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**NATIONAL HOUSING
FEDERATION LIMITED**

FINANCIAL STATEMENTS

For the Year ended

31 March 2015

Company no 302132

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

Company registration number: 302132

Registered office: National Housing Federation Limited
Lion Court
25 Procter Street
London
WC1V 6NY

Bankers: The Federation's main bank accounts are held at:

Lloyds TSB
King's Cross Branch
344 Gray's Inn Road
London
WC119 8B19

Banking services are also provided by:

Bank of Scotland
2nd Floor, St James's Gate
14-16 Cockspur Street
London
SW1Y 5BL

Auditor: Grant Thornton UK LLP
Registered Auditor
Chartered Accountants
Grant Thornton House
Melton Street
Euston Square
London
NW1 2EP

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

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NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

KEY FIGURES – FIVE YEAR SUMMARY

	2014/15	2013/14	2012/13	2011/12	2010/11
	£k	£k	£k	£k	£k
Turnover	14,540	14,130	14,382	14,563	14,246
Change %	2.9%	-1.8%	-1.2%	2.2%	0.4%
Operating Profit	568	754	964	1,019	36
Surplus / (Deficit)	293	347	525	521	(526)
Surplus excluding Exceptional / One off items	293	347	325	231	20
Net Cash at Year end	2,643	3,375	4,412	2,324	2,646

Further information on the Federation's financial performance is provided in our separate Annual Financial Review available on our website www.housing.org.uk which also provides extensive information about the Federation's activities generally.

Note: Surplus/(Deficit) is Profit/(Loss) after taxation transferred to reserves.

CHAIRMAN'S STATEMENT

As I come to the end of my term as the Federation's Chairman, I feel confident that I am passing the mantle to Baroness Diana Warwick with an organisation that is stronger and healthier than ever before and well placed to meet the challenges of the future.

In 2009 the Federation introduced its new constitution and I am proud to have served as its first Chairman from outside the membership for the past six years. We have built a strong mix of Board members from both inside the membership and elsewhere; I would like to thank both current and former Board members for their invaluable contribution over that time.

With the backdrop of the May general election, this year has been an important one for the Federation and for its members. I have been impressed how both have responded and come together through the Homes for Britain campaign. The campaign, led by the Federation with the backing of members, brought together every major national charity, trade body and umbrella organization in housing, behind the call to end the housing crisis within a generation. Housing was as a result placed front and centre at the election, which was a great achievement. Polls suggest it is now a 'top five' issue (number one in London) for the electorate. However, although housing delivery is getting political attention, benefit reform and 'Right to Buy' threaten to significantly undermine the ability of the sector to deliver. The NHF must rise to this challenge with the Sector to make sure Government develops its policy as a whole that helps us deliver solutions to the housing crisis, rather than holding us back.

Despite the focus and prioritisation of resources on the election, the Federation continued to deliver all of the core activities and services that are valued by our members. Evidence of this can be found in the Chief Executive's Review, Strategic Report and Report to the Directors.

I am also pleased to report that the organisation continues to be in good financial health, with another year of modest surplus for 2014/15. This financial performance has been achieved alongside a progressive drive for increased efficiency. Over the five years to 2015/16, the price of Federation membership has reduced in real terms by over 17%, a cumulative saving to members of over £4.5m.

Finally I would like to thank David Orr and all of the Federation staff for their work this year and for their support to me and to the Board. I am sure that the organisation will have a bright future and that it will continue to go from strength to strength.



Lord Matthew Taylor

CHIEF EXECUTIVE'S REVIEW

I am delighted to report that the Federation has had a very successful year in what has been a hugely important time for the sector. The run-up to the 2015 general election offered a once-in-a-generation chance to put housing back at the top of the political agenda for the first time in more than 50 years.

Through leading the Homes for Britain campaign, we have grasped that opportunity and created a public movement that will ensure government will have to recognise and address the housing crisis and bring forward policies to deliver the homes that are desperately needed.

Matthew Taylor, our Chairman, has reflected in his statement how the sector has come together through the campaign and I am incredibly proud of the way our members have united and worked together at a grassroots level to an extent that I have never seen before. We will need to build on this collective spirit and voice within the sector to address the opportunities and challenges of the years ahead.

It was immensely satisfying that despite the fact that we were running a huge externally facing campaign, we continued to provide a high level of service to members in all the other areas they would expect and delivered on our second year of the current business plan.

For example, in just one week in March we organised our Homes for Britain rally supported by over 2500 people, responded to the Chancellor's Budget achieving widespread media and digital coverage and mounted our most successful Housing Finance Conference and Housing Association National Accountancy Awards events for years. It is a tribute to the staff at the Federation that we were able to do all of this while keeping the quality consistently high and engaging members successfully throughout.

I am sure that there will be challenges ahead in the post-election political environment, but I am confident that the Federation is properly equipped to respond backed by members more focussed and proactive than ever.

Finally, I would like to thank Matthew for his contribution as Chair in the past six years and the influence he has brought to the organisation. I would also like to join him in thanking the Federation staff for all their hard work this year, and to our members, who have really got involved.



David Orr

STRATEGIC REPORT

Overview

The Federation is the representative trade body for organisations in England which provide and manage homes and do not trade for profit. The Federation supports and promotes the work of housing associations and campaigns for better housing and neighbourhoods. Virtually all housing associations of any significant size, in England, are members of the Federation.

The Federation focuses on what matters most for housing associations through its policy, lobbying and communication work. Our aim is to shape the external environment to enable housing associations to prosper, whatever their business model; be the body to engage with on housing issues and be regarded by members as a highly effective trade body.

