5	
Purchase of other tangible fixed assets		(1,481)		(1,067)	
			(33,528)		(34,313)
Cash outflow before management of liquid resources and financing			(19,640)		(19,434)
Financing					
Loans received		21,169		19,323	
Capital repayment of finance lease		(160)		(143)	
Net cash inflow from financing			21,009		19,180
Increase/(Decrease) in cash in year	27(b)		1,369		(254)

The accompanying notes form part of these financial statements

Notes to the financial statements

1. Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency as a housing provider.

2. Principal accounting policies

Basis of accounting

The financial statements of the Group and the Association have been prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers (Update 2010), and comply with Accounting Direction for Private Registered Providers of Social Hosuing 2012.

The Group had net current liabilities of £167,000 at 31 March 2013. Notwithstanding this the Board has a reasonable expectation that the Group can draw on sufficient alternative funding should this be required. The Board are therefore comfortable that the Group has adequate resources to continue in operational existence for the foreseeable future. It therefore continues to adopt the going concern basis in the preparation of the financial statements.

Basis of consolidation

The Group accounts consolidate the Accounts of the Association and its subsidiaries at 31 March using merger accounting.

Interests in joint ventures are accounted for using the gross equity method in accordance with Financial Reporting Standard ("FRS") 9 – Associates and Joint Ventures.

Turnover and revenue recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale, income from management contracts and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale.

Income from management contracts is recognised from the point the Group becomes unconditionally entitled to the income through performance of it's contractual obligations.

Pre-emption agreement

Properties developed under a right of pre-emption agreement are included within current assets (as development sales debtors) where it is considered probable that the pre-emption right will be exercised.

Notes to the financial statements

2. Principal accounting policies (continued)

Taxation

The charge for taxation is based on the taxable surplus for the year and includes current tax on the taxable surplus for the year and deferred tax.

Deferred taxation

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

In accordance with FRS19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

The recognition of deferred tax assets is limited to the extent that the Association and Group anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date.

Value Added Tax

The Group charged 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 the Group 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, including issue costs, is allocated at a constant rate on the carrying amount over the period of the borrowing. Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant (SHG) in advance; or

b) interest on borrowings of the Group 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.

Notes to the financial statements

2. Principal accounting policies (continued)

Pension costs

Contributions to the Group's defined contribution pension scheme, the Norwich Union Group personal pension plan, are charged to the profit and loss account in the year in which they become payable.

The Group participates in three funded multi-employer defined benefit schemes: the Social Housing Pension Scheme (SHPS), Merseyside Pension Fund (MPF) and Cheshire Pension Fund (CPF).

For SHPS, it has not been possible to identify the share of the underlying asset and liabilities belonging to the individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the MPF and CPF schemes, assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised surpluses and deficits.

Supporting people

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

Supporting people managed by agencies

Social housing capital grants are claimed by the Group as a developer and owner of the property and included in the balance sheet of the Group. The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group and its managing agents and on whether the Group carries the financial risk. Where the Group holds the support contract with the Supporting People administering authority and carries the financial risk, all the projects income and expenditure is included in the Group's income and expenditure account.

Investment properties

In accordance with SSAP 19 investment properties held for long term investment are revalued annually at open market value as at the balance sheet date. Valuations are carried out by external valuers at least every third year. Properties in the course of development included in tangible fixed assets are stated at cost at the commencement of the development plus all development costs incurred subsequently. Properties are reviewed regularly by the Directors and if, in their opinion, there has been impairment the property is written down to its valuation. On completion of a development the property is reclassified as either an investment property or property held for resale as appropriate.

Notes to the financial statements

2. Principal accounting policies (continued)

The aggregate surplus or deficit arising on revaluation is transferred to the revaluation reserve except where a deficit is deemed to represent a permanent diminution in value, in which case it is charged to the income and expenditure account.

On disposal of a fixed asset property, any surplus or deficit calculated by comparing net sale proceeds with book value, is included in surplus on ordinary activities before taxation and any realised revaluation surplus or deficit is reclassified, within reserves, to the profit and loss account.

No depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

Housing properties

Housing properties are principally properties available for rent and are stated at cost less social housing grant ("SHG") and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between fixed and current assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included within turnover, and the remaining element is classed as a fixed asset included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation of housing properties

The Group separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

Where SHG has been allocated to a component; the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value.

Notes to the financial statements

2. Principal accounting policies (continued)

The Group depreciates the major components of its housing properties at the following annual rates:

	Years
Main structure	100
Pitched Roofs	60
Flat Roofs	20
Windows, doors, external joinery & cladding	25
Heating systems	15
Kitchens	15
Bathrooms	20
Electrics including PV panels, wind turbines and other generators	25
Septic Tanks	25
Lifts	20
Aids and adaptations	15

Freehold land is not depreciated.

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business if shorter.

Impairment

Housing properties, including those with individual components 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.

Where there is evidence of impairment, fixed assets are written down to the recoverable amount, being the higher of the net realisable value or the value in use to theGroup. Any such write down is charged to operating surplus.

Social housing grant

Social Housing Grant (SHG) is receivable from the Homes and Communities Agency ("HCA") and is utilised to reduce the capital costs of housing properties. It is allocated to the land and structure components of the associated asset in proportion to their cost. SHG due from the Homes and Communities Agency or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the Homes and Communities Agency. SHG released on sale of a property is normally available to be recycled and is credited to a recycled capital grant fund and included in the balance sheet in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Group is required to recycle these proceeds.

Notes to the financial statements

2. Principal accounting policies (continued)

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Properties for sale

Shared ownership first tranche sales, 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.

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 depreciation rates applied are:

Freehold office building (straight line)	2%
Motor vehicles (on a reducing balance basis)	25%
Fixtures and equipment (straight line)	10% to 33%
Leasehold buildings (straight line)	Over term of the lease

Leased assets

Assets held under finance leases are included in the balance sheet and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the income and expenditure account on a straight line basis over the lease term.

Where the Group acts as lessor under the terms of a finance lease; the debtor represents amounts outstanding, under these agreements, excluding finance charges allocated to future periods. Finance lease interest is recognised over the period of the lease, so as to produce a constant rate of return.

