Rooftop
Housing Group

Rooftop Housing Group Limited
Rooftop Housing Association Limited
Rooftop Homes Limited
Rooftop Support and Care Limited

Annual Report and Financial Statements

2016/17

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Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Nicola Inchbald (Chair) - Keith Rolfe (Vice Chair) - Emma Wilson - Kelvin Hard - Hilary Hobart - Martin Holland - Ceri Jones - Paul Kellard - Sheila Kettley - Rachel Lathan - Robin Richmond - Malcolm Robson
Executive officers	- Ian Hughes, Group Chief Executive (left 31 January 2017) - Boris Worrall, Group Chief Executive (started 1 February 2017) - Caroline Dykes, Finance Director and Secretary (from 1 June 2017) - Sheila Morris, Secretary and HR Director (left 31 May 2017) - Ann Lindon, HR Director (from 1 June 2017) - David Hannon, Development Director - Juliana Crowe, Housing and Communities Director
External auditor	BDO LLP (appointed 25 January 2017) 2 Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES

Other legal advisors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ
Lenders	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
	Lloyds Banking Group 25 Gresham Street London EC2V 7HN
	Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA
Funding advisors	Capita Asset Services 64 Gresham Street London EC2V 7NQ
Insurance brokers	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
Taxation advisors	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
Valuers	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB
Performance analysis	HouseMark Ltd 8 Riley Court Millburn Hill Road University of Warwick Science Park Coventry CV4 7JJ

Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2017.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Group is public benefit entity and Rooftop Housing Group Limited is the Group parent.

Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Homes and Communities Agency (HCA) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the HCA in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is an asset holding non-charitable Registered Society (29660R) registered with the HCA (LH4405). It provides housing that falls within the definition of social housing including keyworker and registered care activities. It also owns and operates market rented stock, residential garages and garage courts.

Rooftop Support & Care Limited (RS&C) is a charitable Registered Society (25211R) and manages supported accommodation for young homeless adults, as well as providing support to older RHA residents.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

Principal activities

The principal activity of the Group is to provide housing accommodation at below market rents for people in housing need.

Additionally the Group provides:

- housing for sale through shared ownership schemes
- temporary housing accommodation through supported housing schemes
- housing accommodation for keyworkers
- housing accommodation for market rent
- a limited amount of commercial property
- management of older people schemes in partnership with the ExtraCare Charitable Trust
- provision of support services primarily to young and older people.

Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group Board has delegated initial responsibility for audit and assurance functions to an Audit Committee, which comprises Board Members from across the Group. The members of the Audit Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit Committee during 2016/17 included:

- Risks were reviewed by risk owners on a quarterly basis and then the assessments were presented to the Executive and Leadership Teams for further scrutiny of the most significant risks. The Audit Committee received the summary report and sought assurance during their review that the controls in place support the residual risk assessments presented
- A full tender process took place prior to the recommendation to the Group Board to appoint the external auditor
- Reviewed the accounting policy for 2016/17
- Audit Committee received eight assurance reviews from internal audit:
    - Strategic controls - assets and liabilities register, data protection and information security, development, disaster recovery and back up recovery, HR management - operational, procurement and support and care.
    - Financial controls - transaction monitoring (data mining).

  The overall assessment of the work undertaken by the internal auditors was substantial assurance.
- Additional audit work was approved by the Audit Committee in relation to:
    - Internal auditors: Assets and liabilities desktop review, regulatory returns, repairs resident satisfaction review and financial regulations and thresholds review.
    - External auditors: covenant compliance confirmation letters to funders, right to buy statement and service charge statements.
- The plan for Residence Excellence Panel (REP) reviews was approved and REP reports have been presented to the Audit Committee.

The Audit Committee also reviewed the following to gain assurance on the effectiveness of controls within Rooftop:

- statutory accounts for the year ended 31 March 2017
- audit strategic plan for 2017/18 to 2019/20 and the annual plan for 2017/18
- final accounts timetable including external auditor's engagement letter
- 2017/18 budget process
- external audit plan for 2017
- insurance renewals and claims history
- 2016 Sector Risk Profile published by the Homes and Communities Agency and a risk mapping exercise to demonstrate that all relevant risk were captured by Rooftop
- a mapping exercise comparing the internal audit programme to Rooftop's inherent risks, in order to demonstrate that internal audits were focussed on the high risk areas of the business
- results of ICT annual penetration testing
- fraud and gifts and hospitality registers.

In addition to the specific work of the Audit Committee, the Board have taken assurance from the following:

- Rooftop is a member of the HouseMark benchmarking group. This provides valuable information on the efficiency and effectiveness of Rooftop at achieving its objectives, both compared to other similar organisations and compared to Rooftop's historic performance. This information has been used to inform the Value for Money self assessment.
- Quarterly performance pack which includes monitoring reports, performance against goals and projects and key performance indicators.
- A robust Business Plan based on clear assumptions and sensitivity-tested to ensure Rooftop understands the effects of any potential changes in its environment.

- Resident involvement impact assessment by an external consultant every two years.
- All policies and strategies are approved by the Board, Audit Committee or Executive Team.
- Rooftop was recognised as one of the Best 100 Not-for-Profit organisations to work for the third year running.
- The Homes and Communities Agency (HCA) carried out an In Depth Assessment (IDA) of Rooftop in January 2016. Rooftop continues to have the highest possible ratings for both Governance and Financial Viability from the HCA.

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

Governance and Financial Viability standard

The Board considers it a priority to maintain the G1 and V1 ratings from the HCA under the Governance and Financial Viability Standard. These were formally assessed by the HCA through the In Depth Assessment process in January 2016.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 8/9 March 2017 reviewed Rooftop's vision and outcomes for tenants and potential tenants.
- Board appraisal system reviewed and changes made to include face to face appraisals for all Board Members, including a skills review.
- Audit Committee Terms of reference reviewed and presented to boards for approval in May 2017.
- A new role of Risk Manager was introduced during the year to further strengthen risk and compliance.
- In May 2017 RHA obtained £25 million of new funding to meet Rooftop's longer term development ambitions and is in the process of obtaining a further £25 million.
- A new Treasury team has been created including a Treasury Manager to help ensure Rooftop can maintain monitoring and reporting with an increased number of funders.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline. An internal audit was conducted following a data issue in the June 2016 return and the relevant recommendations have been implemented.

Code of governance

The Board has formally adopted the National Housing Federation's Code of Governance, and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is compliant.

Value for Money self assessment

Rooftop believes in profit for a purpose – generating surpluses in order to invest them back into the local community by building new homes, improving existing homes and supporting community initiatives.

We need to make sure that every penny counts – focussing not just on how much we spend, but how and where we spend it – to have the best impact on achieving our mission.

Our approach

We use a wide ranging basket of Value for Money indicators to assess our performance. They are designed to show a wider picture of what we are doing, rather than just focussing on 'traditional' landlord housing management. We've divided these targets into three groups:

- **Return on assets**

  This measures the big, headline information about the impact Rooftop is making through its assets. We want these targets to show how well we are using our assets to:

- provide great services which meet our residents' needs
- deliver new homes to help solve the wider housing crisis
- reduce our impact on the environment
- generate a financial return, which can then be reinvested in the other priorities above.

These areas are crucial to us and we really want to make a difference through using our assets well.

- **Cost of specific services**

  This is about how we compare to other similar landlords in terms of costs. The areas we are reporting on cover all of our major frontline landlord services, plus our spending on overheads (back office areas such as Human Resources, Finance and Information Technology).

- **Service outcomes / social return**

  Value for Money is more than just how cheap things are. That's why we've set out targets to measure how good the services we provide actually are.

Comparison with others – HouseMark

To help us compare the cost and effectiveness of our services, we are members of HouseMark benchmarking. This allows us to compare our own performance over time, and also to compare ourselves to other similar organisations – Local Authority stock transfer organisations (LSVTs) in the Central region with 2,500-7,500 homes.

The vast majority of our targets are calculated using HouseMark. Three of our targets are internal calculations only and are not comparable with others. We have reflected on this and decided to phase out these three targets in future years to improve the transparency of our self assessment.

We have also added operating margin as a new indicator, which is a standard business indicator and easily compared to others.

Our performance

The results of our VFM indicators for 2016/17 and our targets for 2017/18 are shown below:

	2014/15 **results**	2015/16 **results**	2016/17 **results**	2016/17 **targets**	Did we beat our target?	Are we improving?	How we compare	2017/18 **targets**
Return on assets								
Overall satisfaction with services	88.6%	83.8%	92.1%	85.0%	👍	👍	🏠🏠🏠🏠	90.0%
New homes built (as percentage of current stock)	5.0%	1.2%	0.7%	1.3%	👎	👎	🏠	1.6%
Financial return from new development (IRR)	8.2%	7.8%	8.4%	7.0%	👍	👍	N/A	N/A
Average energy efficiency rating of our homes (SAP)	69.2	71.3	71.5	71.5	👍	👍	🏠🏠🏠	71.7
Cash operating margin	54.2%	56.1%	56.2%	52.1%	👍	👍	N/A	N/A
Operating margin	44.2%	42.7%	44.7%	N/A	N/A	👍	🏠🏠🏠🏠	40.2%
Cost of specific services								
Housing management (cost per home)	£203	£210	£187	£208	👍	👍	🏠🏠🏠🏠	£205
Major works and cyclical maintenance (cost per home)	£808	£1,453	£796	£1,034	👍	👍	🏠🏠🏠🏠	£977
Responsive repairs and void works (cost per home)	£495	£455	£533	£523	👎	👎	🏠🏠🏠🏠	£542
Estate services (cost per home)	£75	£90	£102	£98	👎	👎	🏠🏠🏠	£113
Overhead costs as a percentage of turnover	9.6%	9.7%	10.3%	10.1%	👎	👎	🏠🏠🏠	11.6%
Service outcomes / Social return								
Percentage of rent collected	99.5%	98.7%	99.6%	99.7%	👎	👍	🏠🏠🏠	99.8%
Average time to re-let empty social homes (days)	12.7	14.6	14.3	14.5	👍	👍	🏠🏠🏠🏠	14.0
Satisfaction with repairs and maintenance	81.6%	73.1%	86.1%	83.6%	👍	👍	🏠🏠🏠	87.0%
Satisfaction with new homes	87.8%	95.2%	95.0%	97.0%	👎	👎	🏠🏠	97.0%
Number of Independent Living Assessments	NA	1,383	1,324	400	👍	👎	N/A	N/A

🏠🏠🏠🏠 Very good - Top 25%

🏠🏠🏠 Better than average

🏠🏠 Worse than average

🏠 Poor – bottom 25%

Return on assets

We are pleased with the strong performance in overall satisfaction with our services. The significant increase during the year is expected to place us in the upper quartile, and shows the impact of the action plan we set out in last year's VFM self assessment. The improvement plan included some systems and technological improvements, but was also based on reconnecting residents with their neighbourhood officers by creating new generic posts with smaller patch sizes from July 2016.

Rooftop is pleased about how much we develop, relative to our size. Our number of completions for the year was relatively low at 43, and was below our target. This is because of the cyclical nature of our development programme and because some of our completion dates have been pushed back. Next year we expect to complete 112 new homes which we expect to be above average performance, and then complete over 300 homes in 2018/19.

To make our new homes programme less cyclical, we have engaged in a strategic land banking programme supported by specialist staff. We expect this to shorten the length of time from inception to start on site, and enable us to deliver a smoother annual volume of homes. To date we have secured sites which could deliver 250 homes.

Our financial return on new development continues to outperform the targets set in our financial appraisals.

Sustainability is an important goal for Rooftop, as we seek to reduce fuel bills for residents and cut carbon emissions. We intend to strengthen and better embed our approach during the next year. We continue to improve our homes, and our performance is better than the average for our peers. During 2017-18 we will seek to define a Living Homes Standard as a target minimum for all our stock, and will assess the financial investment needed to tackle our 400 least energy efficient homes (energy bands E, F and G). This will enable us to make more robust asset management decisions, which will include the option of disposing of stock where it is not economic to make the necessary improvements to meet our minimum standards.

Our cash operating margin continues to improve. However, we have come to the conclusion that this internal measure is of limited use. For future self assessments, we will instead report on the more traditional operating margin measure, which will be more transparent as it can be more easily compared to others. Past results for both measures are included in the table above.

Cost of specific services

Once again, the results for the cost of our main services are outstanding. In 2015-16, we were better than average on all five measures and in the top 25% for repairs and overheads. This year our results suggest that we will be upper quartile for three out of the five measures. Coupled with the rise in our overall satisfaction, this is a powerful statement of the good value for money Rooftop has provided to residents.

Service outcomes / social return

Within our housing team structure we have an Options team who are part of the innovative new service we created to support our residents following the end of Worcestershire County Council's Supporting People funding. We intended the service to be funded through service charges, but after negotiation with housing benefit providers we have not collected the majority of that income. This uncollected income has affected our percentage of rent collected (99.6%), resulting in lower than average performance compared to our peers. If we excluded this specific issue, our performance would be better than average.

Once again, our Options team significantly outperformed their target. 1,324 assessments were carried out which is more than we originally intended to do over three years. These assessments will enable us to target services more effectively, informing the review of our strategy for supported housing which will take place next year.

New homes are important to us, and we broadly maintained the significant increase in satisfaction we achieved last year. With the low number of completions, this survey had a very low sample size and the 5% dissatisfaction relates to a single customer response.

As with our overall satisfaction, satisfaction with repairs has risen significantly over the year. We have achieved this by being proactive with customer service requests and carrying out a Resident Excellence Panel (REP) review of the Cost Sharing Vehicle will improve the service our residents receive. Our Head of Asset Management has also worked jointly for Rooftop and Fortis Property Care to enable improvements to the overall service. From April 2017, we have introduced mobile working in the Cost Sharing Vehicle, which should positively impact on both satisfaction and cost efficiency.

Optimising future returns on assets

In 2013/14, we commissioned Savills to review the performance of our property assets. Savills told us that:

"The overall performance of Rooftop's properties is good. Financial returns are roughly double those of other providers in the region" – Savills

We have repeated that exercise this year and are currently reviewing the results.

Savills broke our properties down into the following groups:

Financial return (Net Present Value (NPV) of cashflows per unit over 35 years)	Description	Rooftop average NPV per unit in this group	Percentage of stock
Greater than £30,000	Good	£59,702	98.1%
Between £1 and £30,000	Marginal	£19,323	1.9%
Below £0	Negative	N/A	0%

The marginal 1.9% group of properties includes our keyworker scheme at Worcestershire Royal Hospital. Over the last two years we have carried out a full review of our non-core housing properties to consider whether any action is needed to maximise return on our assets. The review has concluded that our non-core assets are performing well and changes in the health sector have helped to improve performance at our keyworker schemes.

We had previously hoped that the government's voluntary right to buy scheme would create a major opportunity for us to review our assets, raising £33 million through property sales by March 2020. Following the postponement of the scheme, we have removed these assumptions from our business plan. However, we will still consider targeted asset sales and by December will develop a strategic asset disposal programme aligned to our environmental and development strategies. For example, in May 17 our Board approved disposal of a 200-year old listed property in Pershore which was uneconomic to repair and had an unacceptably low SAP environmental rating.

Plans for 2017/18

We have now delivered the necessary savings in our financial business plan to respond to the Welfare Reform and Work Act 2016, which has forced us to cut our rents by 1% a year for four years, starting from April 2016.

The major focus for 2017-18 will be our new housing management system. During 2016-17 we conducted a detailed and rigorous tender process to determine a new system to replace the legacy Capita Academy system. This new IT solution from Aareon is intended to underpin and enable a major review of how we carry out our businesses, supporting residents to self serve, improving the quality of our data and streamlining our internal processes.

In the short term, this will increase our costs. In particular, we expect overhead costs to rise and operating margin to drop, and this is reflected in our targets for 2017-18. The costs are not just the new IT system itself,

but also staff and consultancy costs to make sure the system is implemented successfully and that new processes are well designed.

Longer term we expect the transformation to have a significant positive impact on our value for money indicators. We expect that changes to the way we work will allow us to increase our number of homes through our development programme without any increase in staffing, which will improve all of our service cost indicators. This project is not just about cost though – by helping us to deliver a more flexible, modern, online service, we hope that the project will lead to sustained increases in residents' satisfaction with the services we provide. Finally, if we can make sustained savings in our average cost per unit, we can ultimately recycle that saving back into building more new homes.

Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

The Board Members of RHG, RHA, RHL and RS&C are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

Board member's responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

Employees

Within the Group structure all staff are employed by RHG, the Group parent. RHG is committed to promoting equality of opportunity in its employment practices. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: formal consultation with the employee forum, departmental meetings and a company wide briefing session.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. They have prepared health and safety policies and ensured all staff have undergone a programme of training on health and safety matters and have established a Safety Committee.

Insurance

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 13 September 2017.

External auditor

We retendered audit services during 2016/17 following expiry of the previous ten year contract. BDO LLP were appointed, replacing Mazars LLP.

By order of the Board

N. A. Inchbald

Nicola Inchbald
Chair
19 July 2017

Strategic report

Why we exist

Our mission is to improve the quality of life of people and the communities in which they live. This report sets out what we will do in 2017-18 to achieve this.

What we do

Today Rooftop's role in providing new homes, investing in communities, providing services to our 20,000 customers and supporting local people is more important than ever before.

With our roots in Wychavon, we now provide some 6,500 homes in South Worcestershire and into Gloucestershire. We deliver a wide range of affordable homes for rent and low cost home ownership and seek to regenerate communities to enhance the environment and the local area. We also seek to help those in society who need support by providing specialist homes and a range of local services. All of our homes meet or exceed the Government's Decent Homes Standard.

In 2017/18 we will:

- achieve at least 90% customer satisfaction with our services and repairs satisfaction of at least 87%.
- deliver 112 new homes for people to rent, own and part-own.
- invest £500,000 in our communities
- help at least 100 older people to live independently, support 200 young people, ensure 40 Gypsy and Traveller families live in stability and support at least 10 families suffering domestic abuse
- help 150 people with work advice (25% into work) and provide 300 people with financial advice
- invest £8m in the homes we manage and assess the investment needed to tackle our 400 least energy efficient homes (Energy Bands E, F and G) as we seek to reduce fuel bills for residents and cut carbon emissions.

How we work

We are a modern, dynamic and flexible social business, aiming to deliver superb value for money and incredible impact. We are proud of what we do – but we always strive to do better.

We collaborate and connect with customers, communities and partners to make great things happen. Residents play a key role in shaping our services, as well as informing our business strategy as Board Members.

In a rapidly changing world, we always seek to maximise opportunities, meet challenges and collaborate with partners and the people and communities where we work to achieve our common goals.

We are committed to delivering Value for Money, and this drive for efficiency is reflected in our core focus on projects and key performance indicators. Our new Aareon Housing Management System will enable us to further drive efficiency through better business systems.

We generate the surpluses that we need to build new homes and invest in communities and services. We call this 'Profit for a Purpose' – because we believe in what we do, we want to do as much as we can.

We are a dementia-friendly organisation and embrace equality and diversity. We value and invest in our people and are proud to be a Times Top 100 'not for profit company'. Our talented staff team love working for us – and for local people.

What we will deliver

In 2013 we set a 10-year plan to 2023. This guides everything that we do. In 2017-18 we will deliver the following 15 projects against our five long-term objectives:

Objective 1 – Excellent services We will develop, deliver and sustain excellent services to all our customers
• Clarify, simplify and communicate our customer service offer • Introduce a Digital Services programme • Implement new telephone systems to help support our services

Objective 2 – Community needs We will create cohesive and inclusive communities by providing new homes, investing in existing homes and through work in the community
• Deliver our Black Dog Way regeneration scheme (Autumn 2018) • Deliver our Spitfire, Broadway Extra Care scheme for older people (mid 2018) • Assemble a rolling land bank to accommodate 130 homes

Objective 3 – Resources & Value for Money We will make best use of our financial, property assets, ICT and human resources
• Secure £50 million of funding to enable us to deliver circa 400 new homes • Develop a new Pay and Reward Strategy for our people • Develop a Data Strategy for Rooftop Housing Group

Objective 4 – Encouraging innovation We will strive for continuous improvement
• Implement the first phase of the new Housing Management System • Deliver proposals to improve home cost and quality using offsite construction • Deliver an Office Strategy to drive agile and flexible working

Objective 5 – Sustainability We will help to tackle fuel poverty and climate change
• Develop a Rooftop 'Living Homes Standard' for new and existing homes • Develop a neighbourhood living environment proposal and secure funding • Scope implementation of ISO14001 Environmental Management Standard

Understanding our environment

The world is changing around us. We need an estimated 250,000 new homes a year in England. We welcome the Government's Housing White Paper which provided renewed support for homes for rent, as well as Shared Ownership and outright sale. We are committed to building as many affordable homes as we can and will expand our market sale programme to fund our development of rented homes.

As Universal Credit begins in our area from late 2017, we have plans in place to talk to our customers to ensure they understand what it means for them and support them in responding so that their rent is paid. There are wider challenges for our customers as Welfare Reform continues to roll-out, and we will focus much of our community investment on helping people into work.

Demand for health and social care services continues to rise against a backdrop of funding constraints. We will revise our approach to meet as much need as we can through partnerships in Worcestershire and Gloucestershire, and continue to invest in well-being and tackling loneliness and isolation. We are committed to providing homes and support for older people, as well as specialist services for young people and those with learning disabilities. We will expand our support for those suffering domestic abuse.

We will also strengthen our approach to Performance Management to ensure people are clear about what they need to do – and can measure their progress. In a changing world facing the particular uncertainty of Brexit, managing risk is more important than ever and we have implemented a new approach to ensure success in 2017-18.

Key partners

The Group works with several key partners who have a stake in the success of our business, as we do in theirs:

- Wychavon District Council is our main local authority partner in Worcestershire
- In Worcester the Group works with officers at city and county levels
- In Gloucestershire the Group is working with councils in Gloucester, Cheltenham and Tewkesbury
- ExtraCare Charitable Trust
- Matrix Housing Partnership
- NHS Trusts in Worcester, Shrewsbury and Weston-super-Mare
- Homes and Communities Agency
- Fortis Living Group

Key activities

The principal activity of the Group is to provide housing accommodation at affordable rents for people in housing need. Rooftop Housing Group Limited is the parent company of the Group and the legal nature of each entity in the Group is disclosed in the Report of the Board. Rooftop Housing Association Limited provides an inter-company loan to Rooftop Homes Limited as disclosed in note 12 of the financial statements of Rooftop Housing Association Limited.

This core social housing lettings activity represents 94% of Rooftop's turnover (2016: 88%). The next most significant elements of the business are shared ownership sales (3% of turnover; 2016: 8%) and supporting people (2% of turnover; 2016: 3%). Other activities are negligible.

Financial performance

Rooftop Housing Group Limited

The overall financial performance for the year has been excellent with the Group generating a surplus for the year before taxation of £8.1 million. This is an improvement on the previous year (£7.7 million) and a tremendous achievement in the current difficult economic and financial climate.

RHA, the Group's core social housing provider, remains the main contributor to the overall group surplus.

As an individual entity, RHG operates on the principle of cost recovery from its subsidiaries. It generates relatively modest surpluses to cover its tax liabilities and provide some working capital.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus of £7.4 million (2016: £7.1 million).

This was a significant outperformance of RHA's budgeted surplus of £6.0 million. An important contributor to this was the bad debt charge, which is £0.5 million less than budgeted. RHA continues to assume there could be significant bad debts due to welfare reform and the impact on affordability for residents, but this impact has not yet materialised. In addition, RHA has now collected a significant volume of service charges which were being disputed with the local housing benefit providers, and which the budget had conservatively assumed would be uncollectible.

RHA's turnover from social housing lettings, its core income stream, rose £0.4 million (1.2%). The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, some exempt properties, and conversion of some void properties to higher affordable rents in line with RHA's development contract with the Homes & Communities Agency.

In August 2015, RHA drew down the final £15 million tranche of its agreed funding from Legal & General in line with the contractual terms of the funding. This has led to significant cash balances being held throughout the year. RHA's £17.4 million cash balances at 31 March 2017 are expected to be sufficient to fund RHA's planned capital development programme for 2017-18 and beyond.

RHA is currently in the process of arranging a further £50 million revolving credit facility to enable future development; it is expected that this will first be needed in February 2019. The first £25 million with Santander was completed in May 2017 and we will now begin the process of providing security in order to draw the funding.

This will support a major further new homes programme. Overall RHA expects to complete 757 units over the period from April 2017 to March 2022. The majority of these (502) will be homes for below market rent, but the planned programme also includes open market (45) and shared ownership sales (202), as well as seven gypsy and traveller pitches and one commercial unit as part of a larger scheme in Gloucester. This represents a managed expansion of RHA's exposure to the cyclical risks of the English housing market.

Rooftop Homes Limited

RHL, the Group's provider of keyworker accommodation, residential care, market and intermediate rent and garages, has generated a surplus before tax of £0.7 million, an increase on the previous year (£0.6 million). The main reason for the increase is a £134,000 accounting gain on the valuation of RHL's investment properties.

RHL's operations have been stable and there has been no change to its property portfolio.

During 2017-18 RHL will begin construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. The expected profits from the sales will create additional capacity within RHL. More importantly, the development is intended as a managed way of testing and developing Rooftop's skills in developing open market sales units, which are likely to become an important source of cross-subsidy in the future.

Rooftop Support and Care Limited

RS&C, the Group's specialist support provider for young and older people services, has made a deficit for the year of £62,000. This has been a challenging year for RS&C, with the value of funding from Gloucestershire County Council reducing by two thirds during the year. This is the main contributor to the decline in RS&C's turnover from £2.2 million to £1.7 million.

This follows the end of funding for older people's services from Worcestershire County Council in 2015.

RS&C is now increasingly dependent on the intra-group older people's service contracts with RHA, which represent 30% of RS&C's turnover and run until March 2018. The Group will be reviewing its strategy for supported housing, and the role of RS&C within the Group, during 2017-18.

RS&C approaches these challenges with a strong balance sheet, with £0.6 million available cash.

Principal risks and uncertainties faced

Rooftop have a robust risk management process, fully integrated with our business planning process. This allows the Group to effectively manage the risks associated with new developments and changes in our environment, and focus on the risks and choices we face.

Our existing risk management process has been externally endorsed by our internal auditors and by the In Depth Assessment by the Homes & Communities Agency. However, we consider that the changes in the sector and the economic climate require continuous development of our approach to risk, assurance and compliance. During 2016-17 we created a specialist, high level risk function within Rooftop for the first time, to further develop our process and support leaders and managers. During 2017-18, we intend to strengthen this resource even further.

During the year Rooftop has completed a full review of its risks, improving how risks are assessed and quantified. The principal risks now facing Rooftop, as outlined in the risk map, are:

Risk	Description
Ability to access new debt	Rooftop has significant immediate treasury needs so that funding can be in place to support its ambitious development programme, with drawdowns expected in February 2019. This risk is impacted by the general economic uncertainty created by Brexit. RHA is currently in the process of arranging £50 million new revolving credit facilities. Finalising these facilities and then providing adequate property security is a major priority for the year ahead. The first £25 million funding agreement was signed with Santander in May 2017. In addition, RHL has a current revolving facility which will expire in 2020. Work to consider the refinancing of this will begin during 2017-18. During 2016-17 Rooftop restructured its finance team to increase the focus and specialist resource was made available for treasury activities.
Housing market sales exposure	Rooftop's new development programme includes an expansion of shared ownership sales. In addition, Rooftop will be undertaking a limited number of market sales in the future, beginning with a planned eight sales (four through RHA and four through RHL) during 2018/19. Rooftop recognises that this increases its exposure to the cycle of the housing market, especially given the uncertain political and economic climate.