The Federation exists for its members and they have varying expectations as to how best we can help them. Our members' success in meeting their challenges, and the Federation's success in providing the right support, ultimately determines levels of Federation membership and annual affiliation fee income.

Aside from affiliation fees, the Federation's other main source of income is from commercial activities, such as our highly valued conferences, publications and bespoke products and services for housing associations and their tenants. Commercial activities are provided both for members and non-members, and provide around 30% of gross income. Income from commercial activities is dependent on the quality and pricing of the services, demand and a range of underlying economic factors. Members benefit from reduced rates for the commercial services they purchase.

Commercial activities are undertaken when they provide value to members and enhance the Federation's reputation. The Federation aims to maximise the benefit from commercial activities within these criteria, to operate efficiently and provide maximum value to members in return for their fees.

Risks & Uncertainties

As a trade body the Federation is impacted by the risks and uncertainties applying to its members and those applying to its own business operations.

Key risks and uncertainties for our members are:

- The potential impacts of the new Government's proposals to extend Right to Buy to Housing association tenants. Depending on how this proposal is implemented following the July 2015 budget, there is a risk to Housing Associations' ability to increase, or even maintain housing provision and help solve the housing crisis. This risk could materialise directly through a negative impact on housing stock and / or indirectly through restricting Housing Associations freedom to operate as independent, non-state organisations and their ability to raise finance.

STRATEGIC REPORT

Risks & Uncertainties

- Further impacts, again post the July 2015 budget, from the Government's welfare and benefit reform measures, including the extension of Universal Credit and benefit reductions. These may increase financial pressures on social housing tenants, impacting on their ability to pay their rents and increasing Housing Associations' operating costs.
- Housing associations continue to become relatively more dependent on rental income, debt, property sales and sources of funding other than Government capital grant, utilising a wider range of operating models.
- The HCA published substantial changes to the Regulatory Framework effective from 1 April 2015. The overall effect is a much greater emphasis on the identification and management of risk, on the part both of providers in running their own organizations and of the HCA in regulating the sector. Providers will be required to maintain a register of assets and liabilities and to subject their business plans to rigorous stress testing.

Key risks for the Federation as regards its own activities are:

- Failure to engage effectively with members
- Inability to achieve sufficient policy outcomes on behalf of members
- Failure to operate efficiently, both as regards its commercial activities and cost control, and therefore to provide members with value for money

Strategically the Federation has identified as inherently high risk, the political, economic and regulatory aspects of its wider operating environment and the linked reputational risks relating to the activities of its members. These factors may impact in ways which are inherently unpredictable, but the Federation leads the sector in anticipating a range of scenarios and planning to deal with them. It does not involve itself directly in issues relating to an individual member, although offering advice and support where appropriate.

Financially the major cost outside the Federation's direct control is its deficit recovery payments to the Social Housing Pension Fund (SHPS). These costs relate to historic pension entitlements. They are subject to regular valuations of the fund and ultimately a wide range of valuation assumptions about future investment returns, inflation, mortality rates, interest rates etc. The Federation has limited its exposure to cost increases in the long term by moving its pensions provision from a defined benefit to a defined contribution basis.

The Federation's Risk Management Procedures are detailed in the Directors Report.

Financial Review

The Federation sets affiliation fees with the aim that members pay each year for the level of services they receive. We usually make a small surplus (profit after tax), which unless specifically decided otherwise by the Board, is added to reserves.

STRATEGIC REPORT

Financial Review

The surplus for 2014/15 was £293k compared to £347k for the previous year. At around 2% of turnover the year's surplus was in line with our financial objectives. The surplus for the year will be taken to reserves, in accordance with the Reserves Policy.

Total turnover was up by 2.9% to £14.5m. Gross income from affiliation fees and commercial activities were similar to the previous year, although the contribution from the latter was £0.4m higher reflecting the elimination of costs relating to the closed Lion Court Conference Centre and high demand for conferences. This was the strongest commercial performance since 2008/9. Sundry income increased due to a commercial rates rebate and higher VAT recovery.

Administrative expenses were 4.5% higher than the previous year, reflecting a major increase in campaigning and lobbying activity relating to the General Election, although this was offset by a reduction in ongoing rates costs and facility costs recovery, related to the letting of space in Lion Court.

Following closure of the conference centre, three floors of our main office, Lion Court in London are now let on a ten year commercial lease. This has benefited our finances by approximately £700k pa. and has helped provide funding for the general election related activity costs. In future it will help us cover a further significant ongoing increase in pension deficit recovery costs following the 30th September 2014 SHPS triennial valuation.

The relevant portion of freehold property is now treated as investment property and included at valuation in the accounts. The portion of the property used by the Federation for operational purposes continues to be held at original cost less depreciation. At 31 March 2015 the whole property was independently valued at £21.5m (an increase of £1.5m) and this increased net assets shown in the Financial Statements by £0.9m.

In 2015/16 the Federation will report its results for the first time under Financial Reporting Statement 102 (FRS 102). Amongst other changes in presentation, this will require us to bring 'on balance sheet' the Federation's contractual liability to fund the recovery of historic pension deficits which, under existing UK GAAP, have been charged to the Profit & Loss Account each year. Comparative 2014/15 results will be restated, as will the opening position at 1 April 2014.

There will continue to be a significant combined impact on the Federation's financial reporting in relation to property, pensions and FRS 102. The Federation's underlying financial position, business plan and operating model remain unaffected. Further careful communication of the changes will be provided to members at our September 2016 AGM.

STRATEGIC REPORT

Financial Review

During the year, the £0.9m project to replace the Federation's Customer Relationship Management (CRM) system was successfully progressed to timetable and within budget. This expenditure is being funded from existing financial resources and ongoing positive cash flow.