Investments

Investments are valued at cost, less provision for impairment.

Notes to the financial statements

2. Principal accounting policies (continued)

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Derivatives

The Group uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

Revenue reserves

Revenue reserves represent the accumulated accounting surpluses of the Group. They are utilised for investment in future capital repairs and improvements to the Group's housing stock and funding for new housing projects. The Board regularly reviews the Group's overall financial strength and accordingly agrees the appropriate level of reserves relative to the size of its development programme and risk capacity, especially in relation to treasury risk.

Designated reserves

A designated reserve is a reserve which has been earmarked for a specific use. The Group maintains designated reserves as follows:

Furniture/Equipment Replacement – an amount set aside for the replacement of communal furnishings and other equipment.

The neighbourhood reinvestment reserve is designated to fund improvements in neighbourhoods decided upon by tenants.

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus

	2013				2012			
Group	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating Surplus £'000	Turnover £'000	Cost of sales £'000	Operating costs £'000	Operating surplus £'000
Social housing lettings	52,783	-	(40,912)	11,871	48,264	-	(37,885)	10,379
Other social housing activities								
Development services	1,150	-	(1,177)	(27)	923	-	(695)	228
Supporting people contracts	1,294	-	(1,160)	134	899	-	(1,055)	(156)
Management services and other	22	-	(26)	(4)	34	-	(29)	5
Leased to others	338	-	(126)	212	348	-	(71)	277
Community regeneration	552	-	(582)	(30)	184	-	(393)	(209)
Sale of housing accommodation	2,290	(1,955)	-	335	3,293	(3,176)	-	117
Other	586	-	(548)	38	525	-	(466)	59
	6,232	(1,955)	(3,619)	658	6,206	(3,176)	(2,709)	321
Non-social housing activities								
Lettings	272	-	(96)	176	265	-	(35)	230
Management contract	11,750	(11,650)	-	100	-	-	-	-
Income from finance leases	426	-	-	426	436	-	-	436
Other*	2,207	(351)	(730)	1,126	2,183	(344)	(786)	1,053
	14,655	(12,001)	(826)	1,828	2,884	(344)	(821)	1,719
	73,670	(13,956)	(45,357)	14,357	57,354	(3,520)	(41,415)	12,419

* Non-social housing activities – other, includes the activities of three60 Property Investors Limited, a subsidiary of the Group, whose principal activity is that of property investment and development.

The management contract income and expenditure is in respect of the Ellesmere Port and Neston management contract.

Notes to the financial statements

3. Turnover, cost of sales, operating costs and operating surplus

Association	2013 Turnover £'000	2013 Cost of sales £'000	2013 Operating costs £'000	2013 Operating surplus £'000	2012 Turnover £'000	2012 Cost of sales £'000	2012 Operating costs £'000	2012 Operating Surplus £'000
Other social housing activities								
Development services	2,450	-	(2,462)	(12)	2,713	-	(2,473)	239
Management services and other	6,634	-	(6,631)	3	6,232	-	(6,077)	156
	9,084	-	(9,093)	(9)	8,945	-	(8,550)	395

Exceptional Item

Included within Group operating costs for the year ended 31 March 2013 is £551,000 (2012:nil) in respect of redundancy costs incurred following a voluntary redundancy programme undertaken during and completed in the year. These are included in the Social housing lettings and Management contract line on the previous page.

Included within the Association's operating costs for the year ended 31 March 2013 is £171,000 (2012: nil) in respect of redundancy costs incurred in the year. These are included in the development services line above.

Notes to the financial statements

3. Income and expenditure from social housing lettings

Group

	General needs housing £'000	Shared ownership £'000	Supported housing & housing for older people £'000	Total 2013 £'000	Total 2012 £'000
Rent receivable net of identifiable service charges	40,563	1,222	7,829	**49,614**	45,151
Service charges receivable	1,216	168	1,229	**2,613**	2,293
Charges for support services	104	-	452	**556**	820
Turnover from social housing lettings	41,883	1,390	9,510	**52,783**	48,264
Expenditure on social housing lettings					
Management	9,581	342	2,647	**12,570**	11,319
Services	1,285	203	2,102	**3,590**	3,302
Routine and planned maintenance	10,221	31	2,078	**12,330**	11,805
Major repairs expenditure	2,477	13	978	**3,468**	3,166
Rent losses from bad debts	240	1	63	**304**	379
Supporting people	71	6	16	**93**	147
Depreciation of housing properties	7,265	15	1,274	**8,554**	7,761
Provision for bad debts	2	-	1	**3**	6
Operating costs on social housing lettings	31,142	611	9,159	**40,912**	37,885
Operating surplus on social housing lettings	10,741	779	351	**11,871**	10,379
Rent losses from voids	509	25	257	791	642

Notes to the financial statements

4. Accommodation in management and development

Group

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

Owned and managed by the Group

	2013 Units	2012 Units
Social housing		
General needs housing	9,823	9,554
Supported housing	1,907	1,893
Low cost home ownership	349	347
Leaseholder units	131	132
Total owned	12,210	11,926
Managed for others	5,883	268
Managed by others	108	108
Non-social housing		
Market rented	22	21
Extra care	72	72
	94	93
Total owned and in management	18,295	12,395
Under construction		
General needs	503	749

Notes to the financial statements

5. Directors' emoluments and expenses

Board members
During the year, fees of £55,599 (2012: £60,186) were paid to Board members and expenses paid amounted to £5,055 (2012: £3,305).

Executive directors
The remuneration for the executive directors of the Plus Dane Housing Group for the year ended 31 March 2013 is detailed in the table below.

As a member of the Group, the Association bears a charge in respect of the services provided to it by the members of the Group executive director team. The charge for the current year amounted to £38,413 (2012: £43,724).