	Rooftop has extensively modelled sensitivities around reduced sales receipts, and plans to have £11.5 million unallocated revolving credit facilities available to mitigate potential cash shortfalls if sales receipts fall short of expectations.
Regulatory downgrade	Rooftop's received an In Depth Assessment from the Homes & Communities Agency (the social housing regulator) in January 2016. This confirmed Rooftop's top ratings for governance and financial viability (G1/V1). The Board considers it to be a priority to retain these G1/V1 ratings in the future. In reviewing its business plan, the Board commissioned external advice from Savills to ensure its plans were in line with this.
Welfare reform – loss of income	The Welfare Reform and Work Act has had a major effect on Rooftop's income streams, particularly in RHA. Further challenges are expected through Universal Credit and caps on Local Housing Allowance. These could have a significant impact on the affordability of our properties for residents, especially more specialist supported schemes. During the year, Rooftop has restructured its housing teams into neighbourhood teams with smaller patch sizes. This will support a more proactive approach to rent payment. We have also increased the number of posts providing work and money advice from two to five. In addition, Rooftop intends to increase the volume of payments received through direct debt from 35% to 45% during the year.
New development not completed on time to cost and specification	Delays or cost overruns of development projects could have a detrimental effect on Rooftop's ability to deliver homes for the communities in which it operates. An internal scrutiny process for development advises on scheme selection using criteria such as strategic fit, and risk considerations. Operational project management mitigates cost, delay and specification risk. A range of internal reporting ensures this risk has high and frequent visibility at senior management and Board levels.
Differential inflation	Given that social rents are no longer index-linked to Consumer Price Inflation (CPI), any increase in underlying inflation has the potential to erode net income and hinder the achievement of the financial business plan. Value for money initiatives have been incorporated into the budget and business plan and these are monitored to ensure good cost control. In addition, Rooftop has a defensive plan which can be enacted in the event of unforeseen costs, such as an unexpected and sustained increase in the cost base.
Increase in variable interest rates	Rooftop has £204 million of loan funding, of which 84% is fixed. This leaves £34 million of variable loans. Rooftop has benefited from falls in LIBOR following the EU referendum, but recognises that there is a high probability of an increase in interest costs in the future. An increase of 3% would equate to a £1 million increase in our interest costs. The Board's current policy is to limit this risk by fixing at least 75% of our portfolio. When Rooftop draws its next £50 million funding, there is potential for this to have a major impact on this risk depending on what proportions of the funding are fixed and variable. We will review our risk appetite during the year, to inform decisions on how much of the new funding to fix.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

By order of the Board

N. A. Inchbald

Nicola Inchbald
Chair
19 July 2017

Independent auditor's report to the members of Rooftop Housing Group Limited

We have audited the financial statements of Rooftop Housing Group for the year ended 31 March 2017 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in equity, 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 the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. 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 member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2017 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor
Birmingham
United Kingdom
Date 24 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Turnover	2	**37,410**	39,061
Operating costs	2	**(20,687)**	(22,385)
Operating surplus	2	**16,723**	16,676
Surplus on disposal of property, plant and equipment	4	**431**	138
Interest receivable	8	**107**	112
Interest and financing costs	9	**(9,351)**	(9,345)
Movement in the fair value of financial instruments	25	**23**	109
Movement in the fair value of investment properties	12	**143**	30
Surplus before taxation	7	**8,076**	7,720
Taxation	10	**(156)**	(113)
Surplus for the year		**7,920**	7,607
Total comprehensive income for the year		**7,920**	7,607

The notes on pages 28 to 52 form part of these financial statements.

Association Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	**2017** £'000	2016 £'000
Turnover	2	**7,388**	7,822
Operating costs	2	**(7,380)**	(7,810)
Operating surplus	2	**8**	12
Interest receivable	8	**3**	3
Surplus before tax	7	**11**	15
Taxation	10	**1**	(24)
Surplus/(deficit) for the year		**12**	(9)
Total comprehensive income for the year		**12**	(9)

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Statement of Financial Position
At 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	11	**86**	137
Housing properties	12	**298,067**	286,153
Investment properties	12	**3,717**	3,573
Other property, plant and equipment	12	**77**	81
		301,947	289,944
Current assets			
Inventories		**9**	6
Properties held for sale		**1,524**	686
Debtors receivable in one year	13	**3,182**	3,180
Cash	14	**20,200**	24,745
		24,915	28,617
Creditors: Amounts falling due within one year	15	**(18,588)**	(17,082)
Net current assets		**6,327**	11,535
Total assets less current liabilities		**308,274**	301,479
Creditors: Amounts falling due after more than one year	16	**(251,946)**	(253,055)
Provision for liabilities and charges	17	**(95)**	(111)
Net assets		**56,233**	48,313
Capital and reserves			
Called-up share capital	18	**-**	-
Revenue reserve		**56,233**	48,313
Total reserves		**56,233**	48,313

The notes on pages 28 to 52 form part of these financial statements.

The financial statements were approved by the Board on 19 July 2017 and were signed on its behalf by:

Secretary	**Board Member**	**Board Member**
CE Dykes	M.A. Archibald	S Kettley

Association Statement of Financial Position
At 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Intangible assets	11	**86**	137
Other property, plant and equipment	12	**77**	81
		163	218
Current assets			
Inventories		**9**	6
Debtors receivable in one year	13	**124**	313
Cash	14	**1,261**	892
		1,394	1,211
Creditors: Amounts falling due within one year	15	**(1,192)**	(1,076)
Net current assets		**202**	135
Total assets less current liabilities		**365**	353
Creditors: Amounts falling due after more than one year	16	**-**	-
Provision for liabilities	17	**6**	6
Net assets		**371**	359
Capital and reserves			
Share capital	18	**-**	-
Revenue reserve		**371**	359
Total reserves		**371**	359

The notes on pages 28 to 52 form part of these financial statements.

The financial statements were approved by the Board on 19 July 2017 and were signed on its behalf by:

Secretary	Board Member	Board Member
CE Dykes	M.A. Archibald	S. Kettley

Consolidated Statement of Changes in Reserves
For the year ended 31 March 2017

	Revenue reserve	Total
	£'000	£'000
Balance as at 1 April 2015	40,706	40,706
Surplus for the year	7,607	7,607
Balance at 31 March 2016	48,313	48,313
Surplus for the year	7,920	7,920
At 31 March 2017	**56,233**	**56,233**

The notes on pages 28 to 52 form part of these financial statements.

Association Statement of Changes in Reserves
For the year ended 31 March 2017

	Revenue reserve	Total
	£'000	**£'000**
Balance as at 1 April 2015	368	368
Surplus for the year	(9)	(9)
Balance at 31 March 2016	359	359
Surplus for the year	12	12
At 31 March 2017	**371**	**371**

The notes on pages 28 to 52 form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March 2017

	Note	2017 £'000	2016 £'000
Net cash generated from operating activities	26	**19,535**	20,005
Cash flows from investing activities			
Purchase of fixed assets		**(16,767)**	(15,616)
Proceeds from sale of property, plant and equipment		**1,005**	2,544
Grants received		**2,698**	3,380
Interest received		**107**	112
Net cash flows from investing activities		**(12,957)**	(9,580)
Cash flows from financing activities			
Interest paid		**(9,351)**	(9,316)
New loans		**500**	15,000
Repayments of borrowings		**(2,272)**	(2,188)
Net cash flows from financing activities		**(11,123)**	3,496
Net increase in cash and cash equivalents		**(4,545)**	13,921
Cash and cash equivalents at beginning of year		**24,745**	10,824
Cash and cash equivalents at end of year		**20,200**	24,745

The notes on pages 28 to 52 form part of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Group is a public benefit entity.

Group accounts

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited, Rooftop Support and Care Limited and Rooftop Management Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

Turnover

Turnover represents rental and service charge income, fees, grants receivable and disposal proceeds of shared ownership first tranche sales. Turnover for RHG as parent represents charges to the subsidiaries.

Proceeds from the first tranche disposals of shared ownership properties are accounted for in turnover in the Statement of Comprehensive Income in the period in which the disposal occurs. The cost of sales includes the incidental costs of executing the sale and a proportion of the overall costs of the property determined by the percentage of the property sold under the first tranche sale. The cost of sale is adjusted, where necessary, to ensure the surplus on sale is restricted to the overall surplus on the scheme.

Service charges

The Group operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

Right to buy income and sales

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the Statement of Comprehensive Income after the operating result and before interest. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Wychavon District Council. The surplus or deficit is calculated by comparing the net proceeds received by the Group with the carrying value of the property sold.

Shared ownership properties

Shared ownership properties under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales.

Housing Properties

Housing properties including shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Component Accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

Land donated, or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

Other fixed assets and depreciation

Tangible fixed assets other than Housing Properties are stated at cost less accumulated depreciation. Depreciation is charged on a straight line basis over the expected economic useful lives of those assets at the following annual rates:

Office furniture	25%
Office equipment	20%-33%
IT networking	10%
Computer equipment	20%-33%
Leasehold improvements	Over life of the lease

A full year's depreciation is charged on these assets in the year of purchase, but no charge is made in the year of disposal.

Intangible assets

Intangible assets are stated at historic cost less accumulated amortisation and any provision for impairment. Amortisation is provided on all intangible assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Computer software – 5 years

Social Housing Grant (SHG) and other Government Grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income using the accrual model on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Recycling of Capital Grant

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

Capitalisation of interest

Interest on the loan financing a development is capitalised from the date of purchase of land or property and/or the start on site up to the date of practical completion. The amount takes into account interest earned on SHG received in advance. No interest is capitalised on land purchased for future developments.

Supported housing schemes managed by agents

The Group owns a number of schemes that are run by specialist agencies. The agents carry the financial risk from operating the scheme and, therefore, the Statement of Comprehensive Income only includes the income and expenditure that relates solely to the Group. Any other income and expenditure related to the scheme is excluded from the statement of comprehensive income.

Investments

Any investment by one Group member to another is shown at historical cost.

Major and cyclical repairs and maintenance

The Group only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the statement of comprehensive income as incurred.

Provisions

The Group only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result and a reliable estimate can be made of the amount of the obligation.

Pension Costs

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

For the closed defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the Statement of Financial Position and the resulting expense in the Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

Leased assets

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate. There are no finance leases.

Value Added Tax (VAT)

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group.

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. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

Financial Instruments

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

Service charge sinking funds

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

Going Concern

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Bad Debt Provision

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

2. Particulars of Group turnover, operating costs & operating surplus

	2017			2016		
	Turnover	**Operating costs**	**Operating surplus/ (deficit)**	Turnover	Operating costs	Operating surplus/ (deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Group						
Social housing lettings	**34,989**	**(17,837)**	**17,152**	34,287	(17,146)	17,141
Other social housing activities						
Shared ownership sales	**1,119**	**(918)**	**201**	3,061	(2,680)	381
Supporting People	**750**	**(1,276)**	**(526)**	1,226	(1,844)	(618)
Other	**59**	**(547)**	**(488)**	-	(602)	(602)
Total	**1,928**	**(2,741)**	**(813)**	4,287	(5,126)	(839)
Activities other than social housing	**493**	**(109)**	**384**	487	(113)	374
Total	**37,410**	**(20,687)**	**16,723**	39,061	(22,385)	16,676

Association						
Other social housing activities						
Other	**7,388**	**(7,380)**	**8**	7,822	(7,810)	12
Total	**7,388**	**(7,380)**	**8**	7,822	(7,810)	12

3. Income and expenditure from social housing lettings

	General Needs	Supported Housing	Other	Total
Group 2017	**£'000**	**£'000**	**£'000**	**£'000**
Rent receivable net of identifiable service charges	**26,668**	**3,286**	**433**	**30,387**
Amortised government grant	**458**	**151**	**-**	**609**
Service charge income	**1,285**	**2,708**	**-**	**3,993**
Turnover from social housing lettings	**28,411**	**6,145**	**433**	**34,989**
Management	**2,878**	**664**	**45**	**3,587**
Services	**2,010**	**1,810**	**15**	**3,835**
Routine maintenance	**3,841**	**811**	**30**	**4,682**
Planned maintenance	**1,429**	**14**	**6**	**1,449**
Rent losses from bad debts	**105**	**72**	**2**	**179**
Depreciation of housing properties	**3,355**	**673**	**77**	**4,105**
Operating costs on social housing lettings	**13,618**	**4,044**	**175**	**17,837**
Operating surplus on social housing lettings	**14,793**	**2,101**	**258**	**17,152**
Rent losses from voids	**240**	**404**	**46**	**690**

Group 2016				
Rent receivable net of identifiable service charges	26,818	2,831	431	30,080
Amortised government grant	456	150	-	606
Service charge income	998	2,603	-	3,601
Turnover from social housing lettings	28,272	5,584	431	34,287
Management	3,093	560	51	3,704
Services	1,691	1,501	15	3,207
Routine maintenance	3,438	677	23	4,138
Planned maintenance	1,680	103	-	1,783
Rent losses from bad debts	299	28	1	328
Depreciation of housing properties	3,291	666	29	3,986
Operating costs on social housing lettings	13,492	3,535	119	17,146
Operating surplus on social housing lettings	14,780	2,049	312	17,141
Rent losses from voids	168	618	37	823

4. Sale of housing accommodation

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Sale of housing properties				
Receipts from sale of housing properties	**1,005**	2,544	-	-
Book value of properties sold	**(506)**	(2,335)	-	-
Other operating costs and costs of disposal	**(68)**	(71)	-	-
Surplus on sale of properties	**431**	138	-	-

5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 1. Board member allowances paid during the year total £73,915 (2016: £67,611) which equates to 0.2% of turnover (2016: 0.2%).

RHG Board Member allowances were as follows:

	£
C Jones	5,221
K Hard	4,996
M Robson	4,054
H Hobart	4,054
K Rolfe	4,054
P Kellard	4,054
S Kettley	4,054
N Inchbald	16,325
R Lathan	7,844
E Wilson	4,054
R Richmond	7,215
M Holland	7,990
	73,915

The emoluments of the executive officers were as follows:

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Salaries and taxable benefits	**567**	547	**567**	547
Pension contributions	**63**	64	**63**	64
	630	611	**630**	611

The total amount of severance payments made in the year to executive officers was £0 (2016: £0)

The emoluments of the highest paid director were as follows:	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Emoluments excluding pension – I Hughes (to 31 Jan 2017)	**131**	147	**131**	147
Emoluments excluding pension – B Worrall (from 1 Feb 2017)	**21**	-	**21**	-

The Group Chief Executive is an ordinary member of the Social Housing Pension defined contribution scheme.

Directors' emoluments (excluding pension contributions) fell within the ranges:

	2017	2016
	Number	Number
£20,001 - £25,000	**1**	-
£90,001 - £95,000	**-**	1
£95,001 - £100,000	**1**	1
£100,001 - £105,000	**-**	1
£105,001 - £110,000	**3**	1
£130,001 - £135,000	**1**	-
£145,001 - £150,000	**-**	1

Staff emoluments (excluding pension contributions) in excess of £60,000 fell within the ranges:

	2017	2016
	Number	Number
£60,001 - £70,000	**2**	1

6. Employee information

The number of full-time equivalents (FTE 35 hour week) was:	Group		Association	
	2017	2016	**2017**	2016
	Number	Number	**Number**	Number
	FTE	FTE	**FTE**	FTE
Housing, support and care	**108.43**	137.34	**108.43**	137.34
Administration and development	**53.23**	49.55	**53.23**	49.55
Total at 31 March	**161.66**	186.89	**161.66**	186.89
The average number of FTE during the year	**162.96**	187.36	**162.96**	187.36
Staff costs (for the above persons):	**£'000**	£'000	**£'000**	£'000
Wages and salaries	**4,540**	4,813	**4,540**	4,813
Social security costs	**446**	467	**446**	467
Pension costs	**424**	617	**387**	394
Total	**5,410**	5,897	**5,373**	5,674

The total amount of severance and redundancy payments made in the year was £43,281, (2016: £26,750). The pension costs include the SHPS remeasurement, the details of which are disclosed in Note 20.

7. Surplus before taxation

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
The surplus before taxation is stated after charging:				
Depreciation	**4,182**	4,046	**43**	26
Amortisation of intangible assets	**51**	58	**51**	58
External auditor's remuneration (excluding value added tax)				
- in their capacity as auditor	**22**	24	**4**	2
- in respect of other services	**3**	2	**-**	1
Operating lease rentals – other	**27**	27	**27**	27
Operating lease rentals – land and buildings	**92**	92	**92**	92

8. Interest receivable

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
From banks	**107**	112	**3**	3
Total	**107**	112	**3**	3

9. Interest and financing costs

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Bank loans and overdrafts	**9,658**	9,520	**-**	-
Net interest on pension liability	**16**	13	**-**	-
Less: interest capitalised	**(323)**	(188)	**-**	-
Total	**9,351**	9,345	**-**	-

The rate used to calculate capitalised interest was 4.7% (2016: 4.8%) being the average rate of borrowing.

10. Taxation - group

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on surplus for the year	**176**	124
Adjustment in respect of previous periods	**(4)**	2
Total current tax	**172**	126
Deferred tax:		
Origination and reversal of timing differences	**(9)**	(1)
Effect of changes in tax rate on opening liability	**(7)**	(12)
Total deferred tax	**(16)**	(13)
Tax on surplus on ordinary activities	**156**	113

Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK as explained below:

	2017 £'000	2016 £'000
Surplus on ordinary activities before tax	**8,076**	7,720
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK	**1,615**	1,544
Effects of:		
Fixed asset differences	**30**	34
Adjust deferred tax rate to average rate	**(4)**	(11)
Capital gains chargeable for the year	**9**	(3)
Income not taxable for tax purposes	**(27)**	(51)
Charity income - not taxable	**(1,463)**	(1,427)
Expenses not deductible for tax purposes	**-**	17
Adjustment in respect of previous periods	**(4)**	2
Timing differences not recognised	**-**	8
Total tax charge for the year	**156**	113

10. Taxation - association

	2017	2016
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	**3**	-
Adjustment in respect of previous periods	**(4)**	2
Total current tax	**(1)**	2
Deferred tax:		
Origination and reversal of timing differences	-	19
Effect of changes in tax rate on opening liability	-	3
Total deferred tax	-	22
Tax on surplus on ordinary activities	**(1)**	24

Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: higher) than the standard rate of corporation tax in the UK as explained below:

Surplus on ordinary activities before tax	11	15
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK (20%) (2016: 20%)	**2**	3
Effects of:		
Expenses not deductible for tax purposes	-	17
Adjust deferred tax rate to average rate	1	1
Income not taxable for tax purposes	-	(7)
Timing differences not recognised	-	8
Adjustment in respect of previous periods	**(4)**	2
Total tax charge for the year	**(1)**	24

11. Intangible assets – group and association

	Software	Total
	£'000	£'000
Cost		
At 1 April 2016	1,008	1,008
Additions	-	-
Disposals	-	-
As at 31 March 2017	**1,008**	**1,008**
Amortisation		
At 1 April 2016	871	871
Charge for the year	51	51
Eliminated on disposals	-	-
As at 31 March 2017	**922**	**922**
Net book value		
As at 31 March 2017	**86**	**86**
As at 31 March 2016	137	137

12. Tangible fixed assets - housing properties & land - group

Housing properties	Freehold Land	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership Under Construction	Housing Properties Under Construction	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation							
At 1 April 2016	873	301,604	12,784	3,573	222	5,043	324,099
Works to existing properties	-	2,265	-	3	-	-	2,268
Additions	1,662	694	82	-	1,287	10,735	14,460
Disposals	-	(498)	(423)	(2)	-	-	(923)
Transfer between categories	-	3,514	1,095	-	(596)	(4,013)	-
Revaluation	-	-	-	143	-	-	143
At 31 March 2017	**2,535**	**307,579**	**13,538**	**3,717**	**913**	**11,765**	**340,047**
Depreciation							
At 1 April 2016	-	33,906	467	-	-	-	34,373
Charge for year	-	4,051	88	-	-	-	4,139
Transfer between categories	-	(22)	22	-	-	-	-
Disposals	-	(228)	(21)	-	-	-	(249)
At 31 March 2017	-	**37,707**	**556**	-	-	-	**38,263**
Net book value at 31 March 2017	**2,535**	**269,872**	**12,982**	**3,717**	**913**	**11,765**	**301,784**
Net book value at 31 March 2016	873	267,698	12,317	3,573	222	5,043	289,726
Cost or valuation represented by:							
Gross cost	2,535	307,579	13,538	2,449	913	11,765	338,779
Revaluation	-	-	-	1,268	-	-	1,268
Total	**2,535**	**307,579**	**13,538**	**3,717**	**913**	**11,765**	**340,047**

Property, plant and equipment - other - group

	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016	739	635	1,374
Additions	-	39	39
Disposals	-	-	-
At 31 March 2017	**739**	**674**	**1,413**
Depreciation			
At 1 April 2016	674	619	1,293
Disposals	-	-	-
Charge for year	**14**	**29**	**43**
At 31 March 2017	**688**	**648**	**1,336**
Net book value at 31 March 2017	**51**	**26**	**77**
Net book value at 31 March 2016	65	16	81

Property, plant and equipment - other - association

	Office furniture and equipment	Computer equipment	Total
	£'000	£'000	£'000
Cost			
At 1 April 2016	739	635	1,374
Additions	-	39	39
Disposals	-	-	-
At 31 March 2017	**739**	**674**	**1,413**
Depreciation			
At 1 April 2016	674	619	1,293
Disposals	-	-	-
Charge for the year	**14**	**29**	**43**
At 31 March 2017	**688**	**648**	**1,336**
Net book value at 31 March 2017	**51**	**26**	**77**
Net book value at 31 March 2016	65	16	81

Investment properties, which are all freehold, were valued to fair value at 31 March 2017 based on a valuation undertaken by Savills, Chartered Surveyors. Housing properties for lettings and shared ownership properties are accounted for at historic cost but have been valued for funders' purposes as follows:

Completed housing properties of the subsidiary undertaking, RHA, were valued as at 31 March 2017 on the basis of existing use value - social housing (EUV - SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market. The value of RHA properties valued on an EUV-SH basis for funders' purposes is £337.5 million.

Savills, Chartered Surveyors, carried out the EUV - SH valuation in accordance with the RICS Valuation – Professional Standards manual and takes into account the performance standards for Registered Providers published by the Homes and Communities Agency.

The EUV - SH valuation method discounts the cash flows from rental and other income less management, maintenance and repair expenditure to their present value. The main assumptions used were:

• Discount rate	5.5% - 6.25% (real)
• Annual growth in income/expenditure	1.0% (real) long term
• Property sales	Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

RHL's housing properties have been valued for funders' purposes on the basis of market value, subject to leases and tenancies (as appropriate). This assumes that: in the case of the private rented stock that properties could be sold on the open market with vacant possession following termination of the assured shorthold tenancies; in the case of the keyworker properties and care home the capitalised net income arising from the various lease arrangements; and the garages on the basis of capitalised net income assuming continued existing use. The garages valuation also takes into account the redevelopment potential at a number of sites. The total value of all the RHL properties for funders' purposes is £30.3 million. The net book value of social housing properties held on a long lease is £2.0 million (2016: £2.0 million).

Varying assumptions such as discount rate have been used reflecting the characteristics and methodology applicable in each case.

Total expenditure on works to existing properties:

	2017	2016
	£'000	£'000
Amounts capitalised:		
Replacement of components	**2,239**	5,497
Improvements	**29**	28
	2,268	5,525
Amounts charged to the statement of comprehensive income	**1,449**	1,783
	3,717	7,308

Shared ownership properties

Shared ownership properties both completed and under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales. The amount held in current assets for completed shared ownership properties is £587,662 and the amount held in current assets for shared ownership properties under construction is £913,684. Properties under construction for outright sale total £21,771 and are shown in current assets.

13. Debtors

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Amounts receivable within one year				
Rents and service charges	**2,310**	2,784	-	-
Less: provision for doubtful debts	**(598)**	(847)	-	-
	1,712	1,937	-	-
Social housing grant receivable	**996**	453	-	-
Amounts due from subsidiaries	-	-	**13**	6
Other debtors	**187**	228	**17**	20
Corporation tax	-	172	-	172
Prepayments and accrued income	**287**	390	**94**	115
Total	**3,182**	3,180	**124**	313

14. Cash at bank and in-hand

There were no specific charges on RHG's cash at bank and in-hand at 31 March 2017 or 31 March 2016.

15. Creditors: amounts falling due within one year

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Housing loan repayable in one year	**4,269**	5,388	-	-
Recycled capital grant fund	**12**	137	-	-
Government grant	**4,703**	1,589	-	-
Trade creditors	**2,354**	2,402	**128**	58
Right-to-buy sale proceeds due to Wychavon District Council	**520**	383	-	-
Accruals in respect of repairs	**257**	201	-	-
Amounts payable on housing development and major repairs	**1,275**	1,564	-	-
Interest payable	**627**	646	-	-
Corporation tax	**22**	40	**3**	-
Other taxation and social security	**134**	143	**108**	121
Pension scheme contractual liability (note 20)	**115**	110	-	-
Amounts due to subsidiaries	-	-	**475**	396
Other accruals	**4,300**	4,479	**478**	501
Total	**18,588**	17,082	**1,192**	1,076

The decrease in recycled capital grant fund is due to re-allocation to a new development

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

	Group		Association	
	2017	2016	**2017**	2016
Housing loans	**£'000**	£'000	**£'000**	£'000
Repayable between one and two years	**4,306**	4,407	-	-
Repayable between two and five years	**15,743**	13,413	-	-
Repayable, otherwise than by instalments, in five years or more	**179,130**	182,032	-	-
Total loans repayable	**199,179**	199,852	-	-
Pension scheme contractual liability (note 20)	**649**	728	-	-
Government grants	**52,118**	52,475	-	-
Total	**251,946**	253,055	-	-

Housing loans are secured by specific charges on certain of the Group's housing properties and by a floating charge over the remaining assets. The interest rates are fixed between 3.9% and 6.6% or vary with market rates. Of the agreed facility £204.4 million (2016: £206.2 million) has been drawn down by the Group to date. The total loan facility at 31 March 2017 is £225.7 million and is due for repayment by 2040.

	2017	2016
Deferred income – Government grants - group	**£'000**	£'000
At 1 April	**54,064**	53,333
Grants receivable net of disposals	**3,366**	1,337
Amortisation to statement of comprehensive income	**(609)**	(606)
At 31 March	**56,821**	54,064
Due within one year	**4,703**	1,589
Due after one year	**52,118**	52,475

The original total value of grant received at 31 March 2017 is £62,771,828. (2016: 59,406,575)

17. Provisions for liabilities and charges

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Deferred taxation				
At 1 April	**111**	124	**(6)**	(28)
Charge for the year	**(16)**	(13)	**-**	22
At 31 March	**95**	111	**(6)**	(6)
The deferred taxation provision comprises:				
Accelerated capital allowances	**74**	99	**(1)**	2
Other timing differences	**21**	14	**(5)**	(6)
Losses	**-**	(2)	**-**	(2)
At 31 March	**95**	111	**(6)**	(6)

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

18. Share capital

	Group		Association	
	2017	2016	**2017**	2016
	£	£	**£**	£
Shares of £1 each issued and fully paid				
At 1 April	**43**	43	**12**	12
Issued during the year	**3**	4	**-**	1
Cancelled during the year	**(7)**	(4)	**-**	(1)
At 31 March	**39**	43	**12**	12

The share capital of RHG consists of shares with a nominal value of £1, each of which carries no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member that person's share is cancelled and the amount paid by them then becomes the property of RHG. Therefore, all shareholdings relate to non-equity interests and there are no equity interests in RHG. Subsidiaries and RHG Board Members may be admitted as shareholders in accordance with policies. The group does not have any reserves in equity other than the revenue reserve.

19. Capital commitments - group

	2017	2016
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure but not provided for in the financial statements	**39,030**	12,720
Capital expenditure authorised by the Board but not contracted for in respect of development expenditure	**78,601**	45,225
Total	**117,631**	57,945
The Group expects to finance the above expenditure by:		
Social Housing Grant receivable	**13,338**	7,462
Property sales proceeds	**33,270**	9,819
Use of cash surplus plus loan funding	**71,023**	40,664
Total	**117,631**	57,945

The contracted capital expenditure commitment is based on all developments currently on site. The commitment for capital expenditure authorised but not contracted for is based on all the remaining approved development schemes that are in the business plan. The loan funding available to fund the above expenditure is made up of the current cash surplus, the unused facility including the £25 million agreed with Santander in May 2017 and a further £25 million facility which is in the process of being agreed with our lenders.