Interest payable in 2014/15 fell by £139k (33%) following the reversion from a fixed rate to base rate related on a £4m loan.

To ensure that members are better informed about its financial performance, we have again produced a Financial Review for the year. This will be available to all members as a hard copy and on our website.

Business Review

We are now in the final year of our three year Business Plan which is available on our website at www.housing.org.uk. It encompasses four key themes:

- Enabling the delivery of great homes - deliver homes that people can afford
- Promoting health & wellbeing - invest in people and communities
- Supporting resilient businesses - in it for the long term
- Running an effective, efficient Federation - providing value for money

In carrying out these activities we continue to work with key partners including the Chartered Institute of Housing, The National Federation of ALMOs, CECODHAS Housing Europe, the three other UK housing federations and others as appropriate.

Wherever possible we will ensure that Federation resources are applied in such ways that add to and don't unnecessarily duplicate the input of our partners, as demonstrated by the successful Homes for Britain campaign.

We have embarked upon preparation of our next business plan which will be underpinned by our vision 'An ambition to deliver – housing associations unbounded' launched in February 2015. This highlights the aspirations of and potential for Federation members to play a really major role in addressing the housing crisis and double the number of houses they own and manage by 2033.

The Federation has continued to engage in detailed discussions with ministers, shadow ministers, MPs, peers and government officials to shape legislation that reflects members' concerns, and ensures they can continue to provide more & better homes and deliver high value services to their communities. In 2014/15 these discussions were successfully extended to secure public commitments from all the key political parties post the general election.

Post the election our priority is to start building relationships with the Government, so that we can promote the work of housing associations and position them positively as organizations the Government can work with.

STRATEGIC REPORT

Business Review

Our lobbying has been supported by ever wider and targeted communication activity together with high profile, successful media campaigns. We are increasingly concentrating on our digital and social media strategies.

Key areas of activity have been in relation to the crippling shortage of housing, the funding regime for new development, the availability of land for development, the Government's on-going benefit and welfare reforms, the regulatory framework and changes to financial reporting. More details of issues in these areas are provided under 'Risks & Uncertainties' above.

We have continued our very successful 'Yes to Homes' campaign, which has mobilised opinion shapers and the general public to highlight the negative impact of too few homes and the many advantages of investing in building more of them.

During 2014/15 this was widened and reinforced through the 'Homes for Britain' campaign, an alliance of partners, led by the Federation and its members, which brought together every major national charity, trade body and umbrella organization in housing, behind the call to end the housing crisis within a generation, a commitment taken on board by all the key political parties.

We played an instrumental role in persuading the Government to extend the Affordable Housing Programme to 2020.

The Government announced changes to the Affordable Homes Guarantee scheme, supporting more efficient use of housing association property as loan collateral, following lobbying by the Federation and members.

We published the final report on the impact of welfare reform and were pleased that DWP agreed to implement new data sharing regulations from the end of February and double resources in their specialist housing team.

The Housing SORP 2014 was approved by the Financial Reporting Council (FRC) and launched on 22 September at the first of six SORP Roadshows held around the country. The approval was assisted by the positive, albeit cautious, response from lenders and the HCA to the guidance on the impairment of social housing property.

The Federation continues to support its members by providing a wide range of high quality commercial products and services which support members and generate significant income. Our conferences continue to be highly valued by delegates and had an excellent year. Among other outstanding performances, the Housing Finance Conference and Exhibition was the most successful for a number of years.

The Federation's suite of products and services continued to grow with a particular increase in demand for the tenant facing My Home Contents Insurance and My Home Energy Switch offers. Members' businesses also benefitted from bespoke support such as preferred rates from Phoenix Software;

STRATEGIC REPORT

Business Review

Demand for the Federation's publications grew this year demonstrating that we are still considered to be a prime and trusted provider of information. Housing SORP 2014, Finance Demystified and Understanding assurance: a guide for housing association board members and non-finance executives' were all top-sellers.

HouseMark, which is jointly owned by the Federation and the Chartered Institute of Housing, also had another successful year. Its repositioning to a supplier of business intelligence, part of its five-year vision, has been well received by the market.

The Federation monitors levels of member satisfaction on a regular basis through a combination of regular and ad hoc feedback and a range of quantitative KPIs which it is progressively developing. These indicate a high level of member satisfaction with the services provided on all criteria.

We have continued our drive for efficiency, generating surpluses in line with our objectives, whilst at the same time continuing to maintain the price of Federation membership, delivering a real reduction in affiliation fees of over 17% over a five year period, representing savings to members of over £4.5m.

These efficiency improvements have been achieved alongside a more focussed approach to our member engagement activities and improved member services through our core, highly valued policy, lobbying and communication activities.

Our objective is that wherever members are based, or wherever they require support, they have access to the full range of Federation staff and resources wherever these are based. These improvements have been supplemented by more focussed communications, incorporating expanded digital and social medial strategies.

The Federation has continued its major cultural change programme to further improve staff performance and member focus, providing a seamless, joined-up delivery of services under the principle "everyone is local, everyone is national". We have launched our new Management Academy and all managers have begun the programme. Initial feedback from delegates is positive. The Best Companies survey results reveal that we remain one of the top 100 Not-For-Profit employers in the country. We retain our 1-star status with our highest ever score.

Following its recent successful implementation, the Federation will be seeking to leverage the benefits of its new CRM system, 'Personify'. We continue to address our organisational environmental impact and have successfully implemented further energy saving steps in our main office.

ON BEHALF OF THE BOARD

Stephen Bull
Company Secretary



8th July 2015

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2015.