		Basic salary £'000	Benefits in kind £'000	Pension contribution £'000	2013 Total £'000	2012 Total £'000
K Perry	Group Chief Executive	130	4	22	156	153
P Shaw	MD – Finance (to July 2012) MD – Ellesmere Port and Neston (from July 2012)	88	6	7	101	100
J Phillips	MD Knowledge, Innovation & Performance	88	4	26	118	117
M Doran	MD – Enterprising Neighbourhoods: Cheshire & Staffordshire	88	5	7	100	99
G Murden	MD - Enterprising Neighbourhoods: Merseyside	88	5	15	108	107
C Griffiths	MD Regeneration and Commercial Development	88	3	9	100	99
V Cross	Acting MD Finance (to July 2012) MD Finance (from July 2012)	88	5	7	100	78
Total		658	32	93	783	753

The emoluments of the highest paid director of the Group, the Group Chief Executive, excluding pension contributions were £134,359 (2012: £131,152). The Group Chief Executive is a member of the Merseyside Pension Fund. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The Group does not make any further contribution to an individual pension arrangement for the chief executive.

In addition to the amounts shown above, a total of £81,725 has been accrued for within the Group accounts to a Group executive director (J Phillips) for compensation for loss of office following a restructure of the executive management team.

Notes to the financial statements

Board members
The fees paid to board members of the Plus Dane Housing Group for the year ended 31 March 2013 are detailed in the table below. Total expenses paid to board members amounted to £5,055 (2012: £3,305).

		2013 Total £'000	2012 Total £'000
Linda Minnis	Chair	9	5
Richard Kemp	Former Chair	8	15
Catrina Hewitson	Deputy Chair	10	6
Nigel Hodges	Former Deputy Chair	-	8
Roger Morris	Board member	5	5
John Turner	Board member	5	5
Glen Lewis	Board member	5	5
Lilian Hazel	Board member	5	5
Pol O'Gray	Board member	5	6
Anne Davies	Board member	2	-
Sandra Palmer	Board member	2	-
Total		56	60

Notes to the financial statements

6. Employees

Group

The average number of employees of the Group expressed in full time equivalents during the year was:

	2013 Number	2012 Number
Housing, support and care	604	357
Development	26	26
Administration	111	135
	741	518

	2013 £'000	2012 £'000
Employee costs		
Wages and salaries	19,051	14,323
Social security costs	1,549	1,207
Other pension costs	2,016	1,269
	22,616	16,799

The full time equivalent number of staff (including executive directors) who received emoluments within the Group:

	2013 No.	2012 No.
£60,001 to £70,000	11	6
£70,001 to £80,000	4	4
£80,001 to £90,000	3	2
£90,001 to £100,000	1	5
£100,001 to £110,000	5	1
£110,001 to £120,000	1	1
£150,101 to £160,000	1	1

Notes to the financial statements

Association

The average number of employees of the Association expressed in full time equivalents during the year was:

	2013 Number	2012 Number
Administration and development	90	90

	2013 £'000	2012 £'000
Employee costs		
Wages and salaries	3,232	3,284
Social security costs	277	285
Other pension costs	348	356
	3,857	3,925
Recharged from Group companies	1,771	1,201
	5,628	5,126

The full time equivalent number of staff who received emoluments within the Association:

	2013 No.	2012 No.
£60,001 to £70,000	2	2
£70,001 to £80,000	2	1
£80,001 to £90,000	2	2
£90,001 to £100,000	-	1
£100,101 to £110,000	2	1
£150,101 to £160,000	1	1

Notes to the financial statements

6. Employees (continued)

The Group participates in three funded multi-employer defined benefit schemes: the Social Housing Pension Scheme, Merseyside Pension Fund and Cheshire Pension Fund.

Social Housing Pension Scheme (SHPS)

Members of the Group participate in SHPS (the Scheme). The Scheme is funded and contracted out of the state scheme.

SHPS is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the "SHPS House Policies and Rules Employer Guide"

The Scheme operated a single benefit structure, final salary with a $1/60^{th}$ accrual rate, to March 2007. From April 2007 there are three benefit structures available, namely:

- Final salary with a $1/60^{th}$ accrual rate
- Final salary with a $1/70^{th}$ accrual rate
- Career average revalued earnings with a $1/60^{th}$ accrual rate

From April 2010 there are a further two benefit structures available, namely:

- Final salary with a 1/80th accrual rate.
- Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Different members of the Group have elected to operate the final salary benefit structure as follows:

- a $1/60^{th}$ accrual rate benefit structure for active members at 31 March 2007;
- a $1/60^{th}$ or $1/70^{th}$ accrual rate benefit structure for new entrants between 1 April 2007 and 31 March 2010;
- a 1/80th accrual rate benefit structure for new entrants from 1 April 2010;
- the option of a defined contribution benefit structure from 1 October 2010.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

Notes to the financial statements

6. Employees (continued)

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discounted rate calculated by reference to the expected future investment returns.

During the accounting period the Group paid contributions at the rate of 7% to 15.4% in to the defined benefit scheme. Member contributions into the defined benefit scheme were at the rate of 4.5% to 9.95%. Employer and member contributions to the defined contribution scheme are set at 4.5% each. Further, the Group has paid a lump sum of £25,824 in respect of a contribution to past deficit for Plus Dane Merseyside. Plus Dane Cheshire made a contribution to past deficits at a rate of 7.5% per annum.

As at the balance sheet date there were 82 active members of the Scheme employed by the Group. The annual pensionable payroll of these members was £2,225,711 on a consistent and reasonable basis. The Group continues to offer membership of the Scheme to its employees.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the Plan, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327 million. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241 million, equivalent to a past service funding level of 65%.

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

	% p.a.
Valuation Discount Rates:	
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation	2.9
Pension Increases:	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

Notes to the financial statements

6. Employees (continued)

The valuation was carried out using the following demographic assumptions:

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates that will apply from April 2013 required from employers and members to meet the cost of future benefit accrual were assessed at:

Benefit Structure	Long-term Joint Contribution Rate (% of pensionable salaries)
Final salary with a 1/60th accrual rate	19.4%
Final salary with a 1/70th accrual rate	16.9%
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1%
Final salary with a 1/80th accrual rate	14.8%
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0%

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount(*) equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount(*) equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

(*) The contributions of 7.5% will be expressed in nominal pound terms (for each Employer), increasing each year in line with the Earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

Notes to the financial statements

6. Employees (continued)

These deficit contributions are in addition to the long-term joint contribution rates as set out in above.