20. Pension obligations

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year which total £387,434 (2016: £393,845). This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

For the closed SHPS defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the RHA Statement of Financial Position and the resulting expense in the RHA Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

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

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

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

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

Deficit contributions

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

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

Present value of provision

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

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	764	838	702

Reconciliation of opening and closing provisions

	Period Ending 31 March 2017 (£000s)	**Period Ending** 31 March 2016 (£000s)
Provision at start of period	838	702
Unwinding of the discount factor (interest expense)	16	13
Deficit contribution paid	(110)	(87)
Remeasurements - impact of any change in assumptions	20	(5)
Remeasurements - amendments to the contribution schedule	-	215
Provision at end of period	764	838

Statement of Comprehensive Income impact

	Period Ending 31 March 2017 (£000s)	**Period Ending** 31 March 2016 (£000s)
Interest expense	16	13
Remeasurements – impact of any change in assumptions	20	(5)
Remeasurements – amendments to the contribution schedule	-	215

Assumptions

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

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

21. Legislative provisions

RHG is incorporated under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

22. Related party transactions

Transactions with tenant Board Members are at arms length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £16,164 (2016: £16,283) and the arrears at 31 March 2017 were £0 (2016: £116).

The compensation of Directors and Board Members is disclosed in Note 5.

Intra-group management fees are receivable by RHG from subsidiaries to cover the running costs incurred on behalf of managing the subsidiaries. The management fee is calculated on an individual entity basis with varying methods of allocation. The management fees charged to the subsidiaries were : £5,705,227 (2016: £5,652,674) to RHA, £267,806 (2016: £273,663) to RHL and £1,355,812 (2016: £1,895,104) to RS&C.

In August 2012 RHA became the sole corporate trustee of the Walker Hospital Trust. The Walker Hospital Trust is a charity which owns three properties and is a member of the National Association of Almshouses.

From October 2013 RHA, RHL and RS&C became shareholders in Fortis Property Care Limited which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHA during the year was £5,911,600 (2016: £7,369,933) and the balance owing at 31 March 2017 was £0 (2016: £0). The amount charged to RHL during the year was £40,106 (2016: £57,389) and the balance owing at 31 March 2017 was £0 (2016: £0). The amount charged to RS&C during the year was £17,150 (2016: £20,977) and the balance owing at 31 March 2017 was £0 (2016: £0). As a result of this arrangement the Finance Director of RHG is a Director of Fortis Property Care Limited.

23. Units

	Owned and managed	Managed by others	2017 Total	2016 Total
Under development at the end of the year				
Units for rent	**353**	-	**353**	88
Under management at the end of the year				
General needs housing	**4,798**	-	**4,798**	4,779
Supported housing and housing for older people	**682**	**111**	**793**	793
Intermediate rent	**28**	-	**28**	28
Keyworker accommodation	**224**	**119**	**343**	347
Keyworker office accommodation	**32**	-	**32**	32
Leasehold properties	**109**	-	**109**	108
Low cost home ownership accommodation	**234**	-	**234**	229
Managed on behalf of another landlord	**52**	-	**52**	51
Units for rent	**6,159**	**230**	**6,389**	6,367
Total units social housing	**6,512**	**230**	**6,742**	6,455
Market renting	**49**	-	**49**	45
Residential care homes	-	**46**	**46**	46
Total units non-social housing	**49**	**46**	**95**	91
Total units for rent	**6,561**	**276**	**6,837**	6,546
Retained freeholds and estate charges	**281**	-	**281**	281

24. Contingent liabilities and financial commitments

As part of the transfer agreement with Wychavon District Council, Rooftop Housing Association Limited provided various indemnities to the Council in respect of obligations the association assumed upon the transfer.

In the view of the Board there is little likelihood of any liability arising in respect of these indemnities and accordingly no provision is reflected in these financial statements.

Total future minimum lease payments under non-cancellable operating leases are as follows :	**Group**		**Association**	
	2017	2016	**2017**	2016
Payments due :	**£'000**	£'000	**£'000**	£'000
- within one year	**119**	119	**119**	119
- between one and five years	**322**	395	**322**	395
- after five years	-	46	-	46
	441	560	**441**	560

25. Financial Instruments

The carrying values of the financial assets and liabilities are summarised by category below:

	Group		Association	
	2017	2016	**2017**	2016
	£'000	£'000	**£'000**	£'000
Financial assets				
Measured at undiscounted amount receivable:				
Rent arrears and other debtors (see note 13)	**2,895**	2,790	**17**	192
Cash	**20,200**	24,745	**1,261**	892
Amounts due from related undertakings (see note 13)	**-**	-	**13**	6
	23,095	27,535	**1,291**	1,090
Financial liabilities				
Measured at fair value through surplus or deficit:				
Loans payable (see note 15,16)	**18,012**	18,035	**-**	-
Measured at amortised cost:				
Loans payable (see note 15,16)	**185,436**	187,205	**-**	-
Measured at undiscounted amount payable:				
Trade and other creditors (see note 15,16)	**5,081**	5,507	**239**	179
Amounts owed to related undertakings (see note 15,16)	**-**	-	**475**	396
	208,529	210,747	**714**	575
The income, gains and losses in respect of financial instruments are summarised below:				
Interest expense				
Total interest expense for housing loans at amortised cost	**8,757**	8,622	**-**	-
Fair value gains and (losses)				
On housing loans measured at fair value through Statement of Comprehensive Income	**23**	109	**-**	-

Loans with Lenders Options are classified as non-basic financial instruments and total £18,012,000 (2016: £18,035,000). They are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

26. Statement of Cash Flows

	2017	2016
	£'000	£'000
Cash flow from operating activities		
Surplus for the year	**7,920**	7,607
Adjustment for non-cash items:		
Depreciation of property, plant and equipment	**4,182**	4,046
Amortisation of intangible assets	**51**	58
(Increase) in inventories	**(3)**	(1)
(Decrease) / increase in debtors	**(297)**	2,453
(Decrease) in creditors	**(440)**	(666)
(Decrease) / increase in provisions	**(16)**	(13)
Carrying amount of property, plant and equipment disposals	**674**	577
(Increase) in fair value of financial instruments	**(23)**	(109)
(Increase) in fair value of investment property	**(143)**	(30)
Adjustments for investing or financing activities:		
Proceeds from the sale of property, plant and equipment	**(1,005)**	(2,544)
Government grants utilised in the year	**(609)**	(606)
Interest payable	**9,351**	9,345
Interest received	**(107)**	(112)
Cash generated by operations	**19,535**	20,005

27. Post Balance Sheet Events

On the 31 May 2017 RHA secured a £25 million funding facility with Santander to be used for future development.

Biographies of Board Members

Nicola Inchbald, BA (Hons) Dip TP MRTPI (Independent and Chair of RHG)

Nicola is a Chartered Town Planner with over 30 years' experience in the development industry, specialising in residential development. She is a former Senior Director of CB Hillier Parker where she ran the Development Land Team, working on such major projects as Bankside Power Station (now Tate Modern) and Farnborough Aerodrome. She is currently a Parish Councillor and a Trustee of the Ripple Trust, which supports young people in further education and the elderly in the area. Nicola is Principal of The Inchbald Maxted Partnership, a development and planning consultancy based in Worcestershire.

Keith Rolfe (Independent and Vice Chair of RHG and Vice Chair of Audit Committee)

Keith worked in the banking and financial services sector for almost 30 years. He has extensive risk management experience gained from senior roles in a number of leading global financial institutions. More recently, he spent seven years working at Barclays Bank plc. As Chief Credit Officer for the UK and Ireland for Barclays Corporate Bank, Keith and his team of 150 credit officers were responsible for facilitating delivery of the business objectives of Barclays Corporate within the risk parameters set by the Board. Keith has served as an independent member of the Department for Communities and Local Government Credit Committee, responsible for the issuance of Government guarantees under the affordable housing guarantee scheme and the private rented sector guarantee scheme. He is a non-executive director of Tipton and Coseley Building Society, where he chairs the Risk Committee.

Kelvin Hard (Independent and ARP Vice Chair for Remuneration)

Kelvin spent all his childhood in social housing and so understands the importance of social housing in helping people to live with dignity and security. Kelvin holds post graduate qualifications from the Universities of Cambridge and Oxford, and from the London Business School. He began his career as a 'fast stream' entrant to the Treasury and Cabinet Office, where he served for eight years before taking a Masters in Management at the London Business School. His roles included being Head of Human Resources for the Cabinet Office and conducting two efficiency reviews for the Prime Minister. Kelvin then served for many years as a Partner at PricewaterhouseCoopers, where he led the Change Management Consulting Practice for Europe, Middle East and Africa, and was also a member of the Firm's Governing Council. He now leads his own consultancy business specialising in organisation design and the management of change. Kelvin is a Chartered Member of the Institute of Personnel and Development and a Fellow of the Institute of Directors. Kelvin has three children and leads residential holidays for children organised by an educational charity.

Hilary Hobart (Vice Chair of RHL)

Hilary trained as an accountant in a firm of Chartered Accountants in Liverpool, which specialised in auditing organisations in regulated sectors. She gained a passion for housing and subsequently left the partnership to hold various finance posts and ultimately the post of Finance Director within the Liver Housing Group (now part of the Your Housing Group). In 1999 she moved to the Midlands to become the Finance Director & Company Secretary of the Accord Housing Group. She left the sector to be part of a management buy out of an IT infrastructure company and also became a voluntary Board Member of Ashram Housing Association for a period of two years. After a successful exit from her company and a four year career break to look after her twin boys, Hilary became a self-employed Finance Director for innovative start-up companies funded by venture capital investments.

Martin Holland, FCIH (Chair of RHL and Vice Chair of RHA)

Martin has worked in the housing sector for over 40 years and has experience in local authorities and the private sector, as well as housing associations. Martin retired from his role as Chief Executive at Shropshire Housing Group in 2013, where he had worked since the early nineties. He served as Regional Chair of the National Housing Federation (NHF) between 2003 and 2006, and in 2015 was elected to the Regional Committee of the NHF. Martin was appointed to the Board of the Rural Housing Advisory Group in 2011, advising the Homes and Communities Agency and Department for Communities and Local Government on rural housing issues.

Ceri Jones (Chair of RS&C)

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council.

Paul Kellard (Tenant)

Paul, born in Chester, has a career background in the Armed Forces and the Ministry of Defence. He currently works in Health and Social Care as a Residential Care Manager in a residential nursing home. He has been a Rooftop tenant for more than 20 years and, in recent years, he has been involved with the Rooftop Customer Panel and Resident Excellence Panel. Paul successfully completed a governance training course accredited through Derby University. Paul volunteers with the Alzheimer's Society as a fund raiser and Dementia Friends Champion. He has also undertaken training, as a Rooftop volunteer, to become a Dementia Friends Champion. He believes passionately in providing excellent housing to create strong communities, especially to an ageing population.

Sheila Kettley (Tenant and Vice Chair of RS&C)

Sheila, born in North London, has had a career background in banking, stockbroking, architecture and surveying. Her most recent position was as a Credit Control Manager. She and her husband were also publicans, based in various parts of the country, their last public house being in Eckington, Worcestershire. Sheila has been a Rooftop tenant for over 10 years and has been involved with the Rooftop Customer Panel since 2008. Sheila chairs the Community Fund Group and the Communications Panel, sub-groups of the Customer Panel, and serves on the Complaints Review Panel. As a Rooftop volunteer, she sits on the judging panel of the annual Rooftop Garden Competition for residents and has recently undertaken training to become a Dementia Friends Champion. Sheila successfully completed a Governance Training course accredited through Derby University. She has been a member of the Audit Committee since 2011.

Rachel Lathan (Tenant and Chair of RHA)

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and has risen rapidly to the position of RHA Chair. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Robin Richmond, MBA FCA (Chair of Audit Committee)

Robin is a Chartered Accountant with over 40 years' private sector experience with listed companies in Healthcare, Property Development and Engineering. Since leaving Doncasters plc in 1999, Robin has undertaken a wide range of project work and has held a number of non-executive directorships, including Worcestershire Mental Health NHS Partnership Trust, Heart of England Housing and Care, and the Orbit Group. Robin is currently a Trustee, and Chair of Audit and Risk Committee, of Midlands Air Ambulance Charity. Robin is married with five children.

Malcolm Robson (Independent)

Malcolm trained as a Chartered Accountant and spent nine years in general practice with the London region of KPMG. In addition to working with a diverse client group ranging from multinational businesses to not for profit organisations, he was also appointed as a member of the audit quality review team. After leaving KPMG, he worked on a large brownfield mixed use regeneration scheme in the heart of Norwich, and was also a founder director of a Business Expansion Scheme providing residential property in the same city. Following the conclusion of the developments, he set up and developed a residential lettings agency which he sold in 1997. He retired after 16 years with Morston Assets where he was appointed Group Finance Director in 2002. Specialising in larger scale regeneration projects and commercial property development, Morston has been particularly focussed on the development of, and continuing involvement with, new communities embracing the provision of a high quality built environment, the provision of economic opportunity for residents and the wider area, and the provision of soft infrastructure to promote social cohesion and entrepreneurship.

Emma Wilson

Emma is a registered nurse with experience of working as a senior manager in both primary and secondary care in London and Worcestershire, with accountability for the provision and delivery of nursing services. She now works as an advanced nurse practitioner in primary care, in addition to studying for an MSc in Advancing Practice at University of Worcester. After a move back home to Pershore from London with her two young children in 1997, she was aware of the need for good, affordable social housing and feels fortunate to have previously been a tenant of RHA for five years.

Rooftop Housing Association
Annual Report and Financial Statements
2016/17

Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Rachel Lathan (Chair) - Martin Holland (Vice Chair) - Hilary Hobart - Paul Kellard - Sheila Kettley - Robin Richmond (left 21 September 2016) - Ceri Jones (started 21 September 2016) - Emma Wilson (co-optee)
Executive officers	- Ian Hughes, Group Chief Executive (left 31 January 2017) - Boris Worrall, Group Chief Executive (started 1 February 2017) - Caroline Dykes, Finance Director and Secretary (from 1 June 2017) - Sheila Morris, Secretary and HR Director (left 31 May 2017) - Ann Lindon, HR Director (from 1 June 2017) - Juliana Crowe, Housing and Communities Director - David Hannon, Development Director
External auditor	BDO LLP (appointed 25 January 2017) 2 Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
Other legal advisors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ

Lenders	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
	Lloyds Banking Group 25 Gresham Street London EC2V 7HN
	Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA
Funding advisors	Capita Asset Services 64 Gresham Street London EC2V 7NQ
Insurance brokers	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
Taxation advisors	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
Valuers	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB
Performance analysis	HouseMark Ltd 8 Riley Court Millburn Hill Road University of Warwick Science Park Coventry CV4 7JJ

Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2017.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. Rooftop Housing Association Limited is a subsidiary of Rooftop Housing Group Limited.

Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Homes and Communities Agency (HCA) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the HCA in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is an asset holding non-charitable Registered Society (29660R) registered with the HCA (LH4405). It provides housing that falls within the definition of social housing including keyworker and registered care activities. It also owns and operates market rented stock, residential garages and garage courts.

Rooftop Support & Care Limited (RS&C) is a charitable Registered Society (25211R) and manages supported accommodation for young homeless adults, as well as providing support to older RHA residents.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

Principal activities

The principal activities of RHA are:

- to provide housing accommodation at below market rents for people in housing need
- housing for sale through shared ownership schemes
- a limited amount of commercial property

Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group Board has delegated initial responsibility for audit and assurance functions to an Audit Committee, which comprises Board Members from across the Group. The members of the Audit Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit Committee during 2016/17 included:

- Risks were reviewed by risk owners on a quarterly basis and then the assessments were presented to the Executive and Leadership Teams for further scrutiny of the most significant risks. The Audit Committee received the summary report and sought assurance during their review that the controls in place support the residual risk assessments presented
- A full tender process took place prior to the recommendation to the Group Board to appoint the external auditor
- Reviewed the accounting policy for 2016/17
- Audit Committee received eight assurance reviews from internal audit:
    - Strategic controls - assets and liabilities register, data protection and information security, development, disaster recovery and back up recovery, HR management - operational, procurement and support and care.
    - Financial controls - transaction monitoring (data mining).

  The overall assessment of the work undertaken by the internal auditors was substantial assurance.
- Additional audit work was approved by the Audit Committee in relation to:
    - Internal auditors: Assets and liabilities desktop review, regulatory returns, repairs resident satisfaction review and financial regulations and thresholds review.
    - External auditors: covenant compliance confirmation letters to funders, right to buy statement and service charge statements.
- The plan for Residence Excellence Panel (REP) reviews was approved and REP reports have been presented to the Audit Committee.

The Audit Committee also reviewed the following to gain assurance on the effectiveness of controls within Rooftop:

- statutory accounts for the year ended 31 March 2017
- audit strategic plan for 2017/18 to 2019/20 and the annual plan for 2017/18
- final accounts timetable including external auditor's engagement letter
- 2017/18 budget process
- external audit plan for 2017
- insurance renewals and claims history
- 2016 Sector Risk Profile published by the Homes and Communities Agency and a risk mapping exercise to demonstrate that all relevant risk were captured by Rooftop
- a mapping exercise comparing the internal audit programme to Rooftop's inherent risks, in order to demonstrate that internal audits were focussed on the high risk areas of the business
- results of ICT annual penetration testing
- fraud and gifts and hospitality registers.

In addition to the specific work of the Audit Committee, the Board have taken assurance from the following:

- Rooftop is a member of the HouseMark benchmarking group. This provides valuable information on the efficiency and effectiveness of Rooftop at achieving its objectives, both compared to other similar organisations and compared to Rooftop's historic performance. This information has been used to inform the Value for Money self assessment.
- Quarterly performance pack which includes monitoring reports, performance against goals and projects and key performance indicators.
- A robust Business Plan based on clear assumptions and sensitivity-tested to ensure Rooftop understands the effects of any potential changes in its environment.
- Resident involvement impact assessment by an external consultant every two years.
- All policies and strategies are approved by the Board, Audit Committee or Executive Team.
- Rooftop was recognised as one of the Best 100 Not-for-Profit organisations to work for the third year running.

- The Homes and Communities Agency (HCA) carried out an In Depth Assessment (IDA) of Rooftop in January 2016. Rooftop continues to have the highest possible ratings for both Governance and Financial Viability from the HCA.

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

Governance and Financial Viability standard

The Board considers it a priority to maintain the G1 and V1 ratings from the HCA under the Governance and Financial Viability Standard. These were formally assessed by the HCA through the In Depth Assessment process in January 2016.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 8/9 March 2017 reviewed Rooftop's vision and outcomes for tenants and potential tenants.
- Board appraisal system reviewed and changes made to include face to face appraisals for all Board Members, including a skills review.
- Audit Committee Terms of reference reviewed and presented to boards for approval in May 2017.
- A new role of Risk Manager was introduced during the year to further strengthen risk and compliance.
- In May 2017 RHA obtained £25 million of new funding to meet Rooftop's longer term development ambitions and is in the process of obtaining a further £25 million.
- A new Treasury team has been created including a Treasury Manager to help ensure Rooftop can maintain monitoring and reporting with an increased number of funders.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline. An internal audit was conducted following a data issue in the June 2016 return and the relevant recommendations have been implemented.

Code of governance

The Board has formally adopted the National Housing Federation's Code of Governance, and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is compliant.

Value for Money self assessment

Rooftop believes in profit for a purpose – generating surpluses in order to invest them back into the local community by building new homes, improving existing homes and supporting community initiatives.

We need to make sure that every penny counts – focussing not just on how much we spend, but how and where we spend it – to have the best impact on achieving our mission.

Our approach

We use a wide ranging basket of Value for Money indicators to assess our performance. They are designed to show a wider picture of what we are doing, rather than just focussing on 'traditional' landlord housing management. We've divided these targets into three groups:

- **Return on assets**

  This measures the big, headline information about the impact Rooftop is making through its assets. We want these targets to show how well we are using our assets to:

  - provide great services which meet our residents' needs
  - deliver new homes to help solve the wider housing crisis
  - reduce our impact on the environment

- o generate a financial return, which can then be reinvested in the other priorities above.

These areas are crucial to us and we really want to make a difference through using our assets well.

- **Cost of specific services**

  This is about how we compare to other similar landlords in terms of costs. The areas we are reporting on cover all of our major frontline landlord services, plus our spending on overheads (back office areas such as Human Resources, Finance and Information Technology).

- **Service outcomes / social return**

  Value for Money is more than just how cheap things are. That's why we've set out targets to measure how good the services we provide actually are.

Comparison with others – HouseMark

To help us compare the cost and effectiveness of our services, we are members of HouseMark benchmarking. This allows us to compare our own performance over time, and also to compare ourselves to other similar organisations – Local Authority stock transfer organisations (LSVTs) in the Central region with 2,500-7,500 homes.

The vast majority of our targets are calculated using HouseMark. Three of our targets are internal calculations only and are not comparable with others. We have reflected on this and decided to phase out these three targets in future years to improve the transparency of our self assessment.

We have also added operating margin as a new indicator, which is a standard business indicator and easily compared to others.

Our performance

The results of our VFM indicators for 2016/17 and our targets for 2017/18 are shown below:

	2014/15 **results**	2015/16 **results**	2016/17 **results**	2016/17 **targets**	Did we beat our target?	Are we improving?	How we compare	2017/18 **targets**
Return on assets								
Overall satisfaction with services	88.6%	83.8%	92.1%	85.0%	👍	👍	🏠🏠🏠🏠	90.0%
New homes built (as percentage of current stock)	5.0%	1.2%	0.7%	1.3%	👎	👎	🏠	1.6%
Financial return from new development (IRR)	8.2%	7.8%	8.4%	7.0%	👍	👍	N/A	N/A
Average energy efficiency rating of our homes (SAP)	69.2	71.3	71.5	71.5	👍	👍	🏠🏠🏠	71.7
Cash operating margin	54.2%	56.1%	56.2%	52.1%	👍	👍	N/A	N/A
Operating margin	44.2%	42.7%	44.7%	N/A	N/A	👍	🏠🏠🏠🏠	40.2%
Cost of specific services								
Housing management (cost per home)	£203	£210	£187	£208	👍	👍	🏠🏠🏠🏠	£205
Major works and cyclical maintenance (cost per home)	£808	£1,453	£796	£1,034	👍	👍	🏠🏠🏠🏠	£977
Responsive repairs and void works (cost per home)	£495	£455	£533	£523	👎	👎	🏠🏠🏠🏠	£542
Estate services (cost per home)	£75	£90	£102	£98	👎	👎	🏠🏠🏠	£113
Overhead costs as a percentage of turnover	9.6%	9.7%	10.3%	10.1%	👎	👎	🏠🏠🏠	11.6%
Service outcomes / Social return								
Percentage of rent collected	99.5%	98.7%	99.6%	99.7%	👎	👍	🏠🏠🏠	99.8%
Average time to re-let empty social homes (days)	12.7	14.6	14.3	14.5	👍	👍	🏠🏠🏠🏠	14.0
Satisfaction with repairs and maintenance	81.6%	73.1%	86.1%	83.6%	👍	👍	🏠🏠🏠	87.0%
Satisfaction with new homes	87.8%	95.2%	95.0%	97.0%	👎	👎	🏠🏠	97.0%
Number of Independent Living Assessments	NA	1,383	1,324	400	👍	👎	N/A	N/A

🏠🏠🏠🏠 Very good - Top 25%

🏠🏠🏠 Better than average

🏠🏠 Worse than average

🏠 Poor – bottom 25%

Return on assets

We are pleased with the strong performance in overall satisfaction with our services. The significant increase during the year is expected to place us in the upper quartile, and shows the impact of the action plan we set out in last year's VFM self assessment. The improvement plan included some systems and technological improvements, but was also based on reconnecting residents with their neighbourhood officers by creating new generic posts with smaller patch sizes from July 2016.

Rooftop is pleased about how much we develop, relative to our size. Our number of completions for the year was relatively low at 43, and was below our target. This is because of the cyclical nature of our development programme and because some of our completion dates have been pushed back. Next year we expect to complete 112 new homes which we expect to be above average performance, and then complete over 300 homes in 2018/19.

To make our new homes programme less cyclical, we have engaged in a strategic land banking programme supported by specialist staff. We expect this to shorten the length of time from inception to start on site, and enable us to deliver a smoother annual volume of homes. To date we have secured sites which could deliver 250 homes.

Our financial return on new development continues to outperform the targets set in our financial appraisals.

Sustainability is an important goal for Rooftop, as we seek to reduce fuel bills for residents and cut carbon emissions. We intend to strengthen and better embed our approach during the next year. We continue to improve our homes, and our performance is better than the average for our peers. During 2017-18 we will seek to define a Living Homes Standard as a target minimum for all our stock, and will assess the financial investment needed to tackle our 400 least energy efficient homes (energy bands E, F and G). This will enable us to make more robust asset management decisions, which will include the option of disposing of stock where it is not economic to make the necessary improvements to meet our minimum standards.

Our cash operating margin continues to improve. However, we have come to the conclusion that this internal measure is of limited use. For future self assessments, we will instead report on the more traditional operating margin measure, which will be more transparent as it can be more easily compared to others. Past results for both measures are included in the table above.

Cost of specific services

Once again, the results for the cost of our main services are outstanding. In 2015-16, we were better than average on all five measures and in the top 25% for repairs and overheads. This year our results suggest that we will be upper quartile for three out of the five measures. Coupled with the rise in our overall satisfaction, this is a powerful statement of the good value for money Rooftop has provided to residents.

Service outcomes / social return

Within our housing team structure we have an Options team who are part of the innovative new service we created to support our residents following the end of Worcestershire County Council's Supporting People funding. We intended the service to be funded through service charges, but after negotiation with housing benefit providers we have not collected the majority of that income. This uncollected income has affected our percentage of rent collected (99.6%), resulting in lower than average performance compared to our peers. If we excluded this specific issue, our performance would be better than average.

Once again, our Options team significantly outperformed their target. 1,324 assessments were carried out which is more than we originally intended to do over three years. These assessments will enable us to target services more effectively, informing the review of our strategy for supported housing which will take place next year.

New homes are important to us, and we broadly maintained the significant increase in satisfaction we achieved last year. With the low number of completions, this survey had a very low sample size and the 5% dissatisfaction relates to a single customer response.

As with our overall satisfaction, satisfaction with repairs has risen significantly over the year. We have achieved this by being proactive with customer service requests and carrying out a Resident Excellence Panel (REP) review of the Cost Sharing Vehicle will improve the service our residents receive. Our Head of Asset Management has also worked jointly for Rooftop and Fortis Property Care to enable improvements to the overall service. From April 2017, we have introduced mobile working in the Cost Sharing Vehicle, which should positively impact on both satisfaction and cost efficiency.

Optimising future returns on assets

In 2013/14, we commissioned Savills to review the performance of our property assets. Savills told us that:

"The overall performance of Rooftop's properties is good. Financial returns are roughly double those of other providers in the region" – Savills

We have repeated that exercise this year and are currently reviewing the results.

Savills broke our properties down into the following groups:

Financial return (Net Present Value (NPV) of cashflows per unit over 35 years)	Description	Rooftop average NPV per unit in this group	Percentage of stock
Greater than £30,000	Good	£59,702	98.1%
Between £1 and £30,000	Marginal	£19,323	1.9%
Below £0	Negative	N/A	0%

The marginal 1.9% group of properties includes our keyworker scheme at Worcestershire Royal Hospital. Over the last two years we have carried out a full review of our non-core housing properties to consider whether any action is needed to maximise return on our assets. The review has concluded that our non-core assets are performing well and changes in the health sector have helped to improve performance at our keyworker schemes.

We had previously hoped that the government's voluntary right to buy scheme would create a major opportunity for us to review our assets, raising £33 million through property sales by March 2020. Following the postponement of the scheme, we have removed these assumptions from our business plan. However, we will still consider targeted asset sales and by December will develop a strategic asset disposal programme aligned to our environmental and development strategies. For example, in May 17 our Board approved disposal of a 200-year old listed property in Pershore which was uneconomic to repair and had an unacceptably low SAP environmental rating.

Plans for 2017/18

We have now delivered the necessary savings in our financial business plan to respond to the Welfare Reform and Work Act 2016, which has forced us to cut our rents by 1% a year for four years, starting from April 2016.

The major focus for 2017-18 will be our new housing management system. During 2016-17 we conducted a detailed and rigorous tender process to determine a new system to replace the legacy Capita Academy system. This new IT solution from Aareon is intended to underpin and enable a major review of how we carry out our businesses, supporting residents to self serve, improving the quality of our data and streamlining our internal processes.

In the short term, this will increase our costs. In particular, we expect overhead costs to rise and operating margin to drop, and this is reflected in our targets for 2017-18. The costs are not just the new IT system itself,

but also staff and consultancy costs to make sure the system is implemented successfully and that new processes are well designed.