Further information can be found in the Chairman's Statement, Chief Executive's Review and Strategic Report.

Principal activities

National Housing Federation Limited is the representative trade body for organisations in England which provide and manage homes and do not trade for profit.

The Federation's mission is to support and promote the work that housing associations do and campaign for better housing and neighborhoods.

Corporate Governance

National Housing Federation Limited is a private company limited by guarantee, with no share capital or dividend. The Federation is governed by its Articles of Association.

The Board adopts the Federation's code of governance, updated and republished in February 2015, and carries out an annual compliance review to satisfy itself that it complies with the main principles and provisions in the code.

Reserves

A Surplus (Profit after Tax) of £293k (2014: £347k) has been transferred to reserves as described in the Financial Review within the Strategic Report.

Fixed Assets

Movements on fixed assets are disclosed in note 6 to the Financial Statements. Freehold property for the Federation's own use is carried at original cost less depreciation. Investment Property is included at valuation.

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

REPORT OF THE DIRECTORS

Directors

The following table shows Directors of the company between 1st April 2014 and 8th July 2015. Details are also shown of membership to Board Committees, and position where applicable, as at 8th July 2015.

Attendance at Board meetings is shown as meetings attended out of meetings eligible to attend.

Name / Board Meeting Attendance	Executive Committee	Audit and Risk Management Committee	Nominations Committee
Lord Taylor of Goss Moor (Chair) 8/8	Chair		Member
Mark Washer (Vice Chair) 7/8	Member		Chair
Sinead Butters 5/8	Member	Chair	
Mark Henderson 6/6 (appointed 18 Sep 2014)			
Mervyn Jones 7/8			
Michael Kent OBE 3/3(Resigned 18 Sep 2014)			
Ashwin Kumar 8/8			
David Montague CBE 6/8		Member	
David Orr 8/8	Member		
Cath Purdy OBE 7/8		Member	
Victoria Stark CBE 6/8			Member
Peter Williams 6/8			
Penny Young 4/7(Resigned 20 May 2015)			

Background information on Directors is available on the Federation's web site, www.housing.org.uk

Philip Bowles, who is not a Board member, is a co-opted member of the Audit & Risk Management Committee

Ann Santry, who is not a Board member, is a co-opted member of the Nominations Committee.

The Federation is grateful for the support of Board members and those co-opted on to committees, for the service given to the organisation and the sector.

Board and Officers' Liability Insurance

During the year the Federation maintained insurance cover to provide indemnity to the members of the Board and officers of the company in respect of losses arising from any claim or claims made against them jointly or severally by reason of any wrongful act committed or alleged to have been committed by them in connection with the performance of their duties as the Board or officers of the company.

REPORT OF THE DIRECTORS

The Board

Unless there are temporary vacancies, the Board comprises twelve members. The fiduciary duties are the same as any other director under company law. New Board members are elected by the membership of the Federation at the Annual General Meeting (AGM) following an open recruitment led by the nominations committee who then seek agreement by the Board. The Board may co-opt Board members between AGMs.

The Board deals with the policy, strategy and business effectiveness of the organisation.

The Board is committed to integrity and accountability in the management of the Federation's affairs and ensures that members receive regular communication about the Federation's activities.

The Federation's main formal mechanism for accountability by the Board to its members is the AGM. The AGM gives members the opportunity to hear from the Chair and Chief Executive about how we have performed in the year, both in the work it carries out on behalf of members and financially. It also gives an opportunity for members to raise any resolutions as well as voting on those on the agenda.

The Audit and Risk Management Committee continues to provide detailed scrutiny of the Federation's finances. It has focussed on the risks the Federation faces, and continued to oversee further strengthening of the Federation's risk management procedures.

The committee closely monitors projects that have a significant cost to ensure the money is being spent wisely in accordance with a robust business case.

The Board has a register for declarations of interest. There is a similar register for the Federation's officers as part of the organisation's employee code of conduct.

Responsibilities of the Board

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

REPORT OF THE DIRECTORS

Responsibilities of the Board

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and group for that period. In preparing these financial statements, the directors are required to:

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

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

The directors confirm that:

- So far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

REPORT OF THE DIRECTORS

Responsibilities of the Board

The Board delegates some areas of its work to committees:

- **Executive Committee**

This comprises the Chair, Vice Chair, Chair of the Audit and Risk Management committee and the Chief Executive. It oversees Federation liaison with the Regulator, key stakeholders, partner organisations and other bodies. It is also responsible for ensuring that the work of the Board and its Committees is effectively co-ordinated at member level. The Executive Committee is also the Federation's Remuneration Committee.

- **Audit and Risk Management Committee**

The Audit and Risk Management Committee oversees standards of internal control and risk management. It agrees the internal audit programme, reviews the corporate risk register and is the primary point of Board contact for the external auditors. It reviews the Federation's financial plans, budgets and results. The Committee reports to all Board meetings and formally on an annual basis.

- **Nominations Committee**

The Nominations Committee leads board member recruitment, shortlisting and interviewing applicants, making recommendations to the board for agreement and final ratification at the AGM.

Federation Staff

The Federation employs approximately 125 staff. All staff are responsible to and governed by the Board through the Chief Executive.

Audit

The Federation has an internal audit function provided by Mazars who were appointed in June 2010. Based on their satisfactory performance, they were reappointed in 2012 through to 31st March 2016, subject to continuing annual performance reviews. The provision of internal audit services from 1st April 2016 is being tendered.

Internal and external auditors have direct access to the Audit & Risk Management Committee.