The Scheme Actuary will provide an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The results of this approximate update will be available in Spring 2014 and will be included in next year's Disclosure Note.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into SHPS.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the scheme between valuations up to 1 April 2010 do not contribute towards the deficit until two valuations have been completed after the date of joining the Scheme. New employers joining the Scheme after 1 April 2010 will be liable for the past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan). A response regarding the September 2011 valuation is awaited.

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

Notes to the financial statements

6. Employees (continued)

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Merseyside Pension Fund

The MPF is a multi-employer scheme, administered by Wirral Borough 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 2010 and rolled forward to 31 March 2013 by a qualified independent actuary.

The employers' contributions to the MPF by the Association for the year ended 31 March 2013 were £861,000 (2012: £854,000) at a contribution rate of 9.8% – 16.5% of pensionable salaries, set until the next funding valuation at 31 March 2013.

Financial assumptions

	31 March 2013 % per annum	31 March 2012 % per annum
Discount rate	4.2	4.9
Future salary increases	3.9	4.0
Future pension increases	2.4	2.5
CPI Inflation assumption	2.4	2.5

Expected return on assets

The expected return on assets assumptions were:

	2013 % per Annum	2012 % per annum
Equities	7.0	7.0
Government bonds	2.8	3.1
Other bonds	3.9	4.1
Property	5.7	6.0
Cash/liquidity	0.5	0.5
Other	7.0	7.0

Notes to the financial statements

6 Employee Information (continued)

Mortality assumptions

The post retirement mortality assumptions used to value the benefit obligation at March 2013 are based on S1PA CMI_2009_[1.25%] Tables (106% Males, 97% Females) for non-retired members and pensioners.

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the Association's scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	2013	2012
Current pensioners		
- Males	21.8 years	21.5 years
- Females	24.7 years	24.2 years
Future Pensioners		
- Males	23.7 years	22.8 years
- Females	26.6 years	25.8 years

Amounts recognised in the balance sheet:

	2013 £'000	2012 £'000
Present value of funded obligations	(31,011)	(25,772)
Present value of unfunded obligations	-	-
Total present value of benefit obligations	(31,011)	(25,772)
Fair value of plan assets	23,676	20,532
Unrecognised past service cost	-	-
Deficit	(7,335)	(5,240)

Notes to the financial statements

6 Employee Information (continued)

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

	2013 £'000	2012 £'000
Current service cost	622	578
Past service (gain)/cost	6	-
Loss on settlements	13	-
Expected return on pension scheme assets	(1,200)	(1,288)
Interest on pension scheme liabilities	1,270	1,286
	711	576

£641,000 (2012: £578,000) was charged to the operating surplus and £70,000 was charged (2012: £2,000 credited) to other finance costs/income.

Amounts recognised in the statement of total recognised surpluses and deficits

	2013 £'000	2012 £'000
Actuarial loss in pension scheme recognised in STRSD	(2,245)	(1,754)
Cumulative actuarial loss recognised in STRSD	(5,059)	(2,814)

Changes in present value of defined benefit obligation:

	2013 £'000	2012 £'000
Opening defined benefit obligation	25,772	23,238
Current service cost	622	578
Past service cost	6	-
Loss on settlements	13	-
Member contributions	258	255
Interest cost	1,270	1,286
Actuarial losses	3,763	938
Benefits paid	(693)	(523)
Closing defined benefit obligation	31,011	25,772

Notes to the financial statements

6 Employee Information (continued)

Changes in fair value of assets:

	2013 £'000	2012 £'000
Fair value of assets at beginning of year	20,532	19,475
Expected return on assets	1,200	1,288
Member contributions	258	255
Employer contributions	861	853
Actuarial gains / (losses)	1,518	(816)
Benefits paid	(693)	(523)
Fair value of assets at end of year	23,676	20,532

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

	2013	2012
Equities	60.6%	59.1%
Government bonds	15.7%	15.7%
Other bonds	3.6%	4.0%
Property	8.3%	9.3%
Cash	2.3%	2.2%
Other	9.5%	9.7%

Actual return on plan assets:

	2013 £'000	2012 £'000
Actual return on plan assets	2,718	472

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Present value of defined benefit obligation	(31,011)	(25,772)	(23,238)	(24,923)	(16,230)
Fair value of scheme assets	23,676	20,532	19,475	17,375	12,478
Deficit on scheme	(7,335)	(5,240)	(3,763)	(7,548)	(3,752)
Experience adjustments on plan liabilities	-	-	1,857	-	-
Experience adjustments on plan assets	1,518	(816)	222	3,483	(3,570)

Notes to the financial statements

6. Employees (continued)

Cheshire Pension Fund ("CPF")

The CPF is a multi-employer scheme, administered by Cheshire West and Chester 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 2010 and rolled forward to 31 March 2013 by a qualified actuary.

During the year a number of employees have transferred into the Group from Cheshire West and Chester Council. FRS 17 obligations of £197,000 have been recognised on the transfer of those employees who are members of the CPF.

The employer's contributions to the scheme by the Association for the year ended 31 March 2013 were £1,136,000 (2012: £495,000). The employer's contribution rate for the staff previously employed by Cheshire West and Chester has been fixed as 24.4% while for the remaining staff the rate has been fixed as 29.8% of pensionable pay from April 2011 and set until the next funding valuation at 31 March 2013.