Longer term we expect the transformation to have a significant positive impact on our value for money indicators. We expect that changes to the way we work will allow us to increase our number of homes through our development programme without any increase in staffing, which will improve all of our service cost indicators. This project is not just about cost though – by helping us to deliver a more flexible, modern, online service, we hope that the project will lead to sustained increases in residents' satisfaction with the services we provide. Finally, if we can make sustained savings in our average cost per unit, we can ultimately recycle that saving back into building more new homes.

Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

The Board Members of RHG, RHA, RHL and RS&C are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

Board member's responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

Employees

Within the Group structure all staff are employed by RHG, the Group parent. RHG is committed to promoting equality of opportunity in its employment practices. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: formal consultation with the employee forum, departmental meetings and a company wide briefing session.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. They have prepared health and safety policies and ensured all staff have undergone a programme of training on health and safety matters and have established a Safety Committee.

Insurance

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 13 September 2017.

External auditor

We retendered audit services during 2016/17 following expiry of the previous ten year contract. BDO LLP were appointed, replacing Mazars LLP.

By order of the Board

Rachel Lathan
Chair
19 July 2017

Strategic report

Why we exist

Our mission is to improve the quality of life of people and the communities in which they live. This report sets out what we will do in 2017-18 to achieve this.

What we do

Today Rooftop's role in providing new homes, investing in communities, providing services to our 20,000 customers and supporting local people is more important than ever before.

With our roots in Wychavon, we now provide some 6,500 homes in South Worcestershire and into Gloucestershire. We deliver a wide range of affordable homes for rent and low cost home ownership and seek to regenerate communities to enhance the environment and the local area. We also seek to help those in society who need support by providing specialist homes and a range of local services. All of our homes meet or exceed the Government's Decent Homes Standard.

In 2017/18 we will:

- achieve at least 90% customer satisfaction with our services and repairs satisfaction of at least 87%.
- deliver 112 new homes for people to rent, own and part-own.
- invest £500,000 in our communities
- help at least 100 older people to live independently, support 200 young people, ensure 40 Gypsy and Traveller families live in stability and support at least 10 families suffering domestic abuse
- help 150 people with work advice (25% into work) and provide 300 people with financial advice
- invest £8m in the homes we manage and assess the investment needed to tackle our 400 least energy efficient homes (Energy Bands E, F and G) as we seek to reduce fuel bills for residents and cut carbon emissions.

How we work

We are a modern, dynamic and flexible social business, aiming to deliver superb value for money and incredible impact. We are proud of what we do – but we always strive to do better.

We collaborate and connect with customers, communities and partners to make great things happen. Residents play a key role in shaping our services, as well as informing our business strategy as Board Members.

In a rapidly changing world, we always seek to maximise opportunities, meet challenges and collaborate with partners and the people and communities where we work to achieve our common goals.

We are committed to delivering Value for Money, and this drive for efficiency is reflected in our core focus on projects and key performance indicators. Our new Aareon Housing Management System will enable us to further drive efficiency through better business systems.

We generate the surpluses that we need to build new homes and invest in communities and services. We call this 'Profit for a Purpose' – because we believe in what we do, we want to do as much as we can.

We are a dementia-friendly organisation and embrace equality and diversity. We value and invest in our people and are proud to be a Times Top 100 'not for profit company'. Our talented staff team love working for us – and for local people.

What we will deliver

In 2013 we set a 10-year plan to 2023. This guides everything that we do. In 2017-18 we will deliver the following 15 projects against our five long-term objectives:

Objective 1 – Excellent services We will develop, deliver and sustain excellent services to all our customers
• Clarify, simplify and communicate our customer service offer • Introduce a Digital Services programme • Implement new telephone systems to help support our services

Objective 2 – Community needs We will create cohesive and inclusive communities by providing new homes, investing in existing homes and through work in the community
• Deliver our Black Dog Way regeneration scheme (Autumn 2018) • Deliver our Spitfire, Broadway Extra Care scheme for older people (mid 2018) • Assemble a rolling land bank to accommodate 130 homes

Objective 3 – Resources & Value for Money We will make best use of our financial, property assets, ICT and human resources
• Secure £50 million of funding to enable us to deliver circa 400 new homes • Develop a new Pay and Reward Strategy for our people • Develop a Data Strategy for Rooftop Housing Group

Objective 4 – Encouraging innovation We will strive for continuous improvement
• Implement the first phase of the new Housing Management System • Deliver proposals to improve home cost and quality using offsite construction • Deliver an Office Strategy to drive agile and flexible working

Objective 5 – Sustainability We will help to tackle fuel poverty and climate change
• Develop a Rooftop 'Living Homes Standard' for new and existing homes • Develop a neighbourhood living environment proposal and secure funding • Scope implementation of ISO14001 Environmental Management Standard

Understanding our environment

The world is changing around us. We need an estimated 250,000 new homes a year in England. We welcome the Government's Housing White Paper which provided renewed support for homes for rent, as well as Shared Ownership and outright sale. We are committed to building as many affordable homes as we can and will expand our market sale programme to fund our development of rented homes.

As Universal Credit begins in our area from late 2017, we have plans in place to talk to our customers to ensure they understand what it means for them and support them in responding so that their rent is paid. There are wider challenges for our customers as Welfare Reform continues to roll-out, and we will focus much of our community investment on helping people into work.

Demand for health and social care services continues to rise against a backdrop of funding constraints. We will revise our approach to meet as much need as we can through partnerships in Worcestershire and Gloucestershire, and continue to invest in well-being and tackling loneliness and isolation. We are committed to providing homes and support for older people, as well as specialist services for young people and those with learning disabilities. We will expand our support for those suffering domestic abuse.

We will also strengthen our approach to Performance Management to ensure people are clear about what they need to do – and can measure their progress. In a changing world facing the particular uncertainty of Brexit, managing risk is more important than ever and we have implemented a new approach to ensure success in 2017-18.

Key partners

The Group works with several key partners who have a stake in the success of our business, as we do in theirs:

- Wychavon District Council is our main local authority partner in Worcestershire
- In Worcester the Group works with officers at city and county levels
- In Gloucestershire the Group is working with councils in Gloucester, Cheltenham and Tewkesbury
- ExtraCare Charitable Trust
- Matrix Housing Partnership
- NHS Trusts in Worcester, Shrewsbury and Weston-super-Mare
- Homes and Communities Agency
- Fortis Living Group

Key activities

The principal activity of the Group is to provide housing accommodation at affordable rents for people in housing need. Rooftop Housing Group Limited is the parent company of the Group and the legal nature of each entity in the Group is disclosed in the Report of the Board. Rooftop Housing Association Limited provides an inter-company loan to Rooftop Homes Limited as disclosed in note 12 of the financial statements of Rooftop Housing Association Limited.

This core social housing lettings activity represents 94% of Rooftop's turnover (2016: 88%). The next most significant elements of the business are shared ownership sales (3% of turnover; 2016: 8%) and supporting people (2% of turnover; 2016: 3%). Other activities are negligible.

Financial performance

Rooftop Housing Group Limited

The overall financial performance for the year has been excellent with the Group generating a surplus for the year before taxation of £8.1 million. This is an improvement on the previous year (£7.7 million) and a tremendous achievement in the current difficult economic and financial climate.

RHA, the Group's core social housing provider, remains the main contributor to the overall group surplus.

As an individual entity, RHG operates on the principle of cost recovery from its subsidiaries. It generates relatively modest surpluses to cover its tax liabilities and provide some working capital.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus of £7.4 million (2016: £7.1 million).

This was a significant outperformance of RHA's budgeted surplus of £6.0 million. An important contributor to this was the bad debt charge, which is £0.5 million less than budgeted. RHA continues to assume there could be significant bad debts due to welfare reform and the impact on affordability for residents, but this impact has not yet materialised. In addition, RHA has now collected a significant volume of service charges which were being disputed with the local housing benefit providers, and which the budget had conservatively assumed would be uncollectible.

RHA's turnover from social housing lettings, its core income stream, rose £0.4 million (1.2%). The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, some exempt properties, and conversion of some void properties to higher affordable rents in line with RHA's development contract with the Homes & Communities Agency.

In August 2015, RHA drew down the final £15 million tranche of its agreed funding from Legal & General in line with the contractual terms of the funding. This has led to significant cash balances being held throughout the year. RHA's £17.4 million cash balances at 31 March 2017 are expected to be sufficient to fund RHA's planned capital development programme for 2017-18 and beyond.

RHA is currently in the process of arranging a further £50 million revolving credit facility to enable future development; it is expected that this will first be needed in February 2019. The first £25 million with Santander was completed in May 2017 and we will now begin the process of providing security in order to draw the funding.

This will support a major further new homes programme. Overall RHA expects to complete 757 units over the period from April 2017 to March 2022. The majority of these (502) will be homes for below market rent, but the planned programme also includes open market (45) and shared ownership sales (202), as well as seven gypsy and traveller pitches and one commercial unit as part of a larger scheme in Gloucester. This represents a managed expansion of RHA's exposure to the cyclical risks of the English housing market.

Rooftop Homes Limited

RHL, the Group's provider of keyworker accommodation, residential care, market and intermediate rent and garages, has generated a surplus before tax of £0.7 million, an increase on the previous year (£0.6 million). The main reason for the increase is a £134,000 accounting gain on the valuation of RHL's investment properties.

RHL's operations have been stable and there has been no change to its property portfolio.

During 2017-18 RHL will begin construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. The expected profits from the sales will create additional capacity within RHL. More importantly, the development is intended as a managed way of testing and developing Rooftop's skills in developing open market sales units, which are likely to become an important source of cross-subsidy in the future.

Rooftop Support and Care Limited

RS&C, the Group's specialist support provider for young and older people services, has made a deficit for the year of £62,000. This has been a challenging year for RS&C, with the value of funding from Gloucestershire County Council reducing by two thirds during the year. This is the main contributor to the decline in RS&C's turnover from £2.2 million to £1.7 million.

This follows the end of funding for older people's services from Worcestershire County Council in 2015.

RS&C is now increasingly dependent on the intra-group older people's service contracts with RHA, which represent 30% of RS&C's turnover and run until March 2018. The Group will be reviewing its strategy for supported housing, and the role of RS&C within the Group, during 2017-18.

RS&C approaches these challenges with a strong balance sheet, with £0.6 million available cash.

Principal risks and uncertainties faced

Rooftop have a robust risk management process, fully integrated with our business planning process. This allows the Group to effectively manage the risks associated with new developments and changes in our environment, and focus on the risks and choices we face.

Our existing risk management process has been externally endorsed by our internal auditors and by the In Depth Assessment by the Homes & Communities Agency. However, we consider that the changes in the sector and the economic climate require continuous development of our approach to risk, assurance and compliance. During 2016-17 we created a specialist, high level risk function within Rooftop for the first time, to further develop our process and support leaders and managers. During 2017-18, we intend to strengthen this resource even further.

During the year Rooftop has completed a full review of its risks, improving how risks are assessed and quantified. The principal risks now facing Rooftop, as outlined in the risk map, are:

Risk	Description
Ability to access new debt	Rooftop has significant immediate treasury needs so that funding can be in place to support its ambitious development programme, with drawdowns expected in February 2019. This risk is impacted by the general economic uncertainty created by Brexit. RHA is currently in the process of arranging £50 million new revolving credit facilities. Finalising these facilities and then providing adequate property security is a major priority for the year ahead. The first £25 million funding agreement was signed with Santander in May 2017. In addition, RHL has a current revolving facility which will expire in 2020. Work to consider the refinancing of this will begin during 2017-18. During 2016-17 Rooftop restructured its finance team to increase the focus and specialist resource was made available for treasury activities.
Housing market sales exposure	Rooftop's new development programme includes an expansion of shared ownership sales. In addition, Rooftop will be undertaking a limited number of market sales in the future, beginning with a planned eight sales (four through RHA and four through RHL) during 2018/19. Rooftop recognises that this increases its exposure to the cycle of the housing market, especially given the uncertain political and economic climate.

	Rooftop has extensively modelled sensitivities around reduced sales receipts, and plans to have £11.5 million unallocated revolving credit facilities available to mitigate potential cash shortfalls if sales receipts fall short of expectations.
Regulatory downgrade	Rooftop's received an In Depth Assessment from the Homes & Communities Agency (the social housing regulator) in January 2016. This confirmed Rooftop's top ratings for governance and financial viability (G1/V1). The Board considers it to be a priority to retain these G1/V1 ratings in the future. In reviewing its business plan, the Board commissioned external advice from Savills to ensure its plans were in line with this.
Welfare reform – loss of income	The Welfare Reform and Work Act has had a major effect on Rooftop's income streams, particularly in RHA. Further challenges are expected through Universal Credit and caps on Local Housing Allowance. These could have a significant impact on the affordability of our properties for residents, especially more specialist supported schemes. During the year, Rooftop has restructured its housing teams into neighbourhood teams with smaller patch sizes. This will support a more proactive approach to rent payment. We have also increased the number of posts providing work and money advice from two to five. In addition, Rooftop intends to increase the volume of payments received through direct debt from 35% to 45% during the year.
New development not completed on time to cost and specification	Delays or cost overruns of development projects could have a detrimental effect on Rooftop's ability to deliver homes for the communities in which it operates. An internal scrutiny process for development advises on scheme selection using criteria such as strategic fit, and risk considerations. Operational project management mitigates cost, delay and specification risk. A range of internal reporting ensures this risk has high and frequent visibility at senior management and Board levels.
Differential inflation	Given that social rents are no longer index-linked to Consumer Price Inflation (CPI), any increase in underlying inflation has the potential to erode net income and hinder the achievement of the financial business plan. Value for money initiatives have been incorporated into the budget and business plan and these are monitored to ensure good cost control. In addition, Rooftop has a defensive plan which can be enacted in the event of unforeseen costs, such as an unexpected and sustained increase in the cost base.
Increase in variable interest rates	Rooftop has £204 million of loan funding, of which 84% is fixed. This leaves £34 million of variable loans. Rooftop has benefited from falls in LIBOR following the EU referendum, but recognises that there is a high probability of an increase in interest costs in the future. An increase of 3% would equate to a £1 million increase in our interest costs. The Board's current policy is to limit this risk by fixing at least 75% of our portfolio. When Rooftop draws its next £50 million funding, there is potential for this to have a major impact on this risk depending on what proportions of the funding are fixed and variable. We will review our risk appetite during the year, to inform decisions on how much of the new funding to fix.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

By order of the Board

Rachel Lathan
Chair
19 July 2017

Independent auditor's report to the members of Rooftop Housing Association

We have audited the financial statements of Rooftop Housing Association for the year ended 31 March 2017 which comprise the association statement of comprehensive income, the association statement of financial position, the association statement of changes in equity 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 the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. 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 member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2017 and of the association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the association; or
- a satisfactory system of control has not been maintained over transactions; or
- the association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor
Birmingham
United Kingdom
Date 24 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	**33,015**	34,526
Operating costs	2	**(17,791)**	(19,405)
Operating surplus	2	**15,224**	15,121
Surplus on disposal of property, plant and equipment	4	**431**	138
Interest receivable	8	**341**	341
Interest and financing costs	9	**(8,633)**	(8,588)
Movement in the fair value of financial instruments	24	**23**	109
Movement in the fair value of investment properties	11	**9**	4
Surplus before tax	7	**7,395**	7,125
Taxation	10	**(4)**	-
Surplus for the year		**7,391**	7,125
Total comprehensive income for the year		**7,391**	7,125

The notes on pages 24 to 42 form part of these financial statements.

Statement of Financial Position
At 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Housing properties	11	**278,317**	266,102
Investment properties	11	**700**	691
Investment in subsidiaries	12	**4,384**	4,374
		283,401	271,167
Current assets			
Properties held for sale		**1,502**	686
Debtors receivable in one year	13	**3,128**	2,785
Cash	14	**17,419**	22,605
		22,049	26,076
Creditors: Amounts falling due within one year	15	**(16,232)**	(14,497)
Net current assets		**5,817**	11,579
Total assets less current liabilities		**289,218**	282,746
Creditors: Amounts falling due after more than one year	16	**(236,997)**	(237,916)
Net assets		**52,221**	44,830
Capital and reserves			
Share capital	17	**-**	-
Revenue reserve		**52,221**	44,830
Total reserves		**52,221**	44,830

The notes on pages 24 to 42 form part of these financial statements.

The financial statements were approved by the Board on 19 July 2017 and signed on its behalf by:

Secretary	**Board Member**	**Board Member**
CEDyhes		S. Kettley

Statement of Changes in Reserves
For the year ended 31 March 2017

	Revenue reserve	Total
	£'000	**£'000**
Balance as at 1 April 2015	37,705	37,705
Surplus for the year	7,125	7,125
Balance at 31 March 2016	44,830	44,830
Surplus for the year	7,391	7,391
At 31 March 2017	**52,221**	**52,221**

The notes on pages 24 to 42 form part of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Group is a public benefit entity.

Group accounts

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited, Rooftop Support and Care Limited and Rooftop Management Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

Turnover

Turnover represents rental and service charge income, fees, grants receivable and disposal proceeds of shared ownership first tranche sales.

Proceeds from the first tranche disposals of shared ownership properties are accounted for in turnover in the Statement of Comprehensive Income in the period in which the disposal occurs. The cost of sales includes the incidental costs of executing the sale and a proportion of the overall costs of the property determined by the percentage of the property sold under the first tranche sale. The cost of sale is adjusted, where necessary, to ensure the surplus on sale is restricted to the overall surplus on the scheme.

Service charges

The Association operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

Right to buy income and sales

Surpluses and deficits arising from the disposal of properties under the Right to Buy legislation are disclosed on the face of the Statement of Comprehensive Income after the operating result and before interest. On the occurrence of a sale a relevant proportion of the proceeds are clawed back by Wychavon District Council. The surplus or deficit is calculated by comparing the net proceeds received by the Association with the carrying value of the property sold.

Shared ownership properties

Shared ownership properties under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales.

Housing Properties

Housing properties including shared ownership properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Component Accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

Land donated, or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

Social Housing Grant (SHG) and other Government Grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income using the accrual model on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Recycling of Capital Grant

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

Capitalisation of interest

Interest on the loan financing a development is capitalised from the purchase of land or property and/or the start on site up to the date of practical completion. The amount takes into account interest earned on SHG received in advance. No interest is capitalised on land purchased for future developments.

Supported housing schemes managed by agents

The Association owns a number of schemes that are run by specialist agencies. The agents carry the financial risk from operating the scheme and, therefore, the Statement of Comprehensive Income only includes the income and expenditure that relates solely to the Association. Any other income and expenditure related to the scheme is excluded from the statement of comprehensive income.

Investments

Any investment by one Group member to another is shown at historical cost.

Major and cyclical repairs and maintenance

The Association only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the statement of comprehensive income as incurred.

Provisions

The Association only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result and a reliable estimate can be made of the amount of the obligation.

Pension Costs

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year. This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

For the closed defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the RHA Statement of Financial Position and the resulting expense in the RHA Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

Leased assets

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate. There are no finance leases.

Value Added Tax (VAT)

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group.

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. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

Financial Instruments

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

Service charge sinking funds

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

Going Concern

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Bad Debt Provision

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

2. Particulars of turnover, operating costs & operating surplus

	2017			2016		
	Turnover	**Operating costs**	**Operating surplus/(deficit)**	Turnover	Operating costs	Operating surplus/(deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social housing lettings	**31,716**	**(15,734)**	**15,982**	31,330	(15,492)	15,838
Other social housing activities						
Shared ownership sales	**1,119**	**(918)**	**201**	3,061	(2,680)	381
Supporting People	**180**	**(630)**	**(450)**	135	(603)	(468)
Other	**-**	**(509)**	**(509)**	-	(630)	(630)
	1,299	**(2,057)**	**(758)**	3,196	(3,913)	(717)
Total	**33,015**	**(17,791)**	**15,224**	34,526	(19,405)	15,121

3. Particulars of income and expenditure from social housing lettings

	General needs	Supported housing and housing for older people	Other	2017 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	25,223	3,286	116	28,625
Amortised government grant	458	149	-	607
Service charge income	413	2,071	-	2,484
Turnover from social housing lettings	26,094	5,506	116	31,716
Management	2,721	397	6	3,124
Services	1,189	1,606	-	2,795
Routine maintenance	3,719	717	3	4,439
Planned maintenance	1,429	14	6	1,449
Rent losses from bad debts	91	-	-	91
Depreciation of housing properties	3,117	671	48	3,836
Operating costs on social housing lettings	12,266	3,405	63	15,734
Operating surplus on social housing lettings	13,828	2,101	53	15,982
Rent losses from voids	102	279	21	402

	General needs	Supported housing and housing for older people	Other	2016 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	25,335	2,831	119	28,285
Amortised government grant	456	148	-	604
Service charge income	452	1,989	-	2,441
Turnover from social housing lettings	26,243	4,968	119	31,330
Management	2,936	312	3	3,251
Services	1,198	1,409	2	2,609
Routine maintenance	3,299	570	1	3,870
Planned maintenance	1,651	103	-	1,754
Rent losses from bad debts	290	-	-	290
Depreciation of housing properties	3,053	665	-	3,718
Operating costs on social housing lettings	12,427	3,059	6	15,492
Operating surplus on social housing lettings	13,816	1,909	113	15,838
Rent losses from voids	89	564	12	665

4. Sale of housing accommodation

	2017 £'000	2016 £'000
Disposal of properties		
Receipts from sale of housing property	**1,005**	2,544
Book value of properties sold	**(506)**	(2,335)
Other operating costs and costs of disposal	**(68)**	(71)
Surplus on sale of properties	**431**	138

5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 1. The directors are paid by Rooftop Housing Group Limited and these details are presented in the parent company accounts.

6. Employee information

RHA does not directly employ any staff, they are all employed by the parent Rooftop Housing Group Limited. The details are provided in the parent company accounts.

7. Surplus before taxation

	2017 £'000	2016 £'000
The surplus before taxation is stated after charging :		
Depreciation	**3,836**	3,718
External auditor's remuneration (excluding value added tax)		
- in their capacity as auditor	**14**	17
- in respect of other services	**3**	1

8. Interest receivable

	2017 £'000	2016 £'000
From banks	**102**	103
From loan to another group undertaking	**239**	238
Total	**341**	341

9. Interest and financing costs

	2017 £'000	2016 £'000
Bank loans and overdrafts	**8,940**	8,763
Net interest on pension liability	**16**	13
Less: interest capitalised	**(323)**	(188)
Total	**8,633**	8,588

The rate used to calculate capitalised interest was 4.7% (2016: 4.8%) being the average rate of borrowing. Total interest payable of £8.6 million includes a charge of £2,718 in respect of adjustments of basic financial instruments to effective interest rate.

10. Taxation

	2017	2016
	£'000	£'000
Current tax:		
UK corporation tax on surplus for the year	4	-
Total current tax	4	-
Deferred tax:		
Origination and reversal of timing differences	-	-
Total deferred tax	-	-
Tax on surplus on ordinary activities	4	-

Factors affecting tax charge for the year

The tax assessed for the year is lower (2016: lower) than the standard rate of corporation tax in the UK as explained below:

	2017	2016
Surplus on ordinary activities before tax	7,395	7,125
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK (20%) (2016: 20%)	1,479	1,425
Effects of:		
Expenses not deductible for tax purposes	-	-
Charity income – not taxable	(1,475)	(1,425)
Total tax charge for the year	4	-

11. Tangible fixed assets

	Freehold Land	Housing Properties for Lettings	Shared Ownership	Investment Properties	Shared Ownership under construction	Properties under construction	Total properties
Cost or valuation	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
At 1 April 2016	873	278,719	12,784	691	222	5,043	298,332
Works to existing properties	-	2,263	-	-	-	-	2,263
Additions	1,662	694	82	-	1,287	10,735	14,460
Disposals	-	(497)	(423)	-	-	-	(920)
Transfer between categories	-	3,514	1,095	-	(596)	(4,013)	-
Revaluation	-	-	-	9	-	-	9
At 31 March 2017	**2,535**	**284,693**	**13,538**	**700**	**913**	**11,765**	**314,144**
Depreciation							
At 1 April 2016	-	31,072	467	-	-	-	31,539
Charge for year	-	3,748	88	-	-	-	3,836
Transfer between categories	-	(22)	22	-	-	-	-
Disposals	-	(227)	(21)	-	-	-	(248)
At 31 March 2017	**0**	**34,571**	**556**	**0**	**0**	**0**	**35,127**
Net book value at 31 March 2017	**2,535**	**250,122**	**12,982**	**700**	**913**	**11,765**	**279,017**
Net book value at 31 March 2016	873	247,647	12,317	691	222	5,043	266,793
Cost or valuation represented by:							
Gross cost	**2,535**	**284,693**	**13,538**	**450**	**913**	**11,765**	**313,894**
Revaluation	-	-	-	**250**	-	-	**250**
Total	**2,535**	**284,693**	**13,538**	**700**	**913**	**11,765**	**314,144**

Investment properties, which are all freehold commercial properties, were valued to fair value at 31 March 2017 based on a valuation undertaken by Savills, Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation – Professional Standards manual.

Housing properties for lettings and shared ownership properties are accounted for at historic cost but have been valued for funders' purposes as follows:

Completed housing properties were valued as at 31 March 2017 on the basis of existing use value - social housing (EUV - SH). The existing use value for social housing assesses the dwellings on the basis that they would be managed and owned by an organisation committed to the provision of rented accommodation let at an affordable rent, and that the vacant units would be re-let on similar terms rather than sold into the open market. The value of properties valued on a EUV-SH basis for funders' purposes is £337.5 million.

Total expenditure on works to existing properties:

	2017	2016
	£'000	£'000
Amounts capitalised:		
Replacement of components	**2,234**	5,492
Improvements	**29**	28
	2,263	5,520
Amounts charged to the statement of comprehensive income	**1,449**	1,754
Total	**3,712**	7,274

Gross expenditure on components was £2,234,338 and the net book value of replaced components written off was £84,981.

Savills, Chartered Surveyors, carried out the EUV - SH valuation in accordance with the RICS Valuation - Professional Standards manual and takes into account the performance standards for Registered Providers published by the Homes and Communities Agency.

The EUV - SH valuation method discounts the cash flows from rental and other income less management, maintenance and repair expenditure to their present value. The main assumptions used were:

• Discount rate	5.5% - 6.25% (real)
• Annual growth in income/expenditure	1.0% (real) long term
• Property sales	Forecasts of right-to-buy sales are based on analysis, past experience and current trends.

Shared ownership properties

Shared ownership properties both completed and under construction are proportionally split between current and fixed assets, determined by the percentage of the properties to be sold under the first tranche sales. The amount held in current assets for completed shared ownership properties is £587,662 and the amount held in current assets for shared ownership properties under construction is £913,684.

12. Fixed asset investments

	2017	2016
	£'000	£'000
Loan to other group member	4,384	4,374
Total	4,384	4,374

The loan to the other group member relates to Rooftop Homes Limited. A long term inter-company loan facility of £13 million was provided in April 2004 to enable Rooftop Homes Limited to acquire properties from Rooftop Management Limited and Rooftop Housing Association and fund a five year development programme. The initial drawdown in April 2004 was £5 million to acquire the properties from Rooftop Management Limited and Rooftop Housing Association. Part of this original loan was repaid on the disposal of the Nuneaton properties in 2007. The loan must be repaid in full at the end of 30 years (2034) and interest is charged at a commercial rate.

13. Debtors

	2017	2016
	£'000	£'000
Amounts receivable within one year		
Rents and service charges	2,012	2,352
Less: provision for doubtful debts	(452)	(693)
	1,560	1,659
Social housing grant receivable	996	453
Amounts due from other group undertakings	35	70
Amounts due from parent undertaking	262	244
Other debtors	158	207
Prepayment and accrued income	117	152
	3,128	2,785

14. Cash at bank and in-hand

There were no specific charges on RHA's cash at bank and in-hand at 31 March 2017 or 31 March 2016.

15. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Housing loan repayable within one year	3,579	4,713
Recycled capital grant fund	12	137
Government grants	4,701	1,587
Trade creditors	2,020	2,170
Right-to-buy sale proceeds due to Wychavon District Council	520	383
Accruals in respect of repairs	257	201
Amounts payable on housing development and major repairs	1,275	1,564
Interest payable	584	597
Other taxation and social security	26	22
Amount due to other group undertakings	108	60
Corporation tax	4	-
Pension scheme contractual liability (note 18)	115	110
Other accruals	3,031	2,953
Total	**16,232**	**14,497**

The decrease in the year on the recycled capital grant fund is due to the re-allocation of grant to a new development.