REPORT OF THE DIRECTORS

Planning and Reporting

The Federation works to a business plan which is reviewed and updated each year and agreed by the Board. Annual budgets are also prepared and approved by the Board. Financial performance against budget and forecast out-turn for the year is reported in comprehensive monthly management accounts. Operational and financial performance is reviewed continuously during the year by the Chief Executive, the Leadership Team and the Strategic Management Group (comprising the Leadership Team and Assistant Directors).

Financial performance is reviewed by the Audit and Risk Management committee at each meeting. The Board receives reports on performance against the business plan and key financial figures at each of its meetings.

Risk Management Procedures

The Federation has continued to strengthen its risk management procedures.

The Chief Executive and Leadership Team assess the risk of decisions they make at their monthly meetings. Papers produced for committees and the Board consider the risks involved and actions taken to reduce such risks. Regular reviews of controls and systems are carried out by each budget area.

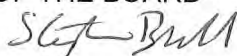
Our Corporate Risk Register distinguishes between strategic and operational risks, and captures risk from all parts of the organisation. It is updated and reviewed regularly at departmental, directorate and Leadership Team / Strategic Management Team levels, reviewed by the Audit and Risk Management Committee at all meetings and now reviewed by the Board itself on a regular basis. The Audit & Risk Management Team has met with the Leadership Team to jointly review the Corporate Risk Register and the Federation's approach to risk control.

Key risks are carefully reviewed when setting business strategy for the succeeding year. The Risk Register is directly linked to our strategic objectives and business plans, and contains detail on mitigating actions taken and planned.

Auditor

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notification under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Stephen Bull 
Company Secretary

8th July 2015

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL HOUSING FEDERATION LIMITED**

We have audited the financial statements of National Housing Federation Limited for the year ended 31 March 2015 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses, the consolidated note of historical cost profit and losses 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 company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Responsibilities of the Board set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2015 and of the group's profit and parent company's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL HOUSING FEDERATION LIMITED****Matters on which we are required to report by exception**

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

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

Grant Thornton UK LLP

Jennifer Brown
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
London

9 JULY

2015

PRINCIPAL ACCOUNTING POLICIES

Status

National Housing Federation Limited is a company limited by guarantee. The liability of members, of whom there are 951 (2014: 989) is limited to £1 per member. The Federation's group comprises two wholly owned subsidiaries, National Housing Federation Investments Limited and NHF Property & Services Limited.

Basis of Preparation

The financial statements have been prepared under the historical cost convention modified by the revaluation of investment properties, and in accordance with applicable United Kingdom accounting standards.

The principal accounting policies are set out below.

The directors have assessed the company's future activities and commitments against the working capital in place and access to funds. The directors view the level of net current assets as sufficient to ensure future operations and the company has the ability to reduce operational expenditure if necessary. Accordingly, the directors are satisfied that it is appropriate to apply the going concern principle.

Basis of Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2015. Acquisition of subsidiaries are dealt with by the acquisition method of accounting.

The financial statements present information about the group as a whole. The group owns 49% of the issued share capital of HouseMark Limited, which is shown separately from the group's information as a joint venture as required by FRS9.

Income

Turnover includes:

- affiliation fees received from members;
- the total amount receivable by the company for goods supplied and services provided, excluding VAT.

All income is accounted for on a receivable basis.

Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provisions for impairment.

Depreciation is provided at rates which are calculated to write off the cost of tangible fixed assets by equal annual instalments over the following estimated useful lives.

PRINCIPAL ACCOUNTING POLICIES

Tangible Fixed Assets and Depreciation

Freehold buildings	10 - 50 years
Improvements to leasehold	Term of lease
IT hardware and software	4 years
Office equipment and furniture	7 years
Plant and machinery	14 - 20 years

No depreciation is provided on freehold land or investment properties. Depreciation is charged monthly from the period of acquisition or commencement of use, up until the period of disposal.

Investment Properties

No depreciation is provided for in respect of investment properties. Such properties are held for their investment potential and not for consumption within the business. This is a departure from the Companies Act 2006 which requires all properties to be depreciated and the directors consider that to depreciate them would not enable the financial statements to give a true and fair view.

Goodwill

Amortisation of purchased goodwill is provided at a rate which will write off the entire value of the asset over 20 years.

Stock

Stock is stated at the lower of cost and net realisable value. Cost includes materials and production overheads. Net realisable value is based on selling price less relevant marketing, selling and distribution costs.

Investments

Investments are held as fixed assets and are stated at cost less provision for any impairment.

Pensions

National Housing Federation Limited provides pensions for its employees through participation in the Social Housing Pension Scheme (SHPS). The Scheme has defined benefit and defined contribution elements.

The company contributed during the year to the defined contribution scheme.

The defined benefit scheme is a multi-employer scheme and the company is unable to separately identify its share of the scheme's assets and liabilities and hence has accounted for the scheme under a defined contribution basis. The expected cost to the Federation of pensions is charged to the income and expenditure account so as to spread the cost of pensions over the service lives of employees.

PRINCIPAL ACCOUNTING POLICIES

Operating Leases

Rental costs under operating leases are charged to the income and expenditure account in equal annual amounts over the periods of the leases.

Taxation

Provision is made for taxation on rents received, interest and on the trading surplus arising from non-mutual trading.

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses.

Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

VAT recovery is accrued on the basis of a partial exemption formula agreed with HM Customs and Excise on 23 August 2004 which was effective from 28 January 2004. Amounts are included in the income and expenditure account and in the balance sheet gross of VAT where the VAT is reclaimable under this formula. The company is in a VAT grouping with its subsidiary company, NHF Property & Services Limited.