Financial assumptions

The major assumptions used by the actuary in assessing scheme liabilities were:

	2013 % per annum	2012 % per annum
Rate of increase in salaries	5.1	4.8
Rate of increase in pensions in payment	2.8	2.5
Discount rate	4.5	4.8
Expected return on assets	5.0	5.5

Expected return on assets

The expected return on assets assumptions were:

	2013 % per annum	2012 % per annum
Equities	5.7	6.2
Bond	3.0	3.3
Property	3.9	4.4
Cash	3.0	3.5

Notes to the financial statements

6. Employees (continued)

Mortality

Within the past three years, investigations have been carried out by the scheme actuaries into the mortality experience of the scheme. Life expectancy is based on the SAPS year of birth tables with the improvements from 2007 in line with the Medium Cohort and a 1% p.a. underpin. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	2013	2012
Current pensioners		
- Males	22.9 years	22.9 years
- Females	25.7 years	25.7 years
Future Pensioners		
- Males	24.9 years	24.9 years
- Females	27.7 years	27.7 years

Amounts recognised in the balance sheet

	2013 £'000	2012 £'000
Fair value of employer assets	31,666	13,714
Present value of funded liabilities	(36,206)	(17,788)
Net underfunding in funded plans	(4,540)	(4,074)
Present value of unfunded liabilities	-	-
Unrecognised past service cost	-	-
Net liability	(4,540)	(4,074)
Amount in the balance sheet		
Liabilities	(4,540)	(4,074)
Assets	-	-
Net liability	(4,540)	(4,074)

Analysis of the amount charged to the income and expenditure account

	2013 £'000	2012 £'000
Current service cost	973	346
Past service costs	15	-
Losses on Curtailments and Settlements	13	-
Expected return on pension scheme assets	(1,243)	(903)
Interest on pension scheme liabilities	1,292	888
	1,050	331

£1,001,000 (2012: £346,000) was charged to the operating surplus and £49,000 debited (2012: £15,000 credited) to other finance income/(cost).

Notes to the financial statements

6. Employees (continued)

Amounts recognised in the statement of total recognised surpluses and deficits

	2013 £'000	2012 £'000
Actuarial loss in pension scheme recognised in STRSD	(749)	(1,334)
Cumulative actuarial loss recognised in STRSD	(1,874)	(1,125)

Changes in present value of defined benefit obligations

	2013 £'000	2012 £'000
Defined benefit obligations at beginning of year	17,788	16,249
Obligations transferred in year	13,027	-
Current service cost	973	346
Interest cost	1,292	888
Contributions by members	278	110
Actuarial losses	3,342	857
Past service costs	15	-
Losses on curtailments and settlements	13	-
Benefits paid	(522)	(662)
Defined benefit obligations at end of year	36,206	17,788

The past service cost figure for 2013 relates to £15,000 in respect of efficiency and other early retirements.

Changes in fair value of assets	2013 £'000	2012 £'000
Fair value of assets at beginning of year	13,714	13,345
Assets transferred in year	13,224	-
Expected return on assets	1,243	903
Contribution by members	278	110
Contributions by employer	1,136	495
Actuarial gains/(losses)	2,593	(477)
Benefits paid	(522)	(662)
Fair value of assets at end of year	31,666	13,714

Notes to the financial statements

6. Employees (continued)

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

	2013 £	2013 %	2012 £	2012 %
Equities	23,116	73	9,874	72
Bonds	4,433	14	1,920	14
Property	1,900	6	960	7
Cash	2,217	7	960	7
	31,666	100	13,714	100

Actual return on plan assets

	2013 £'000	2012 £'000
Actual return on plan assets	3,839	458

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

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Fair value of employer assets	31,666	13,714	13,345	12,140	8,852
Present value of defined benefit obligation	(36,206)	(17,788)	(16,249)	(20,326)	(12,242)
Deficit	(4,540)	(4,074)	(2,904)	(8,186)	(3,390)
Experience gains/(losses) on assets	2,593	(477)	540	2,660	(3,216)
Experience gains/(losses) on liabilities	23	(181)	1,042	-	-

7. Interest receivable

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Interest receivable and similar income	39	71	2	2

Notes to the financial statements

8. Interest payable and similar charges

	Group 2013 £'000	Group 2012 £'000
Interest on bank loans and overdrafts	11,706	9,769
Finance leases	10	25
RCGF Interest	5	6
Refinancing costs written off	69	55
	11,790	9,855
Less: interest capitalised in housing property costs	(502)	(379)
	11,288	9,476
Capitalisation rate used to determine the finance costs capitalised during the period	4.7%	2.59%

9. Operating surplus / (deficit)

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Is stated after charging:				
Depreciation of housing properties	7,789	7,063	-	-
Depreciation of other tangible fixed assets	1,055	960	503	387
Operating lease charges:				
- Land and buildings	372	300	-	-
- Other	1,020	574	7	1
Auditors' remuneration (excluding VAT):				
- for audit services	51	48	4	7
- for non-audit services				
- tax compliance	3	7	2	3
- tax advisory	4	6	4	6
- other	-	6	-	6

Notes to the financial statements

10. Surplus on sale of fixed assets- housing properties

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Disposal proceeds	1,252	462	-	-
Carrying value of fixed assets	(976)	(410)	-	-
	276	52	-	-

11. Tax on surplus on ordinary activities

	Group		Association	
United Kingdom Corporation Tax	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Current taxation:				
Current tax on income for year	2	66	2	66
Adjustment in respect of prior year	(39)	2	(39)	-
Total current tax (credit)/charge	(37)	68	(37)	66
Share of joint venture tax charge	1	6	-	-
	(36)	74	(37)	66
Deferred taxation:				
Net origination and reversal of timing differences	24	(33)	24	(33)
Adjustment in respect of prior year	18	(6)	18	(6)
Total tax charge	6	35	5	27

Notes to the financial statements

11. Tax on surplus on ordinary activities (continued)

The current tax charge for the year varies from the standard rate of corporation tax in the United Kingdom of 24% (2012 – 26%). The differences are explained below:

	Group		Association	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
Surplus/(deficit) on ordinary activities subject to tax	3,267	3,092	(7)	(3)
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 24 % (2012 - 26%)	784	804	(1)	(1)
Effects of:				
Expenses not deductible for tax purposes	614	597	11	25
Capital gain	1	19		-
Net charitable income	(398)	(485)		-
Accelerated capital allowances	(6)	(13)		-
Depreciation in excess of capital allowances	(8)	42	(8)	42
Losses utilised	(955)	(855)		-
Unrelieved tax losses	33	-		-
Adjustment in respect of prior year	(39)	2	(39)	-
Short term timing differences	(63)	(43)		-
	(37)	68	(37)	66

Unrelieved losses of £5,693,248 (2012: £8,793,825) are carried forward and are available to reduce the tax liability in respect of future surpluses. A deferred tax asset has not been recognised due to the uncertainty (relating to the future taxable status of Plus Dane (Cheshire) Housing Association Limited as to the timing of the utilisation of this asset.