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

	2017 £'000	2016 £'000
Housing loans		
Repayable between one and two years	3,605	3,719
Repayable between two and five years	12,248	10,504
Repayable, otherwise than by instalments, in five years or more	168,524	170,639
Total loans repayable	184,377	184,862
Pension scheme contractual liability (note 18)	649	728
Government grants	51,971	52,326
Total	236,997	237,916

Housing loans are secured by specific charges on certain of RHA's housing properties. The interest rates are fixed between 3.9% and 6.6% or vary with market rates. As at 31 March 2017 the agreed facility is £209.1 million of which £188,940,564 (2016: £190,556,622) has been drawn down by RHA to date. The loan is due for repayment by 2040.

Deferred income – Government grants	**2017 £'000**	2016 £'000
At 1 April	**53,913**	53,180
Grants receivable net of disposals	**3,366**	1,337
Amortisation to statement of comprehensive income	**(607)**	(604)
At 31 March	**56,672**	53,913
Due within one year	**4,701**	1,587
Due after one year	**51,971**	52,326

Government grants relating to properties under construction total £4,094,688.

The original total value of grant received at 31 March 2017 is £62,613,835.

17. Share capital

	2017	2016
	£	£
Shares of £1 each issued and fully paid		
At 1 April	**16**	18
Issued during the year	**1**	1
Cancelled during the year	**(3)**	(3)
At 31 March	**14**	16

The share capital of RHA consists of shares with a nominal value of £1, each of which carries no rights to dividends, or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid by them then becomes the property of RHA. So all shareholdings relate to non-equity interests and there are no equity interests in RHA. The group does not have any reserves in equity other than the revenue reserve.

18. Defined benefit pension liability

The Group has traditionally operated two defined benefit pension schemes, contracted out of the state scheme. These were closed from April 2014. The Group also operated two money purchase defined contribution schemes and a career average revalued earnings defined benefit scheme (CARE), but from April 2014 the Group only operates one defined contribution scheme. Contributions to pension schemes are determined in accordance with actuarial advice and calculated as a percentage of pensionable salaries.

For the defined contribution scheme the amount charged to the Statement of Comprehensive Income in respect of pension costs is the contributions payable in the year which total £387,434 (2016: £393,845). This is charged to RHG and apportioned to subsidiaries via the Group Membership Agreement.

For the closed SHPS defined benefit schemes there is a contractual agreement between the scheme and the Group that determines how the deficit will be funded. This liability is recognised in the RHA Statement of Financial Position and the resulting expense in the RHA Statement of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that they relate to the deficit.

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

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

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

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

Deficit contributions

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

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

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

Present value of provision

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of provision	764	838	702

Reconciliation of opening and closing provisions

	Period Ending 31 March 2017 (£000s)	**Period Ending** 31 March 2016 (£000s)
Provision at start of period	838	702
Unwinding of the discount factor (interest expense)	16	13
Deficit contribution paid	(110)	(87)
Remeasurements - impact of any change in assumptions	20	(5)
Remeasurements - amendments to the contribution schedule	-	215
Provision at end of period	764	838

Statement of Comprehensive Income impact

	Period Ending 31 March 2017 (£000s)	**Period Ending** 31 March 2016 (£000s)
Interest expense	16	13
Remeasurements – impact of any change in assumptions	20	(5)
Remeasurements – amendments to the contribution schedule	-	215

Assumptions

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

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

19. Capital commitments

	2017	2016
	£'000	£'000
Capital expenditure contracted for in respect of development expenditure, but not provided for in the financial statements.	**39,030**	12,720
Capital expenditure authorised by the Board, but not contracted for in respect of development expenditure.	**77,872**	45,225
Total	**116,902**	57,945
RHA expects to finance the above expenditure by:		
Social Housing Grant receivable	**13,338**	7,462
Property sales proceeds	**32,541**	9,819
Use of cash surplus plus loan funding	**71,023**	40,664
Total	**116,902**	57,945

The contracted capital expenditure commitment is based on all developments currently on site. The commitment for capital expenditure authorised but not contracted for is based on all the remaining approved development schemes that are in the business plan. The loan funding available to fund the above expenditure is made up of the current cash surplus, the unused facility including the £25 million agreed with Santander in May 2017 and a further £25 million facility which is in the process of being agreed with our lenders.

20. Units

	Owned and managed	Managed by others	2017 Total	2016 Total
Under development at the end of the year				
Units for rent	**349**	**-**	**349**	88
Under management at the end of the year				
General needs housing	**4,798**	**-**	**4,798**	4,779
Supported housing and housing for older people	**680**	**111**	**791**	791
Intermediate rent	**21**	**-**	**21**	21
Leasehold properties	**109**	**-**	**109**	108
Low cost home ownership accommodation	**234**	**-**	**234**	229
Managed on behalf of another landlord	**1**	**-**	**1**	-
Units for rent	**5,843**	**111**	**5,954**	5,928
Total units social housing	**6,192**	**111**	**6,303**	6,016
Retained freeholds and estate charges	**281**	**-**	**281**	281

21. Contingent liabilities and financial commitments

As part of the transfer agreement with Wychavon District Council, RHA provided various indemnities to the Council in respect of obligations that RHA had assumed on the transfer. In the view of the Board there is little likelihood of any liability arising in respect of these indemnities, and so no provision is reflected in these financial statements. RHA has no other outstanding contingent liabilities or financial commitments.

22. Related party transactions

During the year interest of £228,600 (2016: £228,600) was paid by another Group member, Rooftop Homes Limited (RHL). A management fee of £5,705,227 (2016: £5,652,674) was charged by the immediate parent undertaking, Rooftop Housing Group Limited. Property charges of £86,892 (2016: £129,164) were paid by another group member, Rooftop Support & Care Limited (RS&C).

Transactions with tenant Board Members are at arms length on normal commercial terms and they cannot use their position to their advantage. Rent charged to Board Members in the year was £16,164 (2016: £16,283) and the arrears at 31 March 2017 were £0 (2016:£116).

In August 2012 RHA became the sole corporate trustee of the Walker Hospital Trust. The Walker Hospital Trust is a charity which owns three properties and is a member of the National Association of Almshouses.

From October 2013 RHA became a shareholder in Fortis Property Care Limited which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHA during the year was £5,911,600 (2016: £7,369,933) and the balance owing at 31 March 2017 was £0 (2016: £0). As a result of this arrangement the Finance Director of RHA is a Director of Fortis Property Care Limited.

23. Legislative provisions

Rooftop Housing Association Limited is a wholly owned subsidiary of Rooftop Housing Group Limited. Rooftop Housing Group Limited is a Registered Society registered in England. RHA is incorporated under the Co-operative and Community Benefit Societies Act 2014, and is registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

24. Financial instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2017	2016
	£'000	£'000
Financial assets		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 13)	**2,714**	2,319
Cash	**17,419**	22,605
Amounts due from related undertakings (see note 13)	**297**	314
	20,430	25,238
Financial liabilities		
Measured at fair value through surplus or deficit:		
Loans payable (see note 15,16)	**18,012**	18,035
Measured at amortised cost:		
Loans payable (see note 15,16)	**169,944**	171,540
Measured at undiscounted amount payable:		
Trade and other creditors (see note 15,16)	**4,621**	5,114
Amounts owed to related undertakings (see note 15,16)	**108**	60
	192,685	194,749

The income, gains and losses in respect of financial instruments are summarised below:

Interest expense		
Total interest expense for housing loans at amortised cost	**8,039**	7,865
Fair value gains and (losses)		
On housing loans measured at fair value through Statement of Comprehensive Income	**23**	109

Loans with Lenders Options are classified as non-basic financial instruments and total £18,012,000 (2016: £18,035,000). They are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

25. Post Balance Sheet Events

On the 31 May 2017 RHA secured a £25 million funding facility with Santander to be used for future development.

Biographies of Board Members

Rachel Lathan (Tenant and Chair of RHA)

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and has risen rapidly to the position of RHA Chair. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Martin Holland, FCIH (Vice Chair of RHA and Chair of RHL)

Martin has worked in the housing sector for over 40 years and has experience in local authorities and the private sector, as well as housing associations. Martin retired from his role as Chief Executive at Shropshire Housing Group in 2013, where he had worked since the early nineties. He served as Regional Chair of the National Housing Federation (NHF) between 2003 and 2006, and in 2015 was elected to the Regional Committee of the NHF. Martin was appointed to the Board of the Rural Housing Advisory Group in 2011, advising the Homes and Communities Agency and Department for Communities and Local Government on rural housing issues.

Hilary Hobart (Vice Chair of RHL)

Hilary trained as an accountant in a firm of Chartered Accountants in Liverpool, which specialised in auditing organisations in regulated sectors. She gained a passion for housing and subsequently left the partnership to hold various finance posts and ultimately the post of Finance Director within the Liver Housing Group (now part of the Your Housing Group). In 1999 she moved to the Midlands to become the Finance Director & Company Secretary of the Accord Housing Group. She left the sector to be part of a management buy out of an IT infrastructure company and also became a voluntary Board Member of Ashram Housing Association for a period of two years. After a successful exit from her company and a four year career break to look after her twin boys, Hilary became a self-employed Finance Director for innovative start-up companies funded by venture capital investments.

Ceri Jones (Chair of RS&C)

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council.

Paul Kellard (Tenant)

Paul, born in Chester, has a career background in the Armed Forces and the Ministry of Defence. He currently works in Health and Social Care as a Residential Care Manager in a residential nursing home. He has been a Rooftop tenant for more than 20 years and, in recent years, he has been involved with the Rooftop Customer Panel and Resident Excellence Panel. Paul successfully completed a governance training course accredited through Derby University. Paul volunteers with the Alzheimer's Society as a fund raiser and Dementia Friends Champion. He has also undertaken training, as a Rooftop volunteer, to become a Dementia Friends Champion. He believes passionately in providing excellent housing to create strong communities, especially to an ageing population.

Sheila Kettley (Tenant and Vice Chair of RS&C)

Sheila, born in North London, has had a career background in banking, stockbroking, architecture and surveying. Her most recent position was as a Credit Control Manager. She and her husband were also publicans, based in various parts of the country, their last public house being in Eckington, Worcestershire. Sheila has been a Rooftop tenant for over 10 years and has been involved with the Rooftop Customer Panel since 2008. Sheila chairs the Community Fund Group and the Communications Panel, sub-groups of the Customer Panel, and serves on the Complaints Review Panel. As a Rooftop volunteer, she sits on the judging panel of the annual Rooftop Garden Competition for residents and has recently undertaken training to become a Dementia Friends Champion. Sheila successfully completed a Governance Training course accredited through Derby University. She has been a member of the Audit Committee since 2011.

Emma Wilson (Co-optee)

Emma is a registered nurse with experience of working as a senior manager in both primary and secondary care in London and Worcestershire, with accountability for the provision and delivery of nursing services. She now works as an advanced nurse practitioner in primary care, in addition to studying for an MSc in Advancing Practice at University of Worcester. After a move back home to Pershore from London with her two young children in 1997, she was aware of the need for good, affordable social housing and feels fortunate to have previously been a tenant of RHA for five years.

Rooftop Homes Limited

Annual Report and Financial Statements

2016/17

Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Martin Holland (Chair) - Hilary Hobart (Vice Chair) - Paul Kellard - Sheila Kettley - Rachel Lathan - Robin Richmond (left 21 September 2016) - Ceri Jones (started 21 September 2016) - Emma Wilson (co-optee)
Executive officers	- Ian Hughes, Group Chief Executive (left 31 January 2017) - Boris Worrall, Group Chief Executive (started 1 February 2017) - Caroline Dykes, Finance Director and Secretary (from 1 June 2017) - Sheila Morris, Secretary and HR Director (left 31 May 2017) - Ann Lindon, (from 1 June 2017) - David Hannon, Development Director - Juliana Crowe, Housing and Communities Director
External auditor	BDO LLP (appointed 25 January 2017) 2 Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
Other legal advisors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ

Lenders	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW Lloyds Banking Group 25 Gresham Street London EC2V 7HN Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA
Funding advisors	Capita Asset Services 64 Gresham Street London EC2V 7NQ
Insurance brokers	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
Taxation advisors	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
Valuers	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB
Performance analysis	HouseMark Ltd 8 Riley Court Millburn Hill Road University of Warwick Science Park Coventry CV4 7JJ

Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2017.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. Rooftop Homes Limited is a subsidiary of Rooftop Housing Group Limited.

Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Homes and Communities Agency (HCA) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the HCA in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is an asset holding non-charitable Registered Society (29660R) registered with the HCA (LH4405). It provides housing that falls within the definition of social housing including keyworker and registered care activities. It also owns and operates market rented stock, residential garages and garage courts.

Rooftop Support & Care Limited (RS&C) is a charitable Registered Society (25211R) and manages supported accommodation for young homeless adults, as well as providing support to older RHA residents.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

Principal activities

The principal activities of RHL are :

- housing accommodation for keyworkers
- housing accommodation for market rent

Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group Board has delegated initial responsibility for audit and assurance functions to an Audit Committee, which comprises Board Members from across the Group. The members of the Audit Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit Committee during 2016/17 included:

- Risks were reviewed by risk owners on a quarterly basis and then the assessments were presented to the Executive and Leadership Teams for further scrutiny of the most significant risks. The Audit Committee received the summary report and sought assurance during their review that the controls in place support the residual risk assessments presented

- A full tender process took place prior to the recommendation to the Group Board to appoint the external auditor
- Reviewed the accounting policy for 2016/17
- Audit Committee received eight assurance reviews from internal audit:
  - Strategic controls - assets and liabilities register, data protection and information security, development, disaster recovery and back up recovery, HR management - operational, procurement and support and care.
  - Financial controls - transaction monitoring (data mining).

  The overall assessment of the work undertaken by the internal auditors was substantial assurance.
- Additional audit work was approved by the Audit Committee in relation to:
  - Internal auditors: Assets and liabilities desktop review, regulatory returns, repairs resident satisfaction review and financial regulations and thresholds review.
  - External auditors: covenant compliance confirmation letters to funders, right to buy statement and service charge statements.
- The plan for Residence Excellence Panel (REP) reviews was approved and REP reports have been presented to the Audit Committee.

The Audit Committee also reviewed the following to gain assurance on the effectiveness of controls within Rooftop:

- statutory accounts for the year ended 31 March 2017
- audit strategic plan for 2017/18 to 2019/20 and the annual plan for 2017/18
- final accounts timetable including external auditor's engagement letter
- 2017/18 budget process
- external audit plan for 2017
- insurance renewals and claims history
- 2016 Sector Risk Profile published by the Homes and Communities Agency and a risk mapping exercise to demonstrate that all relevant risk were captured by Rooftop
- a mapping exercise comparing the internal audit programme to Rooftop's inherent risks, in order to demonstrate that internal audits were focussed on the high risk areas of the business
- results of ICT annual penetration testing
- fraud and gifts and hospitality registers.

In addition to the specific work of the Audit Committee, the Board have taken assurance from the following:

- Rooftop is a member of the HouseMark benchmarking group. This provides valuable information on the efficiency and effectiveness of Rooftop at achieving its objectives, both compared to other similar organisations and compared to Rooftop's historic performance. This information has been used to inform the Value for Money self assessment.
- Quarterly performance pack which includes monitoring reports, performance against goals and projects and key performance indicators.
- A robust Business Plan based on clear assumptions and sensitivity-tested to ensure Rooftop understands the effects of any potential changes in its environment.
- Resident involvement impact assessment by an external consultant every two years.
- All policies and strategies are approved by the Board, Audit Committee or Executive Team.
- Rooftop was recognised as one of the Best 100 Not-for-Profit organisations to work for the third year running.
- The Homes and Communities Agency (HCA) carried out an In Depth Assessment (IDA) of Rooftop in January 2016. Rooftop continues to have the highest possible ratings for both Governance and Financial Viability from the HCA.

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

Governance and Financial Viability standard

The Board considers it a priority to maintain the G1 and V1 ratings from the HCA under the Governance and Financial Viability Standard. These were formally assessed by the HCA through the In Depth Assessment process in January 2016.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 8/9 March 2017 reviewed Rooftop's vision and outcomes for tenants and potential tenants.
- Board appraisal system reviewed and changes made to include face to face appraisals for all Board Members, including a skills review.
- Audit Committee Terms of reference reviewed and presented to boards for approval in May 2017.
- A new role of Risk Manager was introduced during the year to further strengthen risk and compliance.
- In May 2017 RHA obtained £25 million of new funding to meet Rooftop's longer term development ambitions and is in the process of obtaining a further £25 million.
- A new Treasury team has been created including a Treasury Manager to help ensure Rooftop can maintain monitoring and reporting with an increased number of funders.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline. An internal audit was conducted following a data issue in the June 2016 return and the relevant recommendations have been implemented.

Code of governance

The Board has formally adopted the National Housing Federation's Code of Governance, and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is compliant.

Value for Money self assessment

Rooftop believes in profit for a purpose – generating surpluses in order to invest them back into the local community by building new homes, improving existing homes and supporting community initiatives.

We need to make sure that every penny counts – focussing not just on how much we spend, but how and where we spend it – to have the best impact on achieving our mission.

Our approach

We use a wide ranging basket of Value for Money indicators to assess our performance. They are designed to show a wider picture of what we are doing, rather than just focussing on 'traditional' landlord housing management. We've divided these targets into three groups:

- **Return on assets**

  This measures the big, headline information about the impact Rooftop is making through its assets. We want these targets to show how well we are using our assets to:

  - provide great services which meet our residents' needs
  - deliver new homes to help solve the wider housing crisis
  - reduce our impact on the environment
  - generate a financial return, which can then be reinvested in the other priorities above.

These areas are crucial to us and we really want to make a difference through using our assets well.

- **Cost of specific services**

  This is about how we compare to other similar landlords in terms of costs. The areas we are reporting on cover all of our major frontline landlord services, plus our spending on overheads (back office areas such as Human Resources, Finance and Information Technology).

- **Service outcomes / social return**

  Value for Money is more than just how cheap things are. That's why we've set out targets to measure how good the services we provide actually are.

Comparison with others – HouseMark

To help us compare the cost and effectiveness of our services, we are members of HouseMark benchmarking. This allows us to compare our own performance over time, and also to compare ourselves to other similar organisations – Local Authority stock transfer organisations (LSVTs) in the Central region with 2,500-7,500 homes.

The vast majority of our targets are calculated using HouseMark. Three of our targets are internal calculations only and are not comparable with others. We have reflected on this and decided to phase out these three targets in future years to improve the transparency of our self assessment.

We have also added operating margin as a new indicator, which is a standard business indicator and easily compared to others.

Our performance

The results of our VFM indicators for 2016/17 and our targets for 2017/18 are shown below:

	2014/15 **results**	2015/16 **results**	2016/17 **results**	2016/17 **targets**	Did we beat our target?	Are we improving?	How we compare	2017/18 **targets**
Return on assets								
Overall satisfaction with services	88.6%	83.8%	92.1%	85.0%	👍	👍	🏠🏠🏠🏠	90.0%
New homes built (as percentage of current stock)	5.0%	1.2%	0.7%	1.3%	👎	👎	🏠	1.6%
Financial return from new development (IRR)	8.2%	7.8%	8.4%	7.0%	👍	👍	N/A	N/A
Average energy efficiency rating of our homes (SAP)	69.2	71.3	71.5	71.5	👍	👍	🏠🏠🏠	71.7
Cash operating margin	54.2%	56.1%	56.2%	52.1%	👍	👍	N/A	N/A
Operating margin	44.2%	42.7%	44.7%	N/A	N/A	👍	🏠🏠🏠🏠	40.2%
Cost of specific services								
Housing management (cost per home)	£203	£210	£187	£208	👍	👍	🏠🏠🏠🏠	£205
Major works and cyclical maintenance (cost per home)	£808	£1,453	£796	£1,034	👍	👍	🏠🏠🏠🏠	£977
Responsive repairs and void works (cost per home)	£495	£455	£533	£523	👎	👎	🏠🏠🏠🏠	£542
Estate services (cost per home)	£75	£90	£102	£98	👎	👎	🏠🏠🏠	£113
Overhead costs as a percentage of turnover	9.6%	9.7%	10.3%	10.1%	👎	👎	🏠🏠🏠	11.6%
Service outcomes / Social return								
Percentage of rent collected	99.5%	98.7%	99.6%	99.7%	👎	👍	🏠🏠🏠	99.8%
Average time to re-let empty social homes (days)	12.7	14.6	14.3	14.5	👍	👍	🏠🏠🏠🏠	14.0
Satisfaction with repairs and maintenance	81.6%	73.1%	86.1%	83.6%	👍	👍	🏠🏠🏠	87.0%
Satisfaction with new homes	87.8%	95.2%	95.0%	97.0%	👎	👎	🏠🏠	97.0%
Number of Independent Living Assessments	NA	1,383	1,324	400	👍	👎	N/A	N/A

🏠🏠🏠🏠 Very good - Top 25%
🏠🏠🏠 Better than average
🏠🏠 Worse than average
🏠 Poor – bottom 25%

Return on assets

We are pleased with the strong performance in overall satisfaction with our services. The significant increase during the year is expected to place us in the upper quartile, and shows the impact of the action plan we set out in last year's VFM self assessment. The improvement plan included some systems and technological improvements, but was also based on reconnecting residents with their neighbourhood officers by creating new generic posts with smaller patch sizes from July 2016.

Rooftop is pleased about how much we develop, relative to our size. Our number of completions for the year was relatively low at 43, and was below our target. This is because of the cyclical nature of our development programme and because some of our completion dates have been pushed back. Next year we expect to complete 112 new homes which we expect to be above average performance, and then complete over 300 homes in 2018/19.

To make our new homes programme less cyclical, we have engaged in a strategic land banking programme supported by specialist staff. We expect this to shorten the length of time from inception to start on site, and enable us to deliver a smoother annual volume of homes. To date we have secured sites which could deliver 250 homes.

Our financial return on new development continues to outperform the targets set in our financial appraisals.

Sustainability is an important goal for Rooftop, as we seek to reduce fuel bills for residents and cut carbon emissions. We intend to strengthen and better embed our approach during the next year. We continue to improve our homes, and our performance is better than the average for our peers. During 2017-18 we will seek to define a Living Homes Standard as a target minimum for all our stock, and will assess the financial investment needed to tackle our 400 least energy efficient homes (energy bands E, F and G). This will enable us to make more robust asset management decisions, which will include the option of disposing of stock where it is not economic to make the necessary improvements to meet our minimum standards.

Our cash operating margin continues to improve. However, we have come to the conclusion that this internal measure is of limited use. For future self assessments, we will instead report on the more traditional operating margin measure, which will be more transparent as it can be more easily compared to others. Past results for both measures are included in the table above.

Cost of specific services

Once again, the results for the cost of our main services are outstanding. In 2015-16, we were better than average on all five measures and in the top 25% for repairs and overheads. This year our results suggest that we will be upper quartile for three out of the five measures. Coupled with the rise in our overall satisfaction, this is a powerful statement of the good value for money Rooftop has provided to residents.

Service outcomes / social return

Within our housing team structure we have an Options team who are part of the innovative new service we created to support our residents following the end of Worcestershire County Council's Supporting People funding. We intended the service to be funded through service charges, but after negotiation with housing benefit providers we have not collected the majority of that income. This uncollected income has affected our percentage of rent collected (99.6%), resulting in lower than average performance compared to our peers. If we excluded this specific issue, our performance would be better than average.

Once again, our Options team significantly outperformed their target. 1,324 assessments were carried out which is more than we originally intended to do over three years. These assessments will enable us to target services more effectively, informing the review of our strategy for supported housing which will take place next year.

New homes are important to us, and we broadly maintained the significant increase in satisfaction we achieved last year. With the low number of completions, this survey had a very low sample size and the 5% dissatisfaction relates to a single customer response.

As with our overall satisfaction, satisfaction with repairs has risen significantly over the year. We have achieved this by being proactive with customer service requests and carrying out a Resident Excellence Panel (REP) review of the Cost Sharing Vehicle will improve the service our residents receive. Our Head of Asset Management has also worked jointly for Rooftop and Fortis Property Care to enable improvements to the overall service. From April 2017, we have introduced mobile working in the Cost Sharing Vehicle, which should positively impact on both satisfaction and cost efficiency.

Optimising future returns on assets

In 2013/14, we commissioned Savills to review the performance of our property assets. Savills told us that:

"The overall performance of Rooftop's properties is good. Financial returns are roughly double those of other providers in the region" – Savills

We have repeated that exercise this year and are currently reviewing the results.

Savills broke our properties down into the following groups:

Financial return (Net Present Value (NPV) of cashflows per unit over 35 years)	Description	Rooftop average NPV per unit in this group	Percentage of stock
Greater than £30,000	Good	£59,702	98.1%
Between £1 and £30,000	Marginal	£19,323	1.9%
Below £0	Negative	N/A	0%

The marginal 1.9% group of properties includes our keyworker scheme at Worcestershire Royal Hospital. Over the last two years we have carried out a full review of our non-core housing properties to consider whether any action is needed to maximise return on our assets. The review has concluded that our non-core assets are performing well and changes in the health sector have helped to improve performance at our keyworker schemes.

We had previously hoped that the government's voluntary right to buy scheme would create a major opportunity for us to review our assets, raising £33 million through property sales by March 2020. Following the postponement of the scheme, we have removed these assumptions from our business plan. However, we will still consider targeted asset sales and by December will develop a strategic asset disposal programme aligned to our environmental and development strategies. For example, in May 17 our Board approved disposal of a 200-year old listed property in Pershore which was uneconomic to repair and had an unacceptably low SAP environmental rating.

Plans for 2017/18

We have now delivered the necessary savings in our financial business plan to respond to the Welfare Reform and Work Act 2016, which has forced us to cut our rents by 1% a year for four years, starting from April 2016.

The major focus for 2017-18 will be our new housing management system. During 2016-17 we conducted a detailed and rigorous tender process to determine a new system to replace the legacy Capita Academy system. This new IT solution from Aareon is intended to underpin and enable a major review of how we carry out our businesses, supporting residents to self serve, improving the quality of our data and streamlining our internal processes.

In the short term, this will increase our costs. In particular, we expect overhead costs to rise and operating margin to drop, and this is reflected in our targets for 2017-18. The costs are not just the new IT system itself,

but also staff and consultancy costs to make sure the system is implemented successfully and that new processes are well designed.

Longer term we expect the transformation to have a significant positive impact on our value for money indicators. We expect that changes to the way we work will allow us to increase our number of homes through our development programme without any increase in staffing, which will improve all of our service cost indicators. This project is not just about cost though – by helping us to deliver a more flexible, modern, online service, we hope that the project will lead to sustained increases in residents' satisfaction with the services we provide. Finally, if we can make sustained savings in our average cost per unit, we can ultimately recycle that saving back into building more new homes.

Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

The Board Members of RHG, RHA, RHL and RS&C are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

Board member's responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the group and association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the group and association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the group and association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

Employees

Within the Group structure all staff are employed by RHG, the Group parent. RHG is committed to promoting equality of opportunity in its employment practices. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: formal consultation with the employee forum, departmental meetings and a company wide briefing session.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. They have prepared health and safety policies and ensured all staff have undergone a programme of training on health and safety matters and have established a Safety Committee.

Insurance

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 13 September 2017.

External auditor

We retendered audit services during 2016/17 following expiry of the previous ten year contract. BDO LLP were appointed, replacing Mazars LLP.

By order of the Board

Martin Holland
Chair
19 July 2017

Strategic report

Why we exist

Our mission is to improve the quality of life of people and the communities in which they live. This report sets out what we will do in 2017-18 to achieve this.

What we do

Today Rooftop's role in providing new homes, investing in communities, providing services to our 20,000 customers and supporting local people is more important than ever before.

With our roots in Wychavon, we now provide some 6,500 homes in South Worcestershire and into Gloucestershire. We deliver a wide range of affordable homes for rent and low cost home ownership and seek to regenerate communities to enhance the environment and the local area. We also seek to help those in society who need support by providing specialist homes and a range of local services. All of our homes meet or exceed the Government's Decent Homes Standard.

In 2017/18 we will:

- achieve at least 90% customer satisfaction with our services and repairs satisfaction of at least 87%.
- deliver 112 new homes for people to rent, own and part-own.
- invest £500,000 in our communities
- help at least 100 older people to live independently, support 200 young people, ensure 40 Gypsy and Traveller families live in stability and support at least 10 families suffering domestic abuse
- help 150 people with work advice (25% into work) and provide 300 people with financial advice
- invest £8m in the homes we manage and assess the investment needed to tackle our 400 least energy efficient homes (Energy Bands E, F and G) as we seek to reduce fuel bills for residents and cut carbon emissions.