NATIONAL HOUSING FEDERATION LIMITED

As at 31 March 2015

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2015 £'000	2014 £'000
Turnover			
Continuing operations: group and share of joint venture's turnover		16,386	15,896
Less: share of joint venture's turnover	2	<u>(2,518)</u>	<u>(2,477)</u>
Group turnover	1	<u>13,868</u>	13,419
Other operating income: rental income		<u>672</u>	<u>711</u>
Total turnover		14,540	14,130
Administrative expenses	1	<u>(13,983)</u>	<u>(13,384)</u>
Group operating profit before share of joint venture		557	746
Share of operating profit in joint venture	2	<u>11</u>	<u>8</u>
Group operating profit		568	754
Interest payable	3	<u>(288)</u>	<u>(427)</u>
Interest receivable and similar income	3	<u>16</u>	<u>24</u>
Profit on ordinary activities before taxation		296	351
Tax on profit on ordinary activities	5	-	-
Share of tax on profit on ordinary activities in joint venture	2	<u>(3)</u>	<u>(4)</u>
Profit on ordinary activities after taxation transferred to reserves	15	<u><u>293</u></u>	<u><u>347</u></u>

All transactions arise from continuing operations.

The notes on pages 26 to 43 form part of these financial statements.

NATIONAL HOUSING FEDERATION LIMITED

As at 31 March 2015

COMPANY PROFIT AND LOSS ACCOUNT

	Note	2015 £'000	2014 £'000
Turnover			
Continuing operations	1	13,868	13,419
Other operating income:			
Rental income		<u>672</u>	<u>72</u>
Total turnover		14,540	13,491
Administrative expenses	1	<u>(14,787)</u>	<u>(12,642)</u>
Operating (loss)/profit		<u>(247)</u>	<u>849</u>
Interest receivable and similar income		<u>16</u>	<u>20</u>
(Loss)/profit on ordinary activities before taxation		(231)	869
Tax on profit/(loss) on ordinary activities	5	<u>-</u>	<u>-</u>
(Loss)/profit on ordinary activities after taxation transferred to reserves	15	<u>(231)</u>	<u>869</u>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The notes on pages 26 to 43 form part of these financial statements.

NATIONAL HOUSING FEDERATION LIMITED

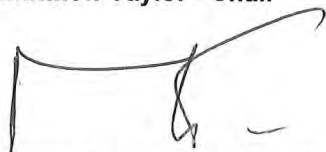
As at 31 March 2015

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Fixed assets					
Goodwill	8	232	-	264	-
Investments	7	-	531	10	541
Tangible fixed assets	6	19,793	1,262	18,918	1,222
		<u>20,025</u>	<u>1,793</u>	<u>19,192</u>	<u>1,763</u>
Current assets					
Stocks - publications	9	32	32	44	44
Debtors	10	1,993	8,507	1,539	8,071
Cash at bank and in hand		2,643	2,596	3,375	3,299
		<u>4,668</u>	<u>11,135</u>	<u>4,958</u>	<u>11,414</u>
Creditors: amounts falling due within one year	11	<u>(7,072)</u>	<u>(6,380)</u>	<u>(7,040)</u>	<u>(6,398)</u>
Net current (liabilities)/assets		<u>(2,404)</u>	<u>4,755</u>	<u>(2,082)</u>	<u>5,016</u>
Debtors: amounts falling due after more than one year	10	<u>-</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total assets less current liabilities		<u>17,621</u>	<u>10,048</u>	<u>17,110</u>	<u>10,279</u>
Creditors: amounts falling due after more than one year	12	<u>(6,471)</u>	<u>(198)</u>	<u>(7,169)</u>	<u>(198)</u>
Share of gross assets in joint venture	24	1,072	-	1,127	-
Share of gross liabilities in joint venture	24	(547)	-	(610)	-
Share of net assets in joint venture		<u>525</u>	<u>-</u>	<u>517</u>	<u>-</u>
Net assets		<u>11,675</u>	<u>9,850</u>	<u>10,458</u>	<u>10,081</u>
Capital and reserves					
Revaluation reserve	15	4,607	-	3,683	-
Profit and loss reserve	15	7,068	9,850	6,775	10,081
	16	<u>11,675</u>	<u>9,850</u>	<u>10,458</u>	<u>10,081</u>

The financial statements were approved by the Board of Directors on 8th July 2015 and signed on their behalf on 8th July 2015

Matthew Taylor - Chair



Company registration no: 302132

Mark Washer - Vice Chair



The notes on pages 26 to 43 form part of these financial statements.

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

CONSOLIDATED CASH FLOW STATEMENT

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	17	486	1,040
Returns on investments and servicing of finance			
Interest receivable		16	24
Interest payable		<u>(293)</u>	<u>(429)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(277)</u>	<u>(405)</u>
Taxation			
Corporation tax paid		<u>-</u>	<u>-</u>
Capital expenditure and financial investment			
Payments to acquire fixed assets and investments	6	(305)	(1,098)
Proceeds from sale of fixed assets		<u>-</u>	<u>4</u>
Net cash outflow from capital expenditure and financial investment		<u>(305)</u>	<u>(1,094)</u>
Net cash inflow before financing		(96)	(459)
Financing		<u>(636)</u>	<u>(578)</u>
Decrease in cash	18	<u>(732)</u>	<u>(1,037)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

Decrease in cash in the year	(732)	(1,037)
Cash outflow from decrease in debt	<u>636</u>	<u>578</u>
Movement in net debt in the period	(96)	(459)
Net debt at 1 April 2014	<u>(4,201)</u>	<u>(3,742)</u>
Net debt at 31 March 2015	<u>(4,297)</u>	<u>(4,201)</u>