Notes to the financial statements

12. Tangible fixed assets - Housing properties - Group

Housing properties	Non-Social Housing	Social Housing Shared Ownership		Social Housing General needs		
	Held for letting £'000	Held for letting £'000	Under construction £'000	Held for letting £'000	Under construction £'000	Total £'000
Cost						
At 1 April 2012	1,511	22,727	141	539,012	12,209	575,600
Works to existing properties	-	(41)	-	2,516	-	2,475
Reclassification	6,198	(349)	-	(5,849)	-	-
Additions	216	54	4,500	7,620	25,016	37,406
Transfer (to)/ from current assets	-	296	(463)	-	-	(167)
Schemes completed in year	-	998	(998)	21,406	(21,406)	-
Adjustment related to grant funded assets	-	-	-	(6,919)	-	(6,919)
Disposals	(443)	(272)	-	(2,332)	-	(3,047)
At 31 March 2013	7,482	23,413	3,180	555,454	15,819	605,348
Depreciation and impairment						
At 1 April 2012	(26)	(244)	-	(46,085)	(225)	(46,580)
Charged in year	(46)	(207)	-	(7,536)	-	(7,789)
Reclassification	(86)	-	-	86	-	-
Released on disposal	7	1	-	886	-	894
At 31 March 2013	(151)	(450)	-	(52,649)	(225)	(53,475)
Depreciated cost						
At 31 March 2013	7,331	22,963	3,180	502,805	15,594	551,873
At 31 March 2012	1,485	22,483	141	492,927	11,984	529,020
Social Housing Grant						
At 1 April 2012	(97)	(9,455)	-	(257,994)	(7,169)	(274,715)
Reclassification	(4,175)	111	-	4,064	-	-
Additions	(127)	-	(407)	(203)	(5,541)	(6,278)
Adjustment related grant fund	-	-	-	6,919	-	6,919
Schemes completed in year	-	(100)	100	(4,800)	4,800	-
Disposals	438	63	-	328	-	829
At 31 March 2013	(3,961)	(9,381)	(307)	(251,686)	(7,910)	(273,245)
Other Grant						
At 1 April 2012	(533)	(39)	-	(537)	-	(1,109)
Additions	-	-	(103)	-	-	(103)
Schemes completed in year	-	-	103	(103)	-	-
At 31 March 2013	(533)	(39)	-	(640)	-	(1,212)
Net book value						
At 31 March 2013	2,837	13,543	2,873	250,479	7,684	277,416
At 31 March 2012	855	12,989	141	234,396	4,815	253,196

Notes to the financial statements

12. Tangible fixed assets - Housing properties (continued)

The net book value includes £629,854 (2012: £724,281) in respect of assets held under finance leases. Depreciation charged in the year on these assets amounted to £88,246 (2012: £88,426).

Social Housing Grant	2013 £'000 Revenue	2013 £'000 Capital	2012 £'000 Revenue	2012 £'000 Capital
Total accumulated SHG receivable at 31 March :	1,809	273,245	1,809	267,900

The Group is unable to analyse the cost of housing land and buildings between freehold and other tenures, nor is it able to provide a reasonable estimate except at excessive costs. It is considered the effect of this omission is negligible.

Expenditure on works to existing properties:	2013 £'000	2012 £'000
Amounts capitalised	8,530	7,365
Amounts charged to income and expenditure account	3,468	3,166
	11,998	10,531

Notes to the financial statements

13. Other fixed assets

Group

	Freehold offices £'000	Leasehold office premises £'000	Motor vehicles £'000	Fixtures & equipment £'000	Freehold investment properties £'000	Total £'000
Cost or valuation						
At 1 April 2012	6,689	1,186	85	4,355	8,955	21,270
Additions	-	-	-	1,481	-	1,481
Disposals	(541)	-	(24)	(360)	-	(925)
Revaluations		-	-	-	(240)	(240)
At 31 March 2013	6,148	1,186	61	5,476	8,715	21,586
Depreciation						
At 1 April 2012	(2,371)	(516)	(85)	(2,316)	-	(5,288)
Charged for the year	(185)	(83)	-	(787)	-	(1,055)
Disposals	208	-	24	347	-	579
At 31 March 2013	(2,348)	(599)	(61)	(2,756)	-	5,764
Net book value						
At 31 March 2013	3,800	587	-	2,720	8,715	15,822
At 31 March 2012	4,318	670	-	2,039	8,955	15,982

The Group's four freehold commercial investment properties were subject to an external valuation by Knight Frank LLP as at 31 March 2012.

In addition to the commercial assets, the Group also owns seven residential units which are held for rental income. These were subject to an external valuation by Knight Frank LLP during August 2012, under instruction from the Royal Bank of Scotland. A downward movement of £240k arising from the revaluation has been debited to the revaluation reserve. The properties were subject a further valuation as at 31 March 2013. This valuation was undertaken by a qualified valuer (member of the Royal Institute of Chartered Surveyors) who is an employee of Plus Dane (Merseyside) Housing Association Limited (a Subsidiary of the Association). This valuation supported the August 2012 Knight Frank LLP valuation.

Both valuations represent an assessment of the Market Value (as defined in the Royal Institute of Chartered Surveyors' Valuation Standards) of the individual properties.

Notes to the financial statements

13. Other fixed assets (continued)

In determining that the cumulative diminution in value (including that previously recognised in the financial statements) is temporary rather than permanent, the directors have taken into account general movements in UK commercial property values, regional variations on such movements and the condition and position of each individual property in the Group's portfolio. It is the Group's intention to hold the properties for their long-term potential and the directors consider that in the medium to long term values will recover to at least those paid. In the context of holding the properties for long-term benefit the directors have prepared cash flow projections that support their view that (based on current occupancy and yield levels) the treatment of the diminution in value as temporary is appropriate.