How we work

We are a modern, dynamic and flexible social business, aiming to deliver superb value for money and incredible impact. We are proud of what we do – but we always strive to do better.

We collaborate and connect with customers, communities and partners to make great things happen. Residents play a key role in shaping our services, as well as informing our business strategy as Board Members.

In a rapidly changing world, we always seek to maximise opportunities, meet challenges and collaborate with partners and the people and communities where we work to achieve our common goals.

We are committed to delivering Value for Money, and this drive for efficiency is reflected in our core focus on projects and key performance indicators. Our new Aareon Housing Management System will enable us to further drive efficiency through better business systems.

We generate the surpluses that we need to build new homes and invest in communities and services. We call this 'Profit for a Purpose' – because we believe in what we do, we want to do as much as we can.

We are a dementia-friendly organisation and embrace equality and diversity. We value and invest in our people and are proud to be a Times Top 100 'not for profit company'. Our talented staff team love working for us – and for local people.

What we will deliver

In 2013 we set a 10-year plan to 2023. This guides everything that we do. In 2017-18 we will deliver the following 15 projects against our five long-term objectives:

Objective 1 – Excellent services We will develop, deliver and sustain excellent services to all our customers
• Clarify, simplify and communicate our customer service offer • Introduce a Digital Services programme • Implement new telephone systems to help support our services

Objective 2 – Community needs We will create cohesive and inclusive communities by providing new homes, investing in existing homes and through work in the community
• Deliver our Black Dog Way regeneration scheme (Autumn 2018) • Deliver our Spitfire, Broadway Extra Care scheme for older people (mid 2018) • Assemble a rolling land bank to accommodate 130 homes

Objective 3 – Resources & Value for Money We will make best use of our financial, property assets, ICT and human resources
• Secure £50 million of funding to enable us to deliver circa 400 new homes • Develop a new Pay and Reward Strategy for our people • Develop a Data Strategy for Rooftop Housing Group

Objective 4 – Encouraging innovation We will strive for continuous improvement
• Implement the first phase of the new Housing Management System • Deliver proposals to improve home cost and quality using offsite construction • Deliver an Office Strategy to drive agile and flexible working

Objective 5 – Sustainability We will help to tackle fuel poverty and climate change
• Develop a Rooftop 'Living Homes Standard' for new and existing homes • Develop a neighbourhood living environment proposal and secure funding • Scope implementation of ISO14001 Environmental Management Standard

Understanding our environment

The world is changing around us. We need an estimated 250,000 new homes a year in England. We welcome the Government's Housing White Paper which provided renewed support for homes for rent, as well as Shared Ownership and outright sale. We are committed to building as many affordable homes as we can and will expand our market sale programme to fund our development of rented homes.

As Universal Credit begins in our area from late 2017, we have plans in place to talk to our customers to ensure they understand what it means for them and support them in responding so that their rent is paid. There are wider challenges for our customers as Welfare Reform continues to roll-out, and we will focus much of our community investment on helping people into work.

Demand for health and social care services continues to rise against a backdrop of funding constraints. We will revise our approach to meet as much need as we can through partnerships in Worcestershire and Gloucestershire, and continue to invest in well-being and tackling loneliness and isolation. We are committed to providing homes and support for older people, as well as specialist services for young people and those with learning disabilities. We will expand our support for those suffering domestic abuse.

We will also strengthen our approach to Performance Management to ensure people are clear about what they need to do – and can measure their progress. In a changing world facing the particular uncertainty of Brexit, managing risk is more important than ever and we have implemented a new approach to ensure success in 2017-18.

Key partners

The Group works with several key partners who have a stake in the success of our business, as we do in theirs:

- Wychavon District Council is our main local authority partner in Worcestershire
- In Worcester the Group works with officers at city and county levels
- In Gloucestershire the Group is working with councils in Gloucester, Cheltenham and Tewkesbury
- ExtraCare Charitable Trust
- Matrix Housing Partnership
- NHS Trusts in Worcester, Shrewsbury and Weston-super-Mare
- Homes and Communities Agency
- Fortis Living Group

Key activities

The principal activity of the Group is to provide housing accommodation at affordable rents for people in housing need. Rooftop Housing Group Limited is the parent company of the Group and the legal nature of each entity in the Group is disclosed in the Report of the Board. Rooftop Housing Association Limited provides an inter-company loan to Rooftop Homes Limited as disclosed in note 12 of the financial statements of Rooftop Housing Association Limited.

This core social housing lettings activity represents 94% of Rooftop's turnover (2016: 88%). The next most significant elements of the business are shared ownership sales (3% of turnover; 2016: 8%) and supporting people (2% of turnover; 2016: 3%). Other activities are negligible.

Financial performance

Rooftop Housing Group Limited

The overall financial performance for the year has been excellent with the Group generating a surplus for the year before taxation of £8.1 million. This is an improvement on the previous year (£7.7 million) and a tremendous achievement in the current difficult economic and financial climate.

RHA, the Group's core social housing provider, remains the main contributor to the overall group surplus.

As an individual entity, RHG operates on the principle of cost recovery from its subsidiaries. It generates relatively modest surpluses to cover its tax liabilities and provide some working capital.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus of £7.4 million (2016: £7.1 million).

This was a significant outperformance of RHA's budgeted surplus of £6.0 million. An important contributor to this was the bad debt charge, which is £0.5 million less than budgeted. RHA continues to assume there could be significant bad debts due to welfare reform and the impact on affordability for residents, but this impact has not yet materialised. In addition, RHA has now collected a significant volume of service charges which were being disputed with the local housing benefit providers, and which the budget had conservatively assumed would be uncollectible.

RHA's turnover from social housing lettings, its core income stream, rose £0.4 million (1.2%). The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, some exempt properties, and conversion of some void properties to higher affordable rents in line with RHA's development contract with the Homes & Communities Agency.

In August 2015, RHA drew down the final £15 million tranche of its agreed funding from Legal & General in line with the contractual terms of the funding. This has led to significant cash balances being held throughout the year. RHA's £17.4 million cash balances at 31 March 2017 are expected to be sufficient to fund RHA's planned capital development programme for 2017-18 and beyond.

RHA is currently in the process of arranging a further £50 million revolving credit facility to enable future development; it is expected that this will first be needed in February 2019. The first £25 million with Santander was completed in May 2017 and we will now begin the process of providing security in order to draw the funding.

This will support a major further new homes programme. Overall RHA expects to complete 757 units over the period from April 2017 to March 2022. The majority of these (502) will be homes for below market rent, but the planned programme also includes open market (45) and shared ownership sales (202), as well as seven gypsy and traveller pitches and one commercial unit as part of a larger scheme in Gloucester. This represents a managed expansion of RHA's exposure to the cyclical risks of the English housing market.

Rooftop Homes Limited

RHL, the Group's provider of keyworker accommodation, residential care, market and intermediate rent and garages, has generated a surplus before tax of £0.7 million, an increase on the previous year (£0.6 million). The main reason for the increase is a £134,000 accounting gain on the valuation of RHL's investment properties.

RHL's operations have been stable and there has been no change to its property portfolio.

During 2017-18 RHL will begin construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. The expected profits from the sales will create additional capacity within RHL. More importantly, the development is intended as a managed way of testing and developing Rooftop's skills in developing open market sales units, which are likely to become an important source of cross-subsidy in the future.

Rooftop Support and Care Limited

RS&C, the Group's specialist support provider for young and older people services, has made a deficit for the year of £62,000. This has been a challenging year for RS&C, with the value of funding from Gloucestershire County Council reducing by two thirds during the year. This is the main contributor to the decline in RS&C's turnover from £2.2 million to £1.7 million.

This follows the end of funding for older people's services from Worcestershire County Council in 2015.

RS&C is now increasingly dependent on the intra-group older people's service contracts with RHA, which represent 30% of RS&C's turnover and run until March 2018. The Group will be reviewing its strategy for supported housing, and the role of RS&C within the Group, during 2017-18.

RS&C approaches these challenges with a strong balance sheet, with £0.6 million available cash.

Principal risks and uncertainties faced

Rooftop have a robust risk management process, fully integrated with our business planning process. This allows the Group to effectively manage the risks associated with new developments and changes in our environment, and focus on the risks and choices we face.

Our existing risk management process has been externally endorsed by our internal auditors and by the In Depth Assessment by the Homes & Communities Agency. However, we consider that the changes in the sector and the economic climate require continuous development of our approach to risk, assurance and compliance. During 2016-17 we created a specialist, high level risk function within Rooftop for the first time, to further develop our process and support leaders and managers. During 2017-18, we intend to strengthen this resource even further.

During the year Rooftop has completed a full review of its risks, improving how risks are assessed and quantified. The principal risks now facing Rooftop, as outlined in the risk map, are:

Risk	Description
Ability to access new debt	Rooftop has significant immediate treasury needs so that funding can be in place to support its ambitious development programme, with drawdowns expected in February 2019. This risk is impacted by the general economic uncertainty created by Brexit. RHA is currently in the process of arranging £50 million new revolving credit facilities. Finalising these facilities and then providing adequate property security is a major priority for the year ahead. The first £25 million funding agreement was signed with Santander in May 2017. In addition, RHL has a current revolving facility which will expire in 2020. Work to consider the refinancing of this will begin during 2017-18. During 2016-17 Rooftop restructured its finance team to increase the focus and specialist resource was made available for treasury activities.
Housing market sales exposure	Rooftop's new development programme includes an expansion of shared ownership sales. In addition, Rooftop will be undertaking a limited number of market sales in the future, beginning with a planned eight sales (four through RHA and four through RHL) during 2018/19. Rooftop recognises that this increases its exposure to the cycle of the housing market, especially given the uncertain political and economic climate.

	Rooftop has extensively modelled sensitivities around reduced sales receipts, and plans to have £11.5 million unallocated revolving credit facilities available to mitigate potential cash shortfalls if sales receipts fall short of expectations.
Regulatory downgrade	Rooftop's received an In Depth Assessment from the Homes & Communities Agency (the social housing regulator) in January 2016. This confirmed Rooftop's top ratings for governance and financial viability (G1/V1). The Board considers it to be a priority to retain these G1/V1 ratings in the future. In reviewing its business plan, the Board commissioned external advice from Savills to ensure its plans were in line with this.
Welfare reform – loss of income	The Welfare Reform and Work Act has had a major effect on Rooftop's income streams, particularly in RHA. Further challenges are expected through Universal Credit and caps on Local Housing Allowance. These could have a significant impact on the affordability of our properties for residents, especially more specialist supported schemes. During the year, Rooftop has restructured its housing teams into neighbourhood teams with smaller patch sizes. This will support a more proactive approach to rent payment. We have also increased the number of posts providing work and money advice from two to five. In addition, Rooftop intends to increase the volume of payments received through direct debt from 35% to 45% during the year.
New development not completed on time to cost and specification	Delays or cost overruns of development projects could have a detrimental effect on Rooftop's ability to deliver homes for the communities in which it operates. An internal scrutiny process for development advises on scheme selection using criteria such as strategic fit, and risk considerations. Operational project management mitigates cost, delay and specification risk. A range of internal reporting ensures this risk has high and frequent visibility at senior management and Board levels.
Differential inflation	Given that social rents are no longer index-linked to Consumer Price Inflation (CPI), any increase in underlying inflation has the potential to erode net income and hinder the achievement of the financial business plan. Value for money initiatives have been incorporated into the budget and business plan and these are monitored to ensure good cost control. In addition, Rooftop has a defensive plan which can be enacted in the event of unforeseen costs, such as an unexpected and sustained increase in the cost base.
Increase in variable interest rates	Rooftop has £204 million of loan funding, of which 84% is fixed. This leaves £34 million of variable loans. Rooftop has benefited from falls in LIBOR following the EU referendum, but recognises that there is a high probability of an increase in interest costs in the future. An increase of 3% would equate to a £1 million increase in our interest costs. The Board's current policy is to limit this risk by fixing at least 75% of our portfolio. When Rooftop draws its next £50 million funding, there is potential for this to have a major impact on this risk depending on what proportions of the funding are fixed and variable. We will review our risk appetite during the year, to inform decisions on how much of the new funding to fix.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

By order of the Board

Martin Holland
Chair
19 July 2017

Independent auditor's report to the members of Rooftop Homes Limited

We have audited the financial statements of Rooftop Homes Limited for the year ended 31 March 2017 which comprise the association statement of comprehensive income, the association statement of financial position, the association statement of changes in equity 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 the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. 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 member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2017 and of the association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the association; or
- a satisfactory system of control has not been maintained over transactions; or
- the association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor
Birmingham
United Kingdom
Date 24 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	**2017 £'000**	2016 £'000
Turnover	2	**3,127**	2,828
Operating costs	2	**(1,573)**	(1,291)
Operating surplus	2	**1,554**	1,537
Surplus on disposal of property, plant and equipment	4	**-**	-
Interest receivable	8	**1**	3
Interest and financing costs	9	**(957)**	(995)
Movement in the fair value of investment properties	11	**134**	26
Surplus before tax	7	**732**	571
Taxation	10	**(153)**	(89)
Surplus for the year		**579**	482
Total comprehensive income for the year		**579**	482

The notes on pages 24 to 36 form part of these financial statements.

Statement of Financial Position
As at 31 March 2017

	Notes	2017 £'000	2016 £'000
Fixed assets			
Housing properties	11	**19,599**	19,898
Investment properties	11	**3,017**	2,882
		22,616	22,780
Current assets			
Properties held for sale		**22**	-
Debtors receivable in one year	12	**139**	327
Cash	13	**897**	467
		1,058	794
Creditors: amounts falling due within one year	14	**(1,499)**	(1,784)
Net current liabilities		**(441)**	(990)
Total assets less current liabilities		**22,175**	21,790
Creditors: amounts falling due after more than one year	15	**(19,186)**	(19,364)
Provision for liabilities and charges	16	**(101)**	(117)
Net assets		**2,888**	2,309
Capital and reserves			
Share capital	17	**-**	-
Revenue reserve		**2,888**	2,309
Total reserves		**2,888**	2,309

The notes on pages 24 to 36 form part of these financial statements.

The financial statements were approved by the Board on 19 July 2017 and were signed on its behalf by:

Secretary	**Board Member**	**Board Member**
CEOyhos	[signature]	S. Kettley

Statement of Changes in Reserves
For the year ended 31 March 2017

	Revenue reserve	Total
	£'000	**£'000**
Balance as at 1 April 2015	1,827	1,827
Surplus for the year	482	482
Balance at 31 March 2016	2,309	2,309
Surplus for the year	579	579
Balance at 31 March 2017	**2,888**	**2,888**

The notes on pages 24 to 36 form part of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice). This includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Statement of Recommended Practice for registered social housing providers 2014 (SORP), the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. The Group is a public benefit entity.

Group accounts

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited, Rooftop Support and Care Limited and Rooftop Management Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

Turnover

Turnover represents rental and service charge income, fees and grants receivable.

Service charges

The Association operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

Housing Properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Component Accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

Land donated, or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

Capitalisation of interest

Interest on the loan financing a development is capitalised from the purchase of land or property and/or the start on site up to the date of practical completion. No interest is capitalised on land purchased for future developments.

Major and cyclical repairs and maintenance

The Group only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the statement of comprehensive income as incurred.

Provisions

The Association only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result and a reliable estimate can be made of the amount of the obligation.

Leased assets

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate. There are no finance leases.

Value Added Tax (VAT)

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group.

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. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

Deferred tax is not provided for in respect of gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over, or on revaluation gains on housing properties unless there is a binding agreement to sell them at the balance sheet date.

Financial Instruments

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

Service charge sinking funds

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

Going Concern

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Bad Debt Provision

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

2. Particulars of turnover, operating costs & operating surplus

	2017			2016		
	Turnover	**Operating costs**	**Operating surplus**	Turnover	Operating costs	Operating surplus
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social housing lettings	**2,634**	**(1,464)**	**1,170**	2,341	(1,178)	1,163
Activities other than social housing	**493**	**(109)**	**384**	487	(113)	374
Total	**3,127**	**(1,573)**	**1,554**	2,828	(1,291)	1,537

3. Particulars of income and expenditure from social housing lettings

	Keyworker	Other	2017 Total
	£'000	£'000	£'000
Rent receivable net of identifiable service charges	1,445	317	1,762
Service charge income	872	-	872
Turnover from social housing lettings	**2,317**	**317**	**2,634**
Management	157	39	196
Services	821	15	836
Routine maintenance	122	27	149
Planned maintenance	-	-	-
Rent losses from bad debts	14	2	16
Depreciation of housing properties	238	29	267
Operating costs on social housing lettings	**1,352**	**112**	**1,464**
Operating surplus on social housing lettings	**965**	**205**	**1,170**
Rent losses from voids	**138**	**25**	**163**

	Keyworker	Other	2016 Total
	£'000	£'000	£'000
Rent receivable net of identifiable service charges	1,483	312	1,795
Service charge income	546	-	546
Turnover from social housing lettings	2,029	312	2,341
Management	157	48	205
Services	493	13	506
Routine maintenance	139	22	161
Planned maintenance	29	-	29
Rent losses from bad debts	9	1	10
Depreciation of housing properties	238	29	267
Operating costs on social housing lettings	1,065	113	1,178
Operating surplus on social housing lettings	964	199	1,163
Rent losses from voids	79	25	104

4. Sale of housing accommodation

	2017 £'000	2016 £'000
Property disposals	-	
Receipts from sale of housing property	-	-
Book value of properties sold	-	-
Other operating costs and costs of disposal	-	-
Surplus on sale of property	-	-

5. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 1. The directors are paid by Rooftop Housing Group Limited and these details are presented in the parent company accounts.

6. Employee information

RHL does not directly employ any staff, they are all employed by the parent Rooftop Housing Group Limited. The details are provided in the parent company accounts.

7. Surplus before taxation

	2017 £'000	2016 £'000
The surplus before taxation is stated after charging		
Depreciation	301	301
External auditor's remuneration (excluding value added tax)		
- in their capacity as auditor	2	2

8. Interest receivable

	2017 £'000	2016 £'000
Bank interest	1	3

9. Interest and financing costs

	2017 £'000	2016 £'000
Bank loans and overdrafts	718	757
Total interest payable on loans from another group undertaking	239	238
Total	957	995

Total interest payable of £957,000 includes £10,346 in respect of adjustments of basic financial instruments to effective interest rate.

10. Taxation

	2017 £'000	2016 £'000
Current tax:		
UK corporation tax on surplus for the period	**169**	124
Adjustment in respect of previous periods	**-**	-
Total current tax	**169**	124
Deferred tax:		
Origination and reversal of timing differences	**(9)**	(20)
Adjustment in respect of prior periods	**-**	-
Effect of change in tax rate on opening liability	**(7)**	(15)
Total deferred tax	**(16)**	(35)
Tax on surplus on ordinary activities	**153**	89

Factors affecting tax charge for the period

The tax assessed for the period is higher (2016: lower) than the standard rate of corporation tax in the UK of 20% (2016 - 20%) as explained below:

Surplus on ordinary activities before tax	**732**	571
Surplus on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2016 - 20%)	**146**	114
Effects of:		
Fixed asset differences	**30**	34
Capital gains chargeable for the period	**9**	(3)
Adjust deferred tax rate to average rate	**(5)**	(12)
Income not taxable for tax purposes	**(27)**	(44)
Total tax charge for the period	**153**	89

RHL is recognised by the HM Revenue & Customs as an investment company for taxation purposes.

11. Tangible fixed assets

Cost or valuation	Housing properties for lettings £'000	Investment properties £'000	Total £'000
At 1 April 2016	22,727	2,882	25,609
Works to existing properties	2	3	5
Additions	-	-	-
Disposals	(1)	(2)	(3)
Revaluation	-	134	134
At 31 March 2017	**22,728**	**3,017**	**25,745**
Depreciation			
At 1 April 2016	2,829	-	2,829
Disposals	(1)	-	(1)
Charge for the year	301	-	301
At 31 March 2017	**3,129**	**-**	**3,129**
Net book value at 31 March 2017	**19,599**	**3,017**	**22,616**
Net book value at 31 March 2016	19,898	2,882	22,780
Cost or valuation at 31 March 2017 is represented by:			
Gross cost	22,728	1,999	24,727
Revaluation	-	1,018	1,018
Total	**22,728**	**3,017**	**25,745**

The net book value of social housing properties held on a long term lease is £2.0 million (2016: £2.0 million).

Investment properties, which are all freehold, were valued to fair value at 31 March 2017 based on a valuation undertaken by Savills, Chartered Surveyors. Housing properties for lettings are accounted for at historic cost but have been valued for funders' purposes at £30.3 million as follows:

RHL's housing stock and other assets have been valued on the basis of market value, subject to leases and tenancies (as appropriate). This assumes that in the case of the private rented stock that properties could be sold on the open market with vacant possession following termination of the assured shorthold tenancies; in the case of the keyworker properties and residential care home the capitalised net income arising from the various lease arrangements; and the garages on the basis of capitalised net income assuming continued existing use. The garages valuation also takes into account the redevelopment potential at a number of sites.

Varying assumptions such as discount rate have been used reflecting the characteristics and methodology applicable in each case.

Savills, Chartered Surveyors, carried out the valuation in accordance with the RICS Valuation – Professional Standards manual. The valuer is 'external' and the valuation is as at 31 March 2017. The total value of all housing properties including investment properties is £33.3 million (2016: £32.6 million).

Properties under construction for outright sale total £21,771 and are shown in current assets.

Gross expenditure on components was £5,261 and the net book value of replaced components written off was £2,395.

Total expenditure on works to existing properties:

	2017 £'000	2016 £'000
Amounts capitalised - replacement of components	**5**	5
	5	5
Amounts charged to statement of comprehensive income	**-**	29
Total	**5**	34

12. Debtors

	2017 £'000	2016 £'000
Amounts receivable within one year		
Rents and service charges	**143**	264
Less: provision for doubtful debts	**(50)**	(35)
	93	229
Amounts due from parent undertaking	**-**	-
Amounts due from other group undertakings	**-**	3
Prepayments and accrued income	**46**	95
Total	**139**	327

13. Cash at bank and in-hand

There were no specific charges on RHL's cash at bank and in-hand at 31 March 2017 or 31 March 2016.

14. Creditors: amounts falling due within one year

	2017 £'000	2016 £'000
Housing loan repayable within one year	**690**	675
Trade creditors	**169**	156
Interest payable	**43**	49
Corporation tax	**15**	40
Amounts due to parent undertaking	**13**	6
Amounts due to another group undertaking	**35**	70
Other accruals	**534**	788
Total	**1,499**	1,784

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

	2017 £'000	2016 £'000
Housing Loans		
Repayable between one and two years	**701**	688
Repayable between two and five years	**3,495**	2,909
Repayable, otherwise than by instalments, in five years or more	**10,606**	11,393
Loan from another group undertaking, repayable in five years or more	**4,384**	4,374
Total loans repayable	**19,186**	19,364

Housing loans are secured by specific charges on certain of RHL's housing properties. The interest rates are fixed between 4.5% and 6.4% or vary with market rates. Of the £5.5 million facility agreed with Nationwide Building Society, and £13 million facility agreed with RHA, £5,516,278 and £3,810,000 has been drawn down respectively (2016: £5,796,424 and £3,810,000). The total long term loan facility for RHL at 31 March 2017 is £29.6 million which includes a £11.1 million facility with Lloyds Bank of which £10,000,000 (2016: £9,900,000) has been drawn down and is due for repayment by 2039.

16. Provisions for liabilities and charges

	2017 £'000	2016 £'000
Deferred taxation		
At 1 April	**117**	152
Charge for the period	**(16)**	(35)
At 31 March	**101**	117
The deferred taxation provision comprises:		
Other timing differences	**26**	20
Accelerated capital allowances	**75**	97
At 31 March	**101**	117

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 102.

17. Share capital

	2017 £	2016 £
Shares of £1 each issued and fully paid		
At 1 April	**7**	6
Issued during the year	**1**	1
Cancelled during the year	**(2)**	-
At 31 March	**6**	7

The share capital of RHL consists of shares with a nominal value of £1 each, which carries no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid by them then becomes the property of RHL. Therefore, all shareholdings relate to non-equity interests and there are no equity interests in RHL. The group does not have any reserves in equity other than the revenue reserve.

18. Financial instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2017	2016
	£'000	£'000
Financial assets		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 12)	**93**	229
Cash	**897**	467
Amounts due from related undertakings (see note 12)	**-**	3
	990	699
Financial liabilities		
Measured at amortised cost:		
Loans payable (see note 14,15)	**19,876**	20,039
Measured at undiscounted amount payable:		
Trade and other creditors (see note 14)	**184**	196
Amounts owed to related undertakings (see note 14)	**48**	76
	20,108	20,311
The income, gains and losses in respect of financial instruments are summarised below:		
Interest expense		
Total interest expense for housing loans at amortised cost	**957**	995

19. Legislative Provision

RHL is incorporated under the Co-operative and Community Benefit Societies Act 2014, and is registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

20. Capital commitments

	2017	2016
	£'000	£'000
Capital expenditure authorised by the Board but not contracted for in respect of development expenditure	**729**	-
Total	**729**	-
RHL expects to finance the above expenditure by:		
Property sales proceeds	**729**	-
Total	**729**	-

The commitment for capital expenditure authorised but not contracted for is based on development schemes in the business plan.

21. Units

	Owned and managed	Managed by others	2017 Total	2016 Total
Under development at the end of the year				
Units for rent	**4**	-	**4**	-
Under management at the end of the year				
Keyworker	**224**	**119**	**343**	347
Keyworker office accommodation	**32**	-	**32**	32
Intermediate rent	**7**	-	**7**	7
Total units social housing	**263**	**119**	**382**	386
Residential care homes	-	**46**	**46**	46
Market renting	**49**	-	**49**	45
Total units non-social housing	**49**	**46**	**95**	91
Total units	**316**	**165**	**481**	477

22. Contingent liabilities and financial commitments

In the view of the Board there is little likelihood of any liability arising in respect of any indemnities and, therefore, no provision is reflected in these financial statements.

RHL has no outstanding commitment to maintenance and servicing contracts.

23. Related party transactions

During the year interest of £228,600 (2016: £228,600) was charged by another Group member, Rooftop Housing Association Limited. A management fee of £267,806 (2016: £273,663) was charged by the immediate parent undertaking, Rooftop Housing Group Limited.

Transactions with Board Members are at arms length on normal commercial terms and they cannot use their position to their advantage.

From October 2013 RHL became a shareholder in Fortis Property Care Limited which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RHL during the year was £40,106 (2016: £57,389) and the balance owing at 31 March 2017 was £0 (2016: £0). As a result of this arrangement the Finance Director of RHL is a Director of Fortis Property Care Limited.

24. Ultimate and immediate parent undertaking

Rooftop Homes Limited is a wholly owned subsidiary of Rooftop Housing Group Limited. Rooftop Housing Group Limited is a Registered Society registered in England.

Biographies of Board Members

Martin Holland, FCIH (Chair of RHL and Vice Chair of RHA)

Martin has worked in the housing sector for over 40 years and has experience in local authorities and the private sector, as well as housing associations. Martin retired from his role as Chief Executive at Shropshire Housing Group in 2013, where he had worked since the early nineties. He served as Regional Chair of the National Housing Federation (NHF) between 2003 and 2006, and in 2015 was elected to the Regional Committee of the NHF. Martin was appointed to the Board of the Rural Housing Advisory Group in 2011, advising the Homes and Communities Agency and Department for Communities and Local Government on rural housing issues.

Hilary Hobart (Vice Chair of RHL)

Hilary trained as an accountant in a firm of Chartered Accountants in Liverpool, which specialised in auditing organisations in regulated sectors. She gained a passion for housing and subsequently left the partnership to hold various finance posts and ultimately the post of Finance Director within the Liver Housing Group (now part of the Your Housing Group). In 1999 she moved to the Midlands to become the Finance Director & Company Secretary of the Accord Housing Group. She left the sector to be part of a management buy out of an IT infrastructure company and also became a voluntary Board Member of Ashram Housing Association for a period of two years. After a successful exit from her company and a four year career break to look after her twin boys, Hilary became a self-employed Finance Director for innovative start-up companies funded by venture capital investments.