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

OTHER PRIMARY STATEMENTS

Consolidated statement of total recognised gains and losses

	Note	2015 £'000	2014 £'000
Profit for the financial year	15	293	347
Unrealised surplus on revaluation of property	15	924	3,383
Total gains and losses recognised since last annual report		<u>1,217</u>	<u>4,030</u>

Consolidated note of historical cost profits and losses

		2015 £'000	2014 £'000
Reported profit on ordinary activities after taxation	15	<u>293</u>	<u>347</u>
Historical cost profit on ordinary activities after taxation		<u>293</u>	<u>347</u>

NOTES TO THE FINANCIAL STATEMENTS

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation is attributable as follows:

	2015	2014
	£'000	£'000
Affiliation fees	8,758	8,779
Grants	310	340
Conferences, training and publications	3,811	3,688
Other income	989	612
Company and Group	<u>13,868</u>	<u>13,419</u>

All income in the current and preceding year is derived from United Kingdom operations.

The surplus on ordinary activities before taxation is stated after administrative expenses of:

	Group	Company	Group	Company
	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
Staff costs (note 4)	7,074	7,074	6,886	6,886
Depreciation	335	246	422	163
Auditors' remuneration:				
- audit services	34	34	33	33
- non-audit services	8	8	5	5
Charges on operating leases	101	101	98	98
Other operating charges	6,431	7,324	5,940	5,457
Company and Group	<u>13,983</u>	<u>14,787</u>	<u>13,384</u>	<u>12,642</u>

NOTES TO THE FINANCIAL STATEMENTS

2 Share of joint venture's results

Further information on the Federation's joint venture, HouseMark is disclosed at notes 7 and 24.

HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2014. These have been used in compiling the Federation's group financial statements. Summary income and expenditure information for HouseMark is:

	Year ended 31 December 2014 £'000	Group share (50%) 2014 £'000	Year ended 31 December 2013 £'000	Group share (50%) 2013 £'000
HouseMark turnover	5,037	2,518	4,953	2,477
HouseMark operating costs	(5,019)	(2,509)	(4,937)	(2,469)
Operating profit	18	9	16	8
Interest receivable	4	2	9	4
Profit on ordinary activities before tax	22	11	25	12
Tax on profit on ordinary activities	(6)	(3)	(8)	(4)
Net profit	16	8	17	8

3 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable		
On bank loans and overdrafts	288	427
Interest receivable		
Bank	16	24

NOTES TO THE FINANCIAL STATEMENTS

4 Directors and employees

Staff costs during the year were as follows:

	2015	2014
	£'000	£'000
Wages and salaries (leadership team)	540	537
Wages and salaries (other staff)	4,725	4,641
Social security costs (leadership team)	69	63
Social security costs (other staff)	524	469
Other pension costs (leadership team)	51	39
Other pension costs (other staff)	294	226
Termination costs	136	208
Pension Deficit Payment	735	703
	<u>7,074</u>	<u>6,886</u>

The average number of employees of the company during the year was:

	2015	2014
	Number	Number
Leadership team	4	4
Other staff	118	123
	<u>122</u>	<u>127</u>

All employees were employed in the Federation's principal activity.

The amounts set out above include remuneration (excluding pension contributions) in respect of the highest paid officer, the Chief Executive, who is a board director as follows:

	2015	2014
	£'000	£'000
Salary	<u>179</u>	<u>165</u>

The Chief Executive and the leadership team are ordinary members of the Social Housing Pension Scheme and participate in the scheme on the same basis as all other staff.

The fee paid for the services of the Chair was £20k (2014:£20k). No remuneration was paid to any other member of the Board other than the Chief Executive.

NOTES TO THE FINANCIAL STATEMENTS

5 Tax on profit on ordinary activities

Analysis of the tax charge/(credit) for the year

The tax charge/(credit) is based on the loss for the year and represents:

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Factors affecting current tax credit				
The tax assessed for the year is lower than the standard rate of corporation tax in the United Kingdom of 21% (2014:23%). The differences are explained below:				
Profit/(loss) on ordinary activities before tax	<u>293</u>	<u>(231)</u>	<u>347</u>	<u>869</u>
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 21% (2014:23%)	62	(49)	80	200
Effect of:				
Expenses not deductible for tax purposes	9	5	100	2
Capital allowances for the period in excess of depreciation	(49)	(55)	(25)	(22)
Group relief of current year losses	-	-	-	-
Increase/(utilisation) of trading losses	(121)	-	25	-
Loss/(profit) on mutual trading activities	99	99	(180)	(180)
Current tax charge for period	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS

6 Tangible fixed assets
Group

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	Computer equipmen t £'000	Office equipment and furniture £'000	Improve- ments to leasehold premises £'000	Total £'000
Cost:							
At 1 April 2014	12,320	6,308	624	1,564	554	62	21,432
Revaluation	924	-	-	-	-	-	924
Additions	-	13	-	262	30	-	305
Disposals	-	-	-	(29)	-	-	(29)
At 31 March 2015	13,244	6,321	624	1,797	584	62	22,632
Depreciation:							
At 1 April 2014	-	602	309	1,095	467	41	2,514
Provided in the year	-	126	29	147	25	8	335
Disposals	-	-	-	(10)	-	-	(10)
At 31 March 2015	-	728	338	1,232	492	49	2,839
Net book amount at 31 March 2015	13,244	5,593	286	565	92	13	19,793
Net book amount at 31 March 2014	12,320	5,706	315	469	87	21	18,918

On 27th February 2014 three floors of the freehold property Lion Court were let on a ten year commercial lease and the relevant portion of property cost was moved to investment property and included at valuation.