In reaching this conclusion the board directors acknowledge the current uncertainties in the UK economy and that recorded reductions in value may take longer than anticipated to recover or indeed may in part prove to be permanent. In such an event, part or all of the deficit on the revaluation reserve (note 25) will be realised.

Had the freehold investment properties not been revalued, it would have been included on the historical cost basis at £17.076m.

Association

	Fixtures, fittings & equipment £'000
Cost	
At 1 April 2012	2,112
Additions	1,126
Disposals	(206)
At 31 March 2013	3,032
Depreciation	
At 1 April 2012	881
Charge for the year	503
Disposals	(206)
At 31 March 2013	1,178
Net book value	
At 31 March 2013	1,854
At 31 March 2012	1,231

Notes to the financial statements

14. Subsidiaries

As required by statute, the financial statements consolidate the results of Plus Dane Housing Group Limited and its wholly owned and/or controlled subsidiary undertakings, as follows:

- Plus Dane (Cheshire) Housing Association Limited
- INclude Neighbourhood Regeneration Limited;
- Three60 Property Investors Limited
- Dane Partnership Homes Limited
- Plus Dane (Merseyside) Housing Association Limited

In accordance with the Accounting Direction 2012 disclosures have been made in relation to transactions between Plus Dane Housing Group and non-regulated entities within the Group.

During the year the Association had the following intra-Group transactions with Dane Partnership Homes Limited, Three60 Property Investors Limited and Include Regeneration Limted, non-regulated entities:

	Dane Partnership Homes Limited		Three60 Property Investors Limited		Include Neighbourhood Regeneration Limited	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000	2013 £'000	2012 £'000£'000
Management Services	(4)	(4)	(88)	(127)	(144)	(144)
Development and Sales Services	(17)	(5)	(44)	(82)	-	-
	(21)	(9)	(132)	(209)	(144)	144)

Transaction Category	Allocation Basis
Management Services	Directly attributable costs and percentage of budgeted turnover
Development and Sales Services	Directly allocated Staff Costs

A guarantee exists between Plus Dane Merseyside and the unregulated entity three60 Property Investors Limited, for £10.5m. The guarantee is due for renewal on 17th March, 2014.

Notes to the financial statements

15 Fixed asset investments

Group

	Joint venture loan £'000
At 1 April 2012 and at 31 March 2013	113

Association

	Joint Venture £'000
As at 1 April 2012 and 31 March 2013	113

Joint Venture Undertakings

The Group has the following aggregate interests in joint ventures.

	2013 £'000	2012 £'000
Share of gross assets	313	323
Share of gross liabilities	(302)	(313)
Share of net assets	11	10

The Association (and Group) holds a 22.5% interest in the ordinary share capital of a joint venture undertaking, Circle Liverpool Limited. This company is incorporated in the United Kingdom and manages and operates waste recycling in the Liverpool area.

The Group holds 50% of the issued share capital of three60Austin Limited, a company incorporated in England and Wales, whose main activity is that of property investment and development.

On 19 December 2012, three60 Austin Limited was put into liquidation. This investment was derecognised in the year ended 31 March 2012 as it was considered that the requirements of Financial Reporting Standard ("FRS") 9 – Associates and Joint Ventures, for de-recognition of the joint venture interest within the consolidated financial statements had been met. Accordingly, the net liabilities arising under the gross equity method of accounting had been de-recognised as at 31 March 2012 and all loans to the joint venture were fully impaired. There is consequently no financial impact to the current year financial statements in respect of the liquidation.

Notes to the financial statements

16. Stock

Group

	2013 £'000	2012 £'000
Consumables	275	109

17. Properties for sale

Group

	2013 £'000	2012 £'000
Outright sale	2,851	2,689
Shared ownership	341	1,519
	3,192	4,208

18. Debtors

Amounts receivable within one year

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Rent and service charges	4,412	4,070	-	-
Less: provision for bad debts	(2,612)	(2,300)	-	-
	1,800	1,770	-	-
Amounts due under finance lease	496	489	-	-
Loans to employees	346	328	-	-
Other debtors and prepayments	6,047	4,570	762	404
SHG receivable	1,728	645	1,559	645
Corporation tax	19	-	19	-
Amounts due from Group undertakings	-	-	350	483
Deferred tax	71	113	71	113
	10,507	7,915	2,761	1,645
Amounts receivable after one year				
Amounts due under finance lease	5,920	5,973	-	-
	16,427	13,888	2,761	1,645

Notes to the financial statements

Amounts due under finance lease

Amounts due under finance lease amount to £6,416,000. This represents the value of the finance lease at 31 March 2012 granted to CLS Care Services over The Larches in Macclesfield. The Larches is a 90 unit dementia and extra care village which was completed and the lease granted in October 2007. The lease is for a period of 30 years and the substance of the lease is such that it is deemed to be a finance lease and has been treated in the financial statements accordingly.

Loans to employees

The loans to employees relate solely to the Group's car loan, travel pass and course loan scheme, the interest rate on all loans being between 3 per cent and 3.5 per cent per annum repayable by monthly instalments.

19. Creditors: amounts falling due within one year

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Loans (see note 20)	8,431	4,877	-	-
Finance lease creditor (see note 20)	164	142	-	-
Trade creditors	3,586	2,943	783	545
Social Housing Grant received in advance	2,587	1,649	2,587	1,614
Other grant received in advance	-	103	-	-
Rent received in advance	923	770	-	-
Other tax and social security	936	454	90	90
Corporation tax	-	64	-	64
Accruals and deferred income	6,776	5,343	509	554
Recycled Capital Grant Fund (see note 23)	703	875	-	-
Disposal Proceeds Fund (see note 21)	74	-	-	-
Amounts due to Group undertakings	-	-	821	1,020
Other creditors	926	853	-	-
	25,106	18,073	4,790	3,887

Notes to the financial statements

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

Group	2013 £'000	2012 £'000
Bank loans	273,188	255,582
Less: issue costs	(257)	(266)
	272,931	255,316
Recycled Capital Grant Fund (see note 23)	298	202
Disposal Proceeds Fund (see note 21)	152	120
Other grants	201	264
Finance lease creditor	173	355
	273,755	256,257

Debt Analysis

Group	2013 £'000	2012 £'000
Debt is repayable as follows		
In five or more years	254,409	232,012
Between two and five years	16,288	23,210
Between one and two years	2,491	557
	273,188	255,779
In one year or less	8,431	5,019
	281,619	260,798

Housing loans from lending institutions are secured by specific charges on some of the Group's housing properties and floating charges over the Group's assets and are repayable at rates of interest of between 1.3% and 15%.