Ceri Jones (Chair of RS&C)

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council.

Paul Kellard (Tenant)

Paul, born in Chester, has a career background in the Armed Forces and the Ministry of Defence. He currently works in Health and Social Care as a Residential Care Manager in a residential nursing home. He has been a Rooftop tenant for more than 20 years and, in recent years, he has been involved with the Rooftop Customer Panel and Resident Excellence Panel. Paul successfully completed a governance training course accredited through Derby University. Paul volunteers with the Alzheimer's Society as a fund raiser and Dementia Friends Champion. He has also undertaken training, as a Rooftop volunteer, to become a Dementia Friends Champion. He believes passionately in providing excellent housing to create strong communities, especially to an ageing population.

Sheila Kettley (Tenant and Vice Chair of RS&C)

Sheila, born in North London, has had a career background in banking, stockbroking, architecture and surveying. Her most recent position was as a Credit Control Manager. She and her husband were also publicans, based in various parts of the country, their last public house being in Eckington, Worcestershire. Sheila has been a Rooftop tenant for over 10 years and has been involved with the Rooftop Customer Panel since 2008. Sheila chairs the Community Fund Group and the Communications Panel, sub-groups of the Customer Panel, and serves on the Complaints Review Panel. As a Rooftop volunteer, she sits on the judging panel of the annual Rooftop Garden Competition for residents and has recently undertaken training to become a Dementia Friends Champion. Sheila successfully completed a Governance Training course accredited through Derby University. She has been a member of the Audit Committee since 2011.

Rachel Lathan (Tenant and Chair of RHA)

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and has risen rapidly to the position of RHA Chair. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Emma Wilson (Co-optee)

Emma is a registered nurse with experience of working as a senior manager in both primary and secondary care in London and Worcestershire, with accountability for the provision and delivery of nursing services. She now works as an advanced nurse practitioner in primary care, in addition to studying for an MSc in Advancing Practice at University of Worcester. After a move back home to Pershore from London with her two young children in 1997, she was aware of the need for good, affordable social housing and feels fortunate to have previously been a tenant of RHA for five years.

Rooftop Support and Care Limited

Annual Report and Financial Statements

2016/17

Contents

Board, executive and advisors

Registered office	70 High Street Evesham WR11 4YD
Board	- Ceri Jones (co-optee until 20 September 2016, Chair from 21 September 2016) - Robin Richmond (Chair until left 21 September 2016) - Sheila Kettley (Vice Chair) - Hilary Hobart - Martin Holland - Emma Wilson (co-optee) - Paul Kellard - Rachel Lathan
Executive officers	- Ian Hughes, Group Chief Executive (left 31 January 2017) - Boris Worrall, Group Chief Executive (started 1 February 2017) - Caroline Dykes, Finance Director and Secretary (from 1 June 2017) - Sheila Morris, Secretary and HR Director (left 31 May 2017) - Ann Lindon, HR Director (from 1 June 2017) - David Hannon, Development Director - Juliana Crowe, Housing and Communities Director
External auditor	BDO LLP (appointed 25 January 2017) 2 Snowhill Birmingham B4 6GA
Bankers	Barclays Bank Plc 54 High Street Worcester WR1 2QQ
Internal auditors	Beever and Struthers St George's House 215-219 Chester Road Manchester M15 4JE
Principal solicitors	Anthony Collins Solicitors LLP 134 Edmund Street Birmingham B2 2ES
Other legal advisors	Trowers & Hamlins 3 Bunhill Row London EC1Y 8YZ

Lenders	Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6NW
	Lloyds Banking Group 25 Gresham Street London EC2V 7HN
	Legal and General Assurance Society Limited One Coleman Street London EC2R 5AA
Funding advisors	Capita Asset Services 64 Gresham Street London EC2V 7NQ
Insurance brokers	Zurich Municipal Zurich House Ballsbridge Park Dublin 4 Ireland
Taxation advisors	RSM UK Tax and Accounting Temple Row Birmingham B2 5AF
Valuers	Savills Plc 19/20 City Business Centre 6 Brighton Road Horsham West Sussex RH13 5BB

Report of the Board

The Board is pleased to present the Report of the Board, the Strategic Report and the audited financial statements for the year ended 31 March 2017.

The reports and financial statements are prepared in accordance with the Co-operative and Community Benefit Societies Act 2014 and with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. Rooftop Support & Care Limited is a subsidiary of Rooftop Housing Group Limited.

Group structure

Rooftop Housing Group Limited (RHG), the Group parent, is a non-asset holding, non-charitable Registered Society (29661R), registered with the Homes and Communities Agency (HCA) (L4404), providing operational and corporate services, including treasury management, information and communication technology, and human resources for the whole Group.

Rooftop Housing Association Limited (RHA) was registered as a Registered Society in May 1993 (27786R) and obtained registration with the HCA in September 1994 (LH4050). RHA provides core social housing that meets charitable criteria.

Rooftop Homes Limited (RHL) is an asset holding non-charitable Registered Society (29660R) registered with the HCA (LH4405). It provides housing that falls within the definition of social housing including keyworker and registered care activities. It also owns and operates market rented stock, residential garages and garage courts.

Rooftop Support & Care Limited (RS&C) is a charitable Registered Society (25211R) and manages supported accommodation for young homeless adults, as well as providing support to older RHA residents.

Rooftop Management Limited (RML) is a wholly owned commercial subsidiary company (Registered in England 3569438). This company became dormant from 31 March 2005.

Principal activities

The principal activities of RS&C are:

- to provide housing accommodation at below market rents for people in housing need
- temporary housing accommodation through supported housing schemes
- provision of support services primarily to young and older people.

Internal controls

The Group Board is responsible for the overall system of internal control throughout the Group and for reviewing its effectiveness. The Group Board has delegated initial responsibility for audit and assurance functions to an Audit Committee, which comprises Board Members from across the Group. The members of the Audit Committee are chosen for their appropriate skills, while representing the composition of the Group.

The Audit Committee has responsibility for reviewing the adequacy of all risk and control related statements prior to endorsement by the relevant Boards and reviewing the effectiveness of internal control systems, including management, financial, operational and risk controls, so that the Group can be reasonably assured that appropriate and effective risk management arrangements are in place.

Work undertaken by the Audit Committee during 2016/17 included:

- Risks were reviewed by risk owners on a quarterly basis and then the assessments were presented to the Executive and Leadership Teams for further scrutiny of the most significant risks. The Audit Committee received the summary report and sought assurance during their review that the controls in place support the residual risk assessments presented

- A full tender process took place prior to the recommendation to the Group Board to appoint the external auditor
- Reviewed the accounting policy for 2016/17
- Audit Committee received eight assurance reviews from internal audit:
    - Strategic controls - assets and liabilities register, data protection and information security, development, disaster recovery and back up recovery, HR management - operational, procurement and support and care.
    - Financial controls - transaction monitoring (data mining).

  The overall assessment of the work undertaken by the internal auditors was substantial assurance.
- Additional audit work was approved by the Audit Committee in relation to:
    - Internal auditors: Assets and liabilities desktop review, regulatory returns, repairs resident satisfaction review and financial regulations and thresholds review.
    - External auditors: covenant compliance confirmation letters to funders, right to buy statement and service charge statements.
- The plan for Residence Excellence Panel (REP) reviews was approved and REP reports have been presented to the Audit Committee.

The Audit Committee also reviewed the following to gain assurance on the effectiveness of controls within Rooftop:

- statutory accounts for the year ended 31 March 2017
- audit strategic plan for 2017/18 to 2019/20 and the annual plan for 2017/18
- final accounts timetable including external auditor's engagement letter
- 2017/18 budget process
- external audit plan for 2017
- insurance renewals and claims history
- 2016 Sector Risk Profile published by the Homes and Communities Agency and a risk mapping exercise to demonstrate that all relevant risk were captured by Rooftop
- a mapping exercise comparing the internal audit programme to Rooftop's inherent risks, in order to demonstrate that internal audits were focussed on the high risk areas of the business
- results of ICT annual penetration testing
- fraud and gifts and hospitality registers.

In addition to the specific work of the Audit Committee, the Board have taken assurance from the following:

- Rooftop is a member of the HouseMark benchmarking group. This provides valuable information on the efficiency and effectiveness of Rooftop at achieving its objectives, both compared to other similar organisations and compared to Rooftop's historic performance. This information has been used to inform the Value for Money self assessment.
- Quarterly performance pack which includes monitoring reports, performance against goals and projects and key performance indicators.
- A robust Business Plan based on clear assumptions and sensitivity-tested to ensure Rooftop understands the effects of any potential changes in its environment.
- Resident involvement impact assessment by an external consultant every two years.
- All policies and strategies are approved by the Board, Audit Committee or Executive Team.
- Rooftop was recognised as one of the Best 100 Not-for-Profit organisations to work for the third year running.
- The Homes and Communities Agency (HCA) carried out an In Depth Assessment (IDA) of Rooftop in January 2016. Rooftop continues to have the highest possible ratings for both Governance and Financial Viability from the HCA.

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

Governance and Financial Viability standard

The Board considers it a priority to maintain the G1 and V1 ratings from the HCA under the Governance and Financial Viability Standard. These were formally assessed by the HCA through the In Depth Assessment process in January 2016.

The Board has conducted a detailed self assessment exercise and considers that the Group remains compliant with the standards. As part of this the Board recognised the following factors:

- Board strategy event on 8/9 March 2017 reviewed Rooftop's vision and outcomes for tenants and potential tenants.
- Board appraisal system reviewed and changes made to include face to face appraisals for all Board Members, including a skills review.
- Audit Committee Terms of reference reviewed and presented to boards for approval in May 2017.
- A new role of Risk Manager was introduced during the year to further strengthen risk and compliance.
- In May 2017 RHA obtained £25 million of new funding to meet Rooftop's longer term development ambitions and is in the process of obtaining a further £25 million.
- A new Treasury team has been created including a Treasury Manager to help ensure Rooftop can maintain monitoring and reporting with an increased number of funders.
- All regulatory returns (FVA, SDR, Quarterly Returns, FFR, Fraud) have been submitted to the regulator's deadline. An internal audit was conducted following a data issue in the June 2016 return and the relevant recommendations have been implemented.

Code of governance

The Board has formally adopted the National Housing Federation's Code of Governance, and Code of Conduct (2012). The Board has formally assessed its compliance against the Code of Governance and confirms that the organisation is compliant.

Value for Money self assessment

Rooftop believes in profit for a purpose – generating surpluses in order to invest them back into the local community by building new homes, improving existing homes and supporting community initiatives.

We need to make sure that every penny counts – focussing not just on how much we spend, but how and where we spend it – to have the best impact on achieving our mission.

Our approach

We use a wide ranging basket of Value for Money indicators to assess our performance. They are designed to show a wider picture of what we are doing, rather than just focussing on 'traditional' landlord housing management. We've divided these targets into three groups:

- **Return on assets**

  This measures the big, headline information about the impact Rooftop is making through its assets. We want these targets to show how well we are using our assets to:

  - provide great services which meet our residents' needs
  - deliver new homes to help solve the wider housing crisis
  - reduce our impact on the environment
  - generate a financial return, which can then be reinvested in the other priorities above.

  These areas are crucial to us and we really want to make a difference through using our assets well.

- **Cost of specific services**

  This is about how we compare to other similar landlords in terms of costs. The areas we are reporting on cover all of our major frontline landlord services, plus our spending on overheads (back office areas such as Human Resources, Finance and Information Technology).

- **Service outcomes / social return**

  Value for Money is more than just how cheap things are. That's why we've set out targets to measure how good the services we provide actually are.

Comparison with others – HouseMark

To help us compare the cost and effectiveness of our services, we are members of HouseMark benchmarking. This allows us to compare our own performance over time, and also to compare ourselves to other similar organisations – Local Authority stock transfer organisations (LSVTs) in the Central region with 2,500-7,500 homes.

The vast majority of our targets are calculated using HouseMark. Three of our targets are internal calculations only and are not comparable with others. We have reflected on this and decided to phase out these three targets in future years to improve the transparency of our self assessment.

We have also added operating margin as a new indicator, which is a standard business indicator and easily compared to others.

Our performance

The results of our VFM indicators for 2016/17 and our targets for 2017/18 are shown below:

	2014/15 **results**	2015/16 **results**	2016/17 **results**	2016/17 **targets**	Did we beat our target?	Are we improving?	How we compare	2017/18 **targets**
Return on assets								
Overall satisfaction with services	88.6%	83.8%	92.1%	85.0%	👍	👍	■■■■	90.0%
New homes built (as percentage of current stock)	5.0%	1.2%	0.7%	1.3%	👎	👎	■□□□	1.6%
Financial return from new development (IRR)	8.2%	7.8%	8.4%	7.0%	👍	👍	N/A	N/A
Average energy efficiency rating of our homes (SAP)	69.2	71.3	71.5	71.5	👍	👍	■■■□	71.7
Cash operating margin	54.2%	56.1%	56.2%	52.1%	👍	👍	N/A	N/A
Operating margin	44.2%	42.7%	44.7%	N/A	N/A	👍	■■■■	40.2%
Cost of specific services								
Housing management (cost per home)	£203	£210	£187	£208	👍	👍	■■■■	£205
Major works and cyclical maintenance (cost per home)	£808	£1,453	£796	£1,034	👍	👍	■■■■	£977
Responsive repairs and void works (cost per home)	£495	£455	£533	£523	👎	👎	■■■■	£542
Estate services (cost per home)	£75	£90	£102	£98	👎	👎	■■■□	£113
Overhead costs as a percentage of turnover	9.6%	9.7%	10.3%	10.1%	👎	👎	■■■□	11.6%
Service outcomes / Social return								
Percentage of rent collected	99.5%	98.7%	99.6%	99.7%	👎	👍	■■■□	99.8%
Average time to re-let empty social homes (days)	12.7	14.6	14.3	14.5	👍	👍	■■■■	14.0
Satisfaction with repairs and maintenance	81.6%	73.1%	86.1%	83.6%	👍	👍	■■■□	87.0%
Satisfaction with new homes	87.8%	95.2%	95.0%	97.0%	👎	👎	■■□□	97.0%
Number of Independent Living Assessments	NA	1,383	1,324	400	👍	👎	N/A	N/A

■■■■ Very good - Top 25%

■■■□ Better than average

■■□□ Worse than average

■□□□ Poor – bottom 25%

Return on assets

We are pleased with the strong performance in overall satisfaction with our services. The significant increase during the year is expected to place us in the upper quartile, and shows the impact of the action plan we set out in last year's VFM self assessment. The improvement plan included some systems and technological improvements, but was also based on reconnecting residents with their neighbourhood officers by creating new generic posts with smaller patch sizes from July 2016.

Rooftop is pleased about how much we develop, relative to our size. Our number of completions for the year was relatively low at 43, and was below our target. This is because of the cyclical nature of our development programme and because some of our completion dates have been pushed back. Next year we expect to complete 112 new homes which we expect to be above average performance, and then complete over 300 homes in 2018/19.

To make our new homes programme less cyclical, we have engaged in a strategic land banking programme supported by specialist staff. We expect this to shorten the length of time from inception to start on site, and enable us to deliver a smoother annual volume of homes. To date we have secured sites which could deliver 250 homes.

Our financial return on new development continues to outperform the targets set in our financial appraisals.

Sustainability is an important goal for Rooftop, as we seek to reduce fuel bills for residents and cut carbon emissions. We intend to strengthen and better embed our approach during the next year. We continue to improve our homes, and our performance is better than the average for our peers. During 2017-18 we will seek to define a Living Homes Standard as a target minimum for all our stock, and will assess the financial investment needed to tackle our 400 least energy efficient homes (energy bands E, F and G). This will enable us to make more robust asset management decisions, which will include the option of disposing of stock where it is not economic to make the necessary improvements to meet our minimum standards.

Our cash operating margin continues to improve. However, we have come to the conclusion that this internal measure is of limited use. For future self assessments, we will instead report on the more traditional operating margin measure, which will be more transparent as it can be more easily compared to others. Past results for both measures are included in the table above.

Cost of specific services

Once again, the results for the cost of our main services are outstanding. In 2015-16, we were better than average on all five measures and in the top 25% for repairs and overheads. This year our results suggest that we will be upper quartile for three out of the five measures. Coupled with the rise in our overall satisfaction, this is a powerful statement of the good value for money Rooftop has provided to residents.

Service outcomes / social return

Within our housing team structure we have an Options team who are part of the innovative new service we created to support our residents following the end of Worcestershire County Council's Supporting People funding. We intended the service to be funded through service charges, but after negotiation with housing benefit providers we have not collected the majority of that income. This uncollected income has affected our percentage of rent collected (99.6%), resulting in lower than average performance compared to our peers. If we excluded this specific issue, our performance would be better than average.

Once again, our Options team significantly outperformed their target. 1,324 assessments were carried out which is more than we originally intended to do over three years. These assessments will enable us to target services more effectively, informing the review of our strategy for supported housing which will take place next year.

New homes are important to us, and we broadly maintained the significant increase in satisfaction we achieved last year. With the low number of completions, this survey had a very low sample size and the 5% dissatisfaction relates to a single customer response.

As with our overall satisfaction, satisfaction with repairs has risen significantly over the year. We have achieved this by being proactive with customer service requests and carrying out a Resident Excellence Panel (REP) review of the Cost Sharing Vehicle will improve the service our residents receive. Our Head of Asset Management has also worked jointly for Rooftop and Fortis Property Care to enable improvements to the overall service. From April 2017, we have introduced mobile working in the Cost Sharing Vehicle, which should positively impact on both satisfaction and cost efficiency.

Optimising future returns on assets

In 2013/14, we commissioned Savills to review the performance of our property assets. Savills told us that:

"The overall performance of Rooftop's properties is good. Financial returns are roughly double those of other providers in the region" – Savills

We have repeated that exercise this year and are currently reviewing the results.

Savills broke our properties down into the following groups:

Financial return (Net Present Value (NPV) of cashflows per unit over 35 years)	Description	Rooftop average NPV per unit in this group	Percentage of stock
Greater than £30,000	Good	£59.702	98.1%
Between £1 and £30,000	Marginal	£19,323	1.9%
Below £0	Negative	N/A	0%

The marginal 1.9% group of properties includes our keyworker scheme at Worcestershire Royal Hospital. Over the last two years we have carried out a full review of our non-core housing properties to consider whether any action is needed to maximise return on our assets. The review has concluded that our non-core assets are performing well and changes in the health sector have helped to improve performance at our keyworker schemes.

We had previously hoped that the government's voluntary right to buy scheme would create a major opportunity for us to review our assets, raising £33 million through property sales by March 2020. Following the postponement of the scheme, we have removed these assumptions from our business plan. However, we will still consider targeted asset sales and by December will develop a strategic asset disposal programme aligned to our environmental and development strategies. For example, in May 17 our Board approved disposal of a 200-year old listed property in Pershore which was uneconomic to repair and had an unacceptably low SAP environmental rating.

Plans for 2017/18

We have now delivered the necessary savings in our financial business plan to respond to the Welfare Reform and Work Act 2016, which has forced us to cut our rents by 1% a year for four years, starting from April 2016.

The major focus for 2017-18 will be our new housing management system. During 2016-17 we conducted a detailed and rigorous tender process to determine a new system to replace the legacy Capita Academy system. This new IT solution from Aareon is intended to underpin and enable a major review of how we carry out our businesses, supporting residents to self serve, improving the quality of our data and streamlining our internal processes.

In the short term, this will increase our costs. In particular, we expect overhead costs to rise and operating margin to drop, and this is reflected in our targets for 2017-18. The costs are not just the new IT system itself,

but also staff and consultancy costs to make sure the system is implemented successfully and that new processes are well designed.

Longer term we expect the transformation to have a significant positive impact on our value for money indicators. We expect that changes to the way we work will allow us to increase our number of homes through our development programme without any increase in staffing, which will improve all of our service cost indicators. This project is not just about cost though – by helping us to deliver a more flexible, modern, online service, we hope that the project will lead to sustained increases in residents' satisfaction with the services we provide. Finally, if we can make sustained savings in our average cost per unit, we can ultimately recycle that saving back into building more new homes.

Governance

RHG is governed within the framework set by its rules as a Registered Society. These state that RHG will have a Board and determine its membership. In making appointments to the Board, the Group seeks members with a range of skills that it requires to effectively govern its business.

The Board Members of RHG, RHA, RHL and RS&C are carefully selected to make sure that they have the mix of skills and experience appropriate to their roles within the Group.

Board member's responsibilities

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

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the society's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Board Members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue. A resolution for the re-appointment of BDO LLP as auditors of the Association is to be proposed at the forthcoming Annual General Meeting.

Employees

Within the Group structure all staff are employed by RHG, the Group parent. RHG is committed to promoting equality of opportunity in its employment practices. It is the policy of the Group that training, career development and promotion opportunities should be available to all employees.

The Group has continued its practice of consulting and keeping employees informed on matters that affect them and on the progress of the Group. This is carried out in a number of ways including: formal consultation with the employee forum, departmental meetings and a company wide briefing session.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. They have prepared health and safety policies and ensured all staff have undergone a programme of training on health and safety matters and have established a Safety Committee.

Insurance

RHG maintains insurance policies for members of the Board and executive directors against liabilities in relation to the Group.

Going concern

The Board considers that it has adequate resources to continue in operation for the foreseeable future. For this reason, it continues to adopt the 'going concern' principle in the financial statements.

Annual General Meeting

The Annual General Meeting will be held on 13 September 2017.

External auditor

We retendered audit services during 2016/17 following expiry of the previous ten year contract. BDO LLP were appointed, replacing Mazars LLP.

By order of the Board

Ceri Jones
Chair
19 July 2017

Strategic report

Why we exist

Our mission is to improve the quality of life of people and the communities in which they live. This report sets out what we will do in 2017-18 to achieve this.

What we do

Today Rooftop's role in providing new homes, investing in communities, providing services to our 20,000 customers and supporting local people is more important than ever before.

With our roots in Wychavon, we now provide some 6,500 homes in South Worcestershire and into Gloucestershire. We deliver a wide range of affordable homes for rent and low cost home ownership and seek to regenerate communities to enhance the environment and the local area. We also seek to help those in society who need support by providing specialist homes and a range of local services. All of our homes meet or exceed the Government's Decent Homes Standard.

In 2017/18 we will:

- achieve at least 90% customer satisfaction with our services and repairs satisfaction of at least 87%.
- deliver 112 new homes for people to rent, own and part-own.
- invest £500,000 in our communities
- help at least 100 older people to live independently, support 200 young people, ensure 40 Gypsy and Traveller families live in stability and support at least 10 families suffering domestic abuse
- help 150 people with work advice (25% into work) and provide 300 people with financial advice
- invest £8m in the homes we manage and assess the investment needed to tackle our 400 least energy efficient homes (Energy Bands E, F and G) as we seek to reduce fuel bills for residents and cut carbon emissions.

How we work

We are a modern, dynamic and flexible social business, aiming to deliver superb value for money and incredible impact. We are proud of what we do – but we always strive to do better.

We collaborate and connect with customers, communities and partners to make great things happen. Residents play a key role in shaping our services, as well as informing our business strategy as Board Members.

In a rapidly changing world, we always seek to maximise opportunities, meet challenges and collaborate with partners and the people and communities where we work to achieve our common goals.

We are committed to delivering Value for Money, and this drive for efficiency is reflected in our core focus on projects and key performance indicators. Our new Aareon Housing Management System will enable us to further drive efficiency through better business systems.

We generate the surpluses that we need to build new homes and invest in communities and services. We call this 'Profit for a Purpose' – because we believe in what we do, we want to do as much as we can.

We are a dementia-friendly organisation and embrace equality and diversity. We value and invest in our people and are proud to be a Times Top 100 'not for profit company'. Our talented staff team love working for us – and for local people.

What we will deliver

In 2013 we set a 10-year plan to 2023. This guides everything that we do. In 2017-18 we will deliver the following 15 projects against our five long-term objectives:

Objective 1 – Excellent services

We will develop, deliver and sustain excellent services to all our customers

- Clarify, simplify and communicate our customer service offer
- Introduce a Digital Services programme
- Implement new telephone systems to help support our services

Objective 2 – Community needs

We will create cohesive and inclusive communities by providing new homes, investing in existing homes and through work in the community

- Deliver our Black Dog Way regeneration scheme (Autumn 2018)
- Deliver our Spitfire, Broadway Extra Care scheme for older people (mid 2018)
- Assemble a rolling land bank to accommodate 130 homes

Objective 3 – Resources & Value for Money

We will make best use of our financial, property assets, ICT and human resources

- Secure £50 million of funding to enable us to deliver circa 400 new homes
- Develop a new Pay and Reward Strategy for our people
- Develop a Data Strategy for Rooftop Housing Group

Objective 4 – Encouraging innovation

We will strive for continuous improvement

- Implement the first phase of the new Housing Management System
- Deliver proposals to improve home cost and quality using offsite construction
- Deliver an Office Strategy to drive agile and flexible working

Objective 5 – Sustainability

We will help to tackle fuel poverty and climate change

- Develop a Rooftop 'Living Homes Standard' for new and existing homes
- Develop a neighbourhood living environment proposal and secure funding
- Scope implementation of ISO14001 Environmental Management Standard

Understanding our environment

The world is changing around us. We need an estimated 250,000 new homes a year in England. We welcome the Government's Housing White Paper which provided renewed support for homes for rent, as well as Shared Ownership and outright sale. We are committed to building as many affordable homes as we can and will expand our market sale programme to fund our development of rented homes.

As Universal Credit begins in our area from late 2017, we have plans in place to talk to our customers to ensure they understand what it means for them and support them in responding so that their rent is paid. There are wider challenges for our customers as Welfare Reform continues to roll-out, and we will focus much of our community investment on helping people into work.

Demand for health and social care services continues to rise against a backdrop of funding constraints. We will revise our approach to meet as much need as we can through partnerships in Worcestershire and Gloucestershire, and continue to invest in well-being and tackling loneliness and isolation. We are committed to providing homes and support for older people, as well as specialist services for young people and those with learning disabilities. We will expand our support for those suffering domestic abuse.

We will also strengthen our approach to Performance Management to ensure people are clear about what they need to do – and can measure their progress. In a changing world facing the particular uncertainty of Brexit, managing risk is more important than ever and we have implemented a new approach to ensure success in 2017-18.

Key partners

The Group works with several key partners who have a stake in the success of our business, as we do in theirs:

- Wychavon District Council is our main local authority partner in Worcestershire
- In Worcester the Group works with officers at city and county levels
- In Gloucestershire the Group is working with councils in Gloucester, Cheltenham and Tewkesbury
- ExtraCare Charitable Trust
- Matrix Housing Partnership
- NHS Trusts in Worcester, Shrewsbury and Weston-super-Mare
- Homes and Communities Agency
- Fortis Living Group

Key activities

The principal activity of the Group is to provide housing accommodation at affordable rents for people in housing need. Rooftop Housing Group Limited is the parent company of the Group and the legal nature of each entity in the Group is disclosed in the Report of the Board. Rooftop Housing Association Limited provides an inter-company loan to Rooftop Homes Limited as disclosed in note 12 of the financial statements of Rooftop Housing Association Limited.

This core social housing lettings activity represents 94% of Rooftop's turnover (2016: 88%). The next most significant elements of the business are shared ownership sales (3% of turnover; 2016: 8%) and supporting people (2% of turnover; 2016: 3%). Other activities are negligible.

Financial performance

Rooftop Housing Group Limited

The overall financial performance for the year has been excellent with the Group generating a surplus for the year before taxation of £8.1 million. This is an improvement on the previous year (£7.7 million) and a tremendous achievement in the current difficult economic and financial climate.

RHA, the Group's core social housing provider, remains the main contributor to the overall group surplus.

As an individual entity, RHG operates on the principle of cost recovery from its subsidiaries. It generates relatively modest surpluses to cover its tax liabilities and provide some working capital.

Rooftop Housing Association Limited

RHA, the Group's core social housing provider, generated a surplus of £7.4 million (2016: £7.1 million).

This was a significant outperformance of RHA's budgeted surplus of £6.0 million. An important contributor to this was the bad debt charge, which is £0.5 million less than budgeted. RHA continues to assume there could be significant bad debts due to welfare reform and the impact on affordability for residents, but this impact has not yet materialised. In addition, RHA has now collected a significant volume of service charges which were being disputed with the local housing benefit providers, and which the budget had conservatively assumed would be uncollectible.

RHA's turnover from social housing lettings, its core income stream, rose £0.4 million (1.2%). The Welfare Reform and Work Act 2016 requires RHA to reduce the majority of its rents by 1% a year for the four years 2016-20, which has had a significant impact on RHA's ability to grow its core income stream. The overall increase is due to the completion of new properties during the year, some exempt properties, and conversion of some void properties to higher affordable rents in line with RHA's development contract with the Homes & Communities Agency.

In August 2015, RHA drew down the final £15 million tranche of its agreed funding from Legal & General in line with the contractual terms of the funding. This has led to significant cash balances being held throughout the year. RHA's £17.4 million cash balances at 31 March 2017 are expected to be sufficient to fund RHA's planned capital development programme for 2017-18 and beyond.

RHA is currently in the process of arranging a further £50 million revolving credit facility to enable future development; it is expected that this will first be needed in February 2019. The first £25 million with Santander was completed in May 2017 and we will now begin the process of providing security in order to draw the funding.

This will support a major further new homes programme. Overall RHA expects to complete 757 units over the period from April 2017 to March 2022. The majority of these (502) will be homes for below market rent, but the planned programme also includes open market (45) and shared ownership sales (202), as well as seven gypsy and traveller pitches and one commercial unit as part of a larger scheme in Gloucester. This represents a managed expansion of RHA's exposure to the cyclical risks of the English housing market.

Rooftop Homes Limited

RHL, the Group's provider of keyworker accommodation, residential care, market and intermediate rent and garages, has generated a surplus before tax of £0.7 million, an increase on the previous year (£0.6 million). The main reason for the increase is a £134,000 accounting gain on the valuation of RHL's investment properties.

RHL's operations have been stable and there has been no change to its property portfolio.

During 2017-18 RHL will begin construction of a small open market development of four homes in Broadway, Worcestershire, on the site of a disused garage court. The expected profits from the sales will create additional capacity within RHL. More importantly, the development is intended as a managed way of testing and developing Rooftop's skills in developing open market sales units, which are likely to become an important source of cross-subsidy in the future.

Rooftop Support and Care Limited

RS&C, the Group's specialist support provider for young and older people services, has made a deficit for the year of £62,000. This has been a challenging year for RS&C, with the value of funding from Gloucestershire County Council reducing by two thirds during the year. This is the main contributor to the decline in RS&C's turnover from £2.2 million to £1.7 million.

This follows the end of funding for older people's services from Worcestershire County Council in 2015.

RS&C is now increasingly dependent on the intra-group older people's service contracts with RHA, which represent 30% of RS&C's turnover and run until March 2018. The Group will be reviewing its strategy for supported housing, and the role of RS&C within the Group, during 2017-18. Included in RS&C's turnover is £23,069 in respect of lottery funding under the Building Better Opportunities Project.

RS&C approaches these challenges with a strong balance sheet, with £0.6 million available cash.

Principal risks and uncertainties faced

Rooftop have a robust risk management process, fully integrated with our business planning process. This allows the Group to effectively manage the risks associated with new developments and changes in our environment, and focus on the risks and choices we face.

Our existing risk management process has been externally endorsed by our internal auditors and by the In Depth Assessment by the Homes & Communities Agency. However, we consider that the changes in the sector and the economic climate require continuous development of our approach to risk, assurance and compliance. During 2016-17 we created a specialist, high level risk function within Rooftop for the first time, to further develop our process and support leaders and managers. During 2017-18, we intend to strengthen this resource even further.

During the year Rooftop has completed a full review of its risks, improving how risks are assessed and quantified. The principal risks now facing Rooftop, as outlined in the risk map, are:

Risk	Description
Ability to access new debt	Rooftop has significant immediate treasury needs so that funding can be in place to support its ambitious development programme, with drawdowns expected in February 2019. This risk is impacted by the general economic uncertainty created by Brexit. RHA is currently in the process of arranging £50 million new revolving credit facilities. Finalising these facilities and then providing adequate property security is a major priority for the year ahead. The first £25 million funding agreement was signed with Santander in May 2017. In addition, RHL has a current revolving facility which will expire in 2020. Work to consider the refinancing of this will begin during 2017-18. During 2016-17 Rooftop restructured its finance team to increase the focus and specialist resource was made available for treasury activities.
Housing market sales exposure	Rooftop's new development programme includes an expansion of shared ownership sales. In addition, Rooftop will be undertaking a limited number of market sales in the future, beginning with a planned eight sales (four through RHA and four through RHL) during 2018/19. Rooftop recognises that this increases its exposure to the cycle of the housing market, especially given the uncertain political and economic climate.

	Rooftop has extensively modelled sensitivities around reduced sales receipts, and plans to have £11.5 million unallocated revolving credit facilities available to mitigate potential cash shortfalls if sales receipts fall short of expectations.
Regulatory downgrade	Rooftop's received an In Depth Assessment from the Homes & Communities Agency (the social housing regulator) in January 2016. This confirmed Rooftop's top ratings for governance and financial viability (G1/V1). The Board considers it to be a priority to retain these G1/V1 ratings in the future. In reviewing its business plan, the Board commissioned external advice from Savills to ensure its plans were in line with this.
Welfare reform – loss of income	The Welfare Reform and Work Act has had a major effect on Rooftop's income streams, particularly in RHA. Further challenges are expected through Universal Credit and caps on Local Housing Allowance. These could have a significant impact on the affordability of our properties for residents, especially more specialist supported schemes. During the year, Rooftop has restructured its housing teams into neighbourhood teams with smaller patch sizes. This will support a more proactive approach to rent payment. We have also increased the number of posts providing work and money advice from two to five. In addition, Rooftop intends to increase the volume of payments received through direct debt from 35% to 45% during the year.
New development not completed on time to cost and specification	Delays or cost overruns of development projects could have a detrimental effect on Rooftop's ability to deliver homes for the communities in which it operates. An internal scrutiny process for development advises on scheme selection using criteria such as strategic fit, and risk considerations. Operational project management mitigates cost, delay and specification risk. A range of internal reporting ensures this risk has high and frequent visibility at senior management and Board levels.
Differential inflation	Given that social rents are no longer index-linked to Consumer Price Inflation (CPI), any increase in underlying inflation has the potential to erode net income and hinder the achievement of the financial business plan. Value for money initiatives have been incorporated into the budget and business plan and these are monitored to ensure good cost control. In addition, Rooftop has a defensive plan which can be enacted in the event of unforeseen costs, such as an unexpected and sustained increase in the cost base.
Increase in variable interest rates	Rooftop has £204 million of loan funding, of which 84% is fixed. This leaves £34 million of variable loans. Rooftop has benefited from falls in LIBOR following the EU referendum, but recognises that there is a high probability of an increase in interest costs in the future. An increase of 3% would equate to a £1 million increase in our interest costs. The Board's current policy is to limit this risk by fixing at least 75% of our portfolio. When Rooftop draws its next £50 million funding, there is potential for this to have a major impact on this risk depending on what proportions of the funding are fixed and variable. We will review our risk appetite during the year, to inform decisions on how much of the new funding to fix.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgements in applying the accounting policies of the Group that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

By order of the Board

Ceri Jones
Chair
19 July 2017

Independent auditor's report to the members of Rooftop Support and Care Limited

We have audited the financial statements of Rooftop Support and Care Limited for the year ended 31 March 2017 which comprise the society statement of comprehensive income, the society statement of financial position, the society statement of changes in equity 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 society's members, as a body, in accordance with the Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the society'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 society and the society'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 member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the society's affairs as at 31 March 2017 and of the society's deficit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the society; or
- a satisfactory system of control has not been maintained over transactions; or
- the society financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

BDO LLP, statutory auditor
Birmingham
United Kingdom
Date 24 July 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 £'000	2016 £'000
Turnover	2	**1,714**	2,236
Operating costs	2	**(1,777)**	(2,230)
Operating (deficit) / surplus	2	**(63)**	6
Interest receivable	6	**1**	3
(Deficit) / surplus before tax	5	**(62)**	9
Taxation	7	**-**	-
(Deficit) / surplus for the year		**(62)**	9
Total comprehensive income for the year		**(62)**	9

The notes on pages 24 to 33 form part of these financial statements.

Statement of Financial Position
At 31 March 2017

	Notes	**2017** £'000	2016 £'000
Fixed assets			
Housing properties	8	**151**	153
		151	153
Current assets			
Debtors receivable in one year	9	**420**	288
Cash	10	**623**	781
		1,043	1,069
Creditors: Amounts falling due within one year	11	**(296)**	(260)
Net current assets		**747**	809
Total assets less current liabilities		**898**	962
Creditors: Amounts falling due after more than one year	12	**(147)**	(149)
Net assets		**751**	813
Capital and reserves			
Share capital	13	**-**	-
Revenue reserve		**751**	813
Total reserves		**751**	813

The notes on pages 24 to 33 form part of these financial statements.

The financial statements were approved by the Board on 19 July 2017 and signed on its behalf by:

Secretary	**Board Member**	**Board Member**
CEO yhes		S. Kettley

Statement of Changes in Reserves
For the year ended 31 March 2017

	Revenue reserve	Total
	£'000	£'000
Balance as at 1 April 2015	804	804
Surplus for the year	9	9
Balance at 31 March 2016	813	813
(Deficit) for the year	(62)	(62)
At 31 March 2017	**751**	**751**

The notes on pages 24 to 33 form part of these financial statements.

1. Principal accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include certain items at fair value, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which includes the Co-operative and Community Benefit Societies Act 2014. The association is a public benefit entity.

Group accounts

The consolidated financial statements for Rooftop Housing Group Limited incorporate the financial statements of Rooftop Housing Association Limited, Rooftop Homes Limited, Rooftop Support and Care Limited and Rooftop Management Limited. These entities are all subsidiaries within the meaning of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Localism Act 2011.

Turnover

Turnover represents rental and service charge income, fees and grants receivable.

Service charges

The Association operates variable and fixed service charges depending on the requirements of the respective tenancy agreements. Where the charge is variable an assessment is made of whether costs have been over or under recovered and an appropriate prepayment or accrual provided for in the accounts.

Housing Properties

Housing properties are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of the properties is their purchase price together with improvement costs and incidental costs of acquisition, including capitalised interest and development administration.

Depreciation is charged so as to write down the net book value of housing properties to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

General Needs	100 years
Sheltered and Supported	100 years
Non-traditional	15 years
Garages	25 years
Leasehold property	Over life of the lease
Shared ownership	100 years

Component Accounting

Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the properties to which they relate, if shorter, at the following annual rates:

Roofs	75 years
Windows	40 years
Doors	40 years
Boilers	15 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Electrics	30 years
Lifts	30 years

Freehold land is not depreciated.

Housing properties in the course of construction are stated at cost and are not depreciated. They are transferred into housing properties when completed.

Land donated, or acquired below market value is included in cost at its valuation, with the donation treated as a capital grant when it relates to a specific project.

The market rent properties are investment properties in accordance with FRS 102 and are not depreciated but are measured at fair value annually with any change recognised in surplus or deficit in the Statement of Comprehensive Income.

Impairment

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell.

Social Housing Grant (SHG) and other Government Grants

Government grants are recognised using the accrual model and are classified either as a grant relating to revenue or a grant relating to assets. Grants relating to assets are recognised in income using the accrual model on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure. Grants relating to revenue are recognised in income on a systematic basis over the period in which related costs for which the grant is intended to compensate are recognised.

Recycling of Capital Grant

Where there is a requirement to either repay or recycle a grant received for an asset that has been disposed of, a provision is included in the Statement of Financial Position to recognise this obligation as a liability. When approval is received from the funding body to use the grant for a specific development, the amount previously recognised as a provision for the recycling of the grant is reclassified as a creditor in the Statement of Financial Position.

Supported housing schemes managed by agents

The Group owns a number of schemes that are run by specialist agencies. The agents carry the financial risk from operating the scheme and, therefore, the Statement of Comprehensive Income only includes the income and expenditure that relates solely to the Group. Any other income and expenditure related to the scheme is excluded from the income and expenditure account.

Major and cyclical repairs and maintenance

The Group only capitalises major repairs expenditure on housing properties where it increases the net rental stream by:

- extending its useful economic life or
- the improvement enables a higher rental income to be charged

All other major repairs expenditure is charged to the statement of comprehensive income as incurred.

Provisions

The Association only provides for contractual and constructive liabilities where it has a present obligation to transfer economic benefits as a result of past events, it is probable that a transfer of economic benefit will result and a reliable estimate can be made of the amount of the obligation.

Leased assets

Rentals paid under operating leases are charged to the statement of comprehensive income in the period to which they relate. There are no finance leases.

Value Added Tax (VAT)

The Group is VAT registered but the majority of its income, being housing rents, and right to buy sales, is exempt for VAT purposes and this gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is deducted from lettings expenditure. From October 2013 RHA, RHL and RS&C became members of a cost sharing group which provides property repair services to the Group.

Financial Instruments

Basic financial instruments which meet the necessary conditions of FRS 102 are initially recognised at transaction price and subsequently measured at amortised cost using the effective interest method with interest charges recognised as an expense in the Statement of Comprehensive Income. Financial Instruments classified as non-basic are measured at fair value at the end of each reporting period with gains and losses arising from year to year being recognised in the Statement of Comprehensive Income.

Service charge sinking funds

Unutilised contributions to service charge sinking funds are recognised as a liability in the Statement of Financial Position. The amount included in liabilities in respect of service charge sinking funds includes interest credited to the fund.

Going Concern

After making enquiries and reviewing the financial plan, the Board has a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in the financial statements.

Bad Debt Provision

Former tenant arrears are provided for in full in the bad debt provision. Current tenant arrears are provided for on a percentage basis based on the age of the debt.

Significant management judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and labilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to account estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Significant management judgements

The following are management judgement in applying the accounting policies of the Association that have the most significant effect on the amounts recognised in the financial statements.

Impairment of social housing properties

The Group have to make an assessment as to whether an indicator of impairment exists. In making the judgement, management considered the detailed criteria set out in the SORP. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. Management have also considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment.

Development expenditure

The Group capitalises development expenditure in accordance with the stated accounting policy. Initial capitalisation of costs is based on management's judgement that a development scheme is confirmed. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

Estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Fair value measurement

Management uses valuation techniques to determine the fair value of non-basic financial instruments. Management base the assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual price that would be achievable in an arm's length transaction at the reporting date.

Pension costs

The cost of defined benefit pension plans are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty.

2. Particulars of turnover, operating costs & operating surplus

	2017			2016		
	Turnover	**Operating costs**	**Operating surplus / (deficit)**	Turnover	Operating costs	Operating surplus / (deficit)
	£'000	**£'000**	**£'000**	£'000	£'000	£'000
Social housing lettings	**639**	**(639)**	**-**	616	(476)	140
Other social housing activities						
Supporting People	**1,075**	**(1,151)**	**(76)**	1,620	(1,770)	(150)
Other	**-**	**13**	**13**	-	16	16
Total	**1,714**	**(1,777)**	**(63)**	2,236	(2,230)	6

3. Particulars of Income and expenditure from social housing lettings

	General	Supported	Other	2017 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	-	-	-	-
Amortised government grant	-	2	-	2
Service charge income	-	637	-	637
Turnover from social housing lettings	-	639	-	639
Management	-	267	-	267
Services	-	204	-	204
Routine maintenance	-	94	-	94
Planned maintenance	-	-	-	-
Rent losses from bad debts	-	72	-	72
Depreciation of housing properties	-	2	-	2
Operating costs on social housing lettings	-	639	-	639
Operating surplus on social housing lettings	-	-	-	-
Rent losses from voids	-	125	-	125

	General	Supported	Other	2016 Total
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	-	-	-	-
Amortised government grant	-	2	-	2
Service charge income	-	614	-	614
Turnover from social housing lettings	-	616	-	616
Management	-	248	-	248
Services	-	92	-	92
Routine maintenance	-	107	-	107
Planned maintenance	-	-	-	-
Rent losses from bad debts	-	28	-	28
Depreciation of housing properties	-	1	-	1
Operating costs on social housing lettings	-	476	-	476
Operating surplus on social housing lettings	-	140	-	140
Rent losses from voids	-	54	-	54

4. Directors' emoluments and expenses

The directors are defined as the members of the Board and the executive officers as given on page 1. The directors are paid by RHG and these details are presented in the parent company accounts.

5. (Deficit)/surplus before taxation

	2017 £'000	2016 £'000
The (deficit)/surplus before taxation is stated after charging / (crediting) :		
External auditor's remuneration (excluding value added tax)		
- in their capacity as auditor	**2**	3
Depreciation	**2**	1

6. Interest receivable

	2017 £'000	2016 £'000
From banks	**1**	3

7. Taxation

RS&C is recognised by the HM Revenue and Customs as a charity for taxation purposes. No tax arises on the result for the period.

8. Tangible fixed assets

Cost	Housing properties for lettings £'000	Total £'000
At 1 April 2016	158	158
Works to existing properties	-	-
Additions	-	-
Disposals	-	-
At 31 March 2017	**158**	**158**
Depreciation		
At 1 April 2016	5	5
Charge for the year	2	2
At 31 March 2017	**7**	**7**
Net book value at 31 March 2017	**151**	**151**
Net book value at 31 March 2016	153	153

9. Debtors

	2017	2016
	£'000	£'000
Amounts receivable within one year		
Rents and service charges	**155**	168
Less provision for doubtful debts	**(96)**	(119)
	59	49
Amounts due from parent undertaking	**211**	150
Amounts due from other group undertakings	**108**	60
Other debtors	**12**	1
Prepayments and accrual income	**30**	28
	420	288

10. Cash at bank and in-hand

There were no specific charges on RS&C's cash at bank and in-hand at 31 March 2017 or 31 March 2016.

11. Creditors: amounts falling due within one year

	2017	2016
	£'000	£'000
Trade creditors	37	18
Amounts due to parent undertaking	-	-
Amounts due to other group undertakings	-	3
Government grants	2	2
Other accruals	257	237
Total	296	260

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

	2017	2016
	£'000	£'000
Government grants	147	149

Deferred income – Government grants	2017 £'000	2016 £'000
At 1 April	151	153
Grants receivable	-	-
Amortisation to statement of comprehensive income	(2)	(2)
At 31 March	149	151
Due within one year	2	2
Due after one year	147	149

The original total value of grant received at 31 March 2017 is £157,993.

13. Share capital

	2017	2016
	£	£
Shares of £1 each issued and fully paid		
At 1 April	8	7
Issued during the year	1	1
Cancelled during the year	(2)	-
At 31 March	7	8

The share capital of RS&C consists of shares with a nominal value of £1 each, which carries no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. Where a shareholder ceases to be a member, that person's share is cancelled and the amount paid by them then becomes the property of Rs&C. Therefore, all shareholdings relate to non-equity interests and there are no equity interests in RS&C. The group does not have any reserves in equity other than the revenue reserve.

14. Financial Instruments

The carrying values of the Association's financial assets and liabilities are summarised by category below:

	2017	2016
	£'000	£'000
Financial assets		
Measured at undiscounted amount receivable:		
Rent arrears and other debtors (see note 9)	**71**	50
Cash	**623**	781
Amounts due from related undertakings (see note 9)	**319**	210
	1,013	1,041
Financial liabilities		
Measured at undiscounted amount payable:		
Trade and other creditors (see note 11)	**37**	18
Amounts owed to related undertakings (see note 11)	**-**	3
	37	21

15. Units

	2017	2016
Under management at the end of the year	**Total**	Total
Supported housing	**2**	2
Managed on behalf of another landlord	**102**	102
Total units social housing	**104**	104

16. Related party transactions

Management fees of £1,355,812 (2016: £1,895,104) were charged by the immediate parent undertaking, RHG.

Property charges of £86,892 (2016: £129,164) were charged by another group member, RHA.

From October 2013 RS&C became a shareholder in Fortis Property Care Limited which provides property services to the Group including responsive repairs, planned maintenance, grounds maintenance and gas servicing. The services are provided at cost and the amount charged to RS&C during the year was £17,150 (2016: £20,977) and the balance owing at 31 March 2017 was £0 (2016: £0). As a result of this arrangement the Finance Director of RS&C is a Director of Fortis Property Care Limited.

17. Ultimate and immediate parent undertaking

From 1 October 2009, Rooftop Support and Care Limited became a wholly owned subsidiary of Rooftop Housing Group Limited which is a Registered Society registered in England.

Biographies of Board Members

Ceri Jones (Chair of RS&C)

After more than 30 years in teaching, Ceri retired from his post as Head Teacher of Bishop's Cleeve Primary School in 2000. The following year he was elected to Gloucestershire County Council as the member for Bishop's Cleeve and, in that role, has served on many committees both in Gloucester and locally. He was a member of the Council of the University of Gloucestershire for eight years and a Chairman of Cleeve Colts Football Club for 10 years. He has also chaired the Rooftop Residents Association in Bishop's Cleeve, which meets with both tenants and owner occupiers to discuss issues of interest and concern. In May 2013, Ceri decided to step down from the County Council.

Sheila Kettley (Tenant and Vice Chair of RS&C)

Sheila, born in North London, has had a career background in banking, stockbroking, architecture and surveying. Her most recent position was as a Credit Control Manager. She and her husband were also publicans, based in various parts of the country, their last public house being in Eckington, Worcestershire. Sheila has been a Rooftop tenant for over 10 years and has been involved with the Rooftop Customer Panel since 2008. Sheila chairs the Community Fund Group and the Communications Panel, sub-groups of the Customer Panel, and serves on the Complaints Review Panel. As a Rooftop volunteer, she sits on the judging panel of the annual Rooftop Garden Competition for residents and has recently undertaken training to become a Dementia Friends Champion. Sheila successfully completed a Governance Training course accredited through Derby University. She has been a member of the Audit Committee since 2011.

Hilary Hobart (Vice Chair of RHL)

Hilary trained as an accountant in a firm of Chartered Accountants in Liverpool, which specialised in auditing organisations in regulated sectors. She gained a passion for housing and subsequently left the partnership to hold various finance posts and ultimately the post of Finance Director within the Liver Housing Group (now part of the Your Housing Group). In 1999 she moved to the Midlands to become the Finance Director & Company Secretary of the Accord Housing Group. She left the sector to be part of a management buy out of an IT infrastructure company and also became a voluntary Board Member of Ashram Housing Association for a period of two years. After a successful exit from her company and a four year career break to look after her twin boys, Hilary became a self-employed Finance Director for innovative start-up companies funded by venture capital investments.

Martin Holland, FCIH (Chair of RHL and Vice Chair of RHA)

Martin has worked in the housing sector for over 40 years and has experience in local authorities and the private sector, as well as housing associations. Martin retired from his role as Chief Executive at Shropshire Housing Group in 2013, where he had worked since the early nineties. He served as Regional Chair of the National Housing Federation (NHF) between 2003 and 2006, and in 2015 was elected to the Regional Committee of the NHF. Martin was appointed to the Board of the Rural Housing Advisory Group in 2011, advising the Homes and Communities Agency and Department for Communities and Local Government on rural housing issues.

Paul Kellard (Tenant)

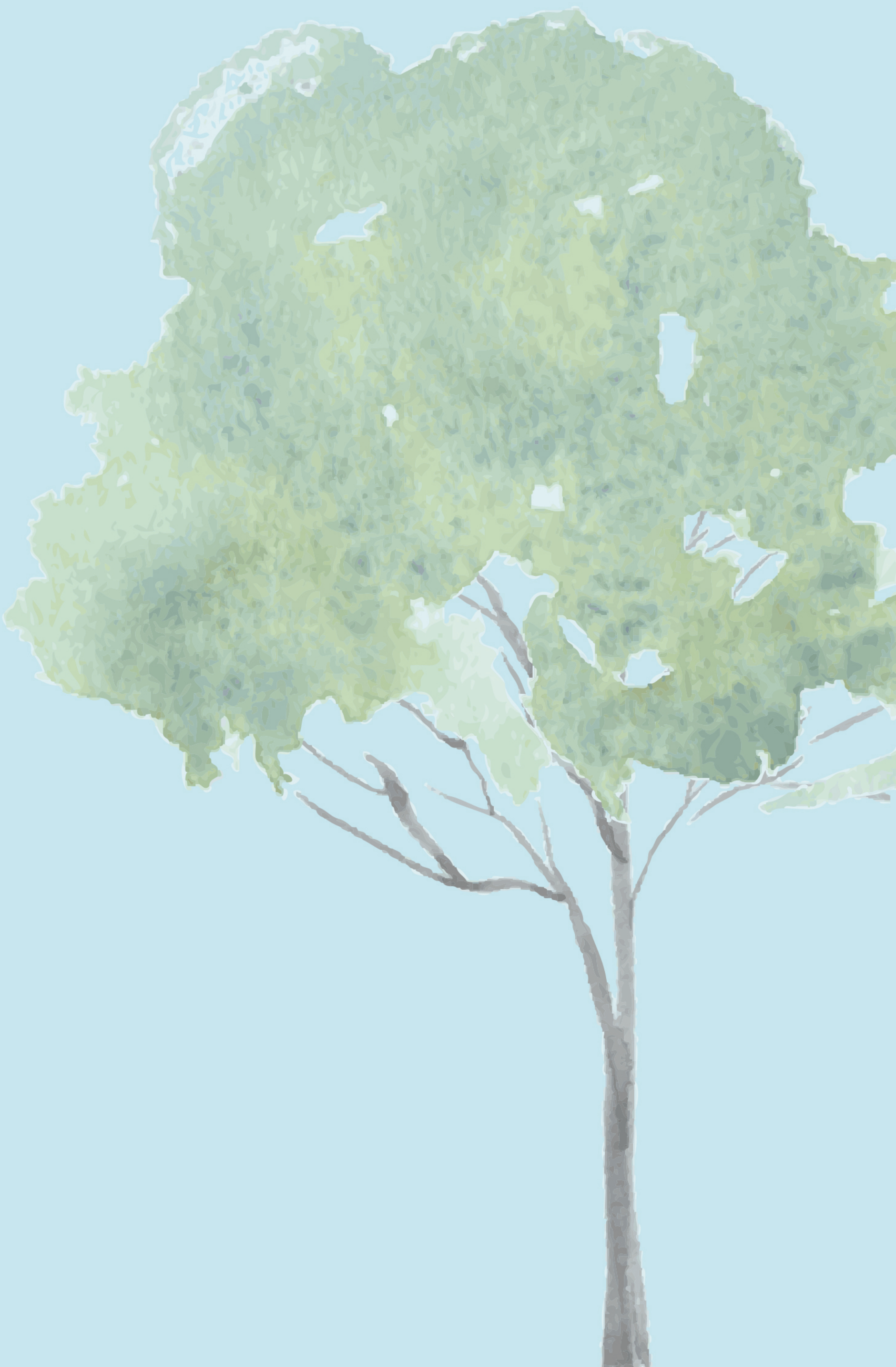
Paul, born in Chester, has a career background in the Armed Forces and the Ministry of Defence. He currently works in Health and Social Care as a Residential Care Manager in a residential nursing home. He has been a Rooftop tenant for more than 20 years and, in recent years, he has been involved with the Rooftop Customer Panel and Resident Excellence Panel. Paul successfully completed a governance training course accredited through Derby University. Paul volunteers with the Alzheimer's Society as a fund raiser and Dementia Friends Champion. He has also undertaken training, as a Rooftop volunteer, to become a Dementia Friends Champion. He believes passionately in providing excellent housing to create strong communities, especially to an ageing population.

Rachel Lathan (Tenant and Chair of RHA)

Rachel has been an RHA tenant for some years and lives in Badsey with her husband and young family. She balances a demanding family life with her job in sales and her involvement with Rooftop. Rachel first became an involved resident with Rooftop when she joined the newly formed Resident Action Team in 2010 and has risen rapidly to the position of RHA Chair. She was a 'Tenant of the Year' finalist in the 2012 Tenant Participation Advisory Service Awards. She has successfully completed a Governance Training course accredited through Derby University. Rachel is an active member of the local community and believes passionately in providing excellent housing.

Emma Wilson (Co-optee)

Emma is a registered nurse with experience of working as a senior manager in both primary and secondary care in London and Worcestershire, with accountability for the provision and delivery of nursing services. She now works as an advanced nurse practitioner in primary care, in addition to studying for an MSc in Advancing Practice at University of Worcester. After a move back home to Pershore from London with her two young children in 1997, she was aware of the need for good, affordable social housing and feels fortunate to have previously been a tenant of RHA for five years.



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