The level of undrawn facilities at the year end stands at £44.6million (2011: £70.4 million).

Finance leases are secured on the assets to which they relate.

Notes to the financial statements

21. Disposal proceeds funds

Group	2013 £'000	2012 £'000
At 1 April	120	120
Grant recycled upon relevant events	106	-
Balance at 31 March	226	120

Disclosed as:

	2013 £'000	2012 £'000
Due within one year (see note 19)	74	-
Due after one year	152	120
	226	120

22. Deferred tax

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At 1 April	(113)	(74)	(113)	(74)
Origination and reversal of timing differences	24	(33)	24	(33)
Prior year	18	(6)	18	(6)
At 31 March	(71)	(113)	(71)	(113)
Deferred tax asset (note 18)	(71)	(113)	(71)	(113)
Deferred tax liabilities	-	-	-	-
Net deferred tax (asset)/liability	(71)	(113)	(71)	(113)

Deferred taxation comprises:

Fixed asset timing differences	(71)	(113)	(71)	(113)

Notes to the financial statements

23. Recycled capital grant fund

Group	2013 £'000	2012 £'000
At 1 April	1,077	1,268
Additions to fund	155	124
Interest credited	6	6
Utilised in the year	(237)	(321)
At 31 March	1,001	1,077
Disclosed as:		
Amounts falling due within one year	703	875
Amounts falling due after one year	298	202
	1,001	1,077

24. Share capital

	2013 £	2012 £
Shares of £1 each issued and fully paid		
At 1 April and 31 March	8	8

The shares provide members with the right to vote at general meetings but do not provide any rights to dividends or distributions. The members' liability is limited to £1 on a winding up of the Association.

Notes to the financial statements

25. Reserves

Group	Revenue reserve £'000	Furniture equipment replacements (Designated) £'000	Revaluation reserve £'000	Tenant invest reserve (Designated) £'000	Total 2013 £'000
At 1 April	14,471	1,137	(8,118)	83	7,573
Surplus for year	3,261	-	-	-	3,261
Transfers	(6)	47	-	(41)	-
Actuarial loss on defined benefits pension	(2,994)	-		-	(2,994)
Fixed asset revaluation	-	-	(240)	-	(240)
At 31 March	14,732	1,184	8,358	42	7,600

Association

	Revenue reserve 2013 £'000	Revenue reserve 2012 £'000
At 1 April	16	46
Deficit for year	(12)	(30)
At 31 March	4	16

Notes to the financial statements

26. Note of historical cost surpluses and deficits

Group	2013 £'000	2012 £'000
Reported surplus on ordinary activities before taxation	3,267	3,092
Realisation of property revaluation loss	-	-
Historical cost surplus on ordinary activities before taxation	3,267	3,092
Historical cost retained surplus for the year	3,267	3,057

27. Notes on the cash flow statement

a) Reconciliation of operating surplus to net cash inflow from operating activities

	2013 £'000	2012 £'000
Operating surplus	14,363	12,432
FRS 17 adjustment	(552)	(424)
Depreciation/amortisation/impairment	8,844	8,825
Share of JV surplus	(6)	(13)
Movement in stock and properties held for sale	1,017	1,959
Movement in debtors	(2,393)	866
Movement in creditors	3,963	642
Net cash inflow from operating activities	25,236	24,287

Notes to the financial statements

27. Notes on the cash flow statement (continued)

b) Reconciliation of net cash inflow to movement in net debts

	2013 £'000	2012 £'000
Change in cash in the year	1,369	(254)
Cash flow from movement in debt	(21,009)	(19,180)
Movement in net debt	(19,640)	(19,434)
Net debt at 1 April	(257,014)	(237,580)
Net debt at 31 March	(276,654)	(257,014)

c) Analysis of changes in net debt

	At 31 March 2012 £'000	Cash flow £'000	At 1 April 2013 £'000
Cash at bank and in hand	3,676	1,369	5,045
Loans	(260,193)	(21,169)	(281,362)
Finance leases	(497)	160	(337)
	(260,690)	(21,009)	(281,699)
Change in net debt	(257,014)	(19,640)	(276,654)

Notes to the financial statements

28. Capital commitments

Group

	2013 £'000	2012 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	9,576	7,287
Capital expenditure that has been authorised but not yet contracted for	51,377	57,405
	60,953	64,692
The Group expects to finance the above commitments by:		
Social Housing Grant receivable	6,124	11,226
Loan facilities, shared ownership staircasing sales and other trading cash flows	54,829	53,466
	60,953	64,692

29. Commitments under operating leases

As at 31 March 2013, the Group had annual commitments under non-cancellable operating leases as follows:

	2013 £'000	2012 £'000
Land and buildings		
Operating leases which expire:		
Less than 1 year	-	-
In two to five years	75	12
In five to ten years	300	300
	375	312

Notes to the financial statements

29. Commitments under operating leases (continued)

	2013 £'000	2012 £'000
Other		
Operating leases which expire:		
Less than 1 year	428	120
In two to five years	533	584
	961	704

The payments which the Association is committed to make in the next year under operating leases are as follows:

	2013 £'000 Other equipment	2012 £'000 Other equipment
Leases expiring:		
Within one year	-	-
One to five years	7	7
	7	7

30. Guarantee

The Homes and Communities Agency (HCA) have committed £2m of development funding to Three60 limited, with a scheme completion date of March 2015. Plus Dane Housing Group has provided a parent company guarantee to the HCA in respect of this funding. The maximum liability in respect of this guarantee being the amount drawn at any specific time not to exceed the £2 facility. No monies have been drawn to date.