The whole property was independently valued at 31st March 2015 to £21.5m by Strutt & Parker LLP, acting as an independent valuer as defined by Professional Standard 2 of the RICS Valuation Professional Standards, January 2014.

The basis of valuation was market value of the freehold interest in the property subject to any tenancies. 61.6% of the building is let and is therefore included at a valuation of £13.24m i.e. 61.6% of the whole valuation.

Included in freehold property is an amount of £2.66m in respect of freehold land which is not subject to depreciation.

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

NOTES TO THE FINANCIAL STATEMENTS

6 Tangible fixed assets

Company

	Computer equipment £'000	Office equipment and furniture £'000	Improvements to leasehold premises £'000	Total £'000
Cost				
At 1 April 2014	1,564	554	710	2,828
Additions	262	30	13	305
Disposals	(29)	-	-	(29)
At 31 March 2015	<u>1,797</u>	<u>584</u>	<u>723</u>	<u>3,104</u>
Depreciation				
At 1 April 2014	1,095	466	45	1,606
Provided in the year	147	26	73	246
Disposals	(10)	-	-	(10)
At 31 March 2015	<u>1,232</u>	<u>492</u>	<u>118</u>	<u>1,842</u>
Net book amount at 31 March 2015	<u><u>565</u></u>	<u><u>92</u></u>	<u><u>605</u></u>	<u><u>1,262</u></u>
Net book amount at 31 March 2014	<u><u>469</u></u>	<u><u>88</u></u>	<u><u>665</u></u>	<u><u>1,222</u></u>

7 Investments

The Federation owns one £1 ordinary share in The Housing Finance Corporation Limited (an Industrial and Provident Society), representing one-seventh of the nominal value of the issued share capital. The Housing Finance Corporation Limited assists housing associations and related charities in raising funds for capital projects and is incorporated in Great Britain.

The Federation owns 100% of National Housing Federation Investments Limited, which itself owns a 49% ordinary shareholding in HouseMark Limited. The total value of the investment is £531k in the company's balance sheet.

The Federation owns 100% of NHF Property & Services Limited which owns Lion Court, the Federation's head office.

The Federation is a member in the Co-operative and Mutual Business Services Limited with an investment of one share of £1. The company was set up to carry out the registration of Co-operatives and Mutuals within the Financial Services Authority but has not traded.

NOTES TO THE FINANCIAL STATEMENTS

7 Investments

The Federation holds a £10k investment in Third Sector Consortia Management LLP a company delivering and managing public and community services during the year. Results to March 2015 show a small surplus however in light of the current economic climate and earlier losses the value of the Federation's investment has been reduced to £1. The Federation's liability is limited to its investment. No provision has been made in these statements in respect of any tax refund due in respect of losses available to be carried back.

The Federation has a £25 share in My Home Finance Limited a company limited by guarantee. The company provides finance to members of the public who are unable to obtain credit from mainstream banks.

Investments summary:

National Housing Federation Investments Limited	Investment company	100%
NHF Property & Services Limited	Property Owning and Conference Facility/Meeting Room providers	100%
HouseMark Limited	Provider of benchmarking services to Housing Sector	49%
Third Sector Consortia Management LLP	Company delivering and managing public and community services.	10%
My Home Finance Limited	Provider of finance to those unable to obtain credit from mainstream banks.	10%

	2015	2014
	£'000	£'000
NHF Property & Services Ltd	-	-
Third Sector Consortia Management LLP	-	10
Other	-	-
Group	-	10
National Housing Federation Investments Limited	531	531
Company	531	541

NOTES TO THE FINANCIAL STATEMENTS

8 Goodwill

A fair value review of the gross assets and liabilities of HouseMark Limited was carried out with the result that none of the carrying values of the assets or liabilities were altered for the goodwill calculation. No circumstances have arisen which would indicate that the carrying amount of the goodwill (in the group's balance sheet) or the investment (in the balance sheet of National Housing Federation Investments Limited) are impaired. Management has considered HouseMark's performance against its business plan since the acquisition date and is content that no impairment has occurred.

As set out in the accounting policies, purchased goodwill is amortised over a period of twenty years. Management is of the opinion that such a period realistically reflects the expected useful economic life of the goodwill, given the nature of HouseMark's business, the environment in which it operates and the scope and plans for future developments. Amortisation costs are charged to the income and expenditure account monthly. The following reconciliation of movements in goodwill is disclosed.

	£'000
Cost	
At 1 April 2014 and at 31 March 2015	<u>639</u>
Accumulated amortisation:	
At 1 April 2014	375
Charge for the period	<u>32</u>
At 31 March 2015	<u>407</u>
Net book amount at 31 March 2015	<u><u>232</u></u>
Net book amount at 31 March 2014	<u><u>264</u></u>

9 Stocks

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Stock for resale	<u>32</u>	<u>32</u>	<u>44</u>	<u>44</u>

NOTES TO THE FINANCIAL STATEMENTS

10 Debtors

Amounts due in less than one year:

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Trade debtors	533	534	546	473
Other debtors	282	282	277	277
Prepayments and accrued income	1,178	1,178	716	716
Amounts due from group undertakings	-	6,513	-	6,605
	<u>1,993</u>	<u>8,507</u>	<u>1,539</u>	<u>8,071</u>

Amounts due after more than one year:

Amounts due from group undertakings	-	3,500	-	3,500
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A non-interest bearing deferred loan was made to the company's subsidiary undertaking, NHF Property & Services Limited in January 2004 to assist in the financing of the purchase of Lion Court, a property owned by NHF Property & Services Limited. At 31 March 2014 the amount outstanding on the loan was £3.5m (2014: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £6,513k for twelve months from the date of signing these accounts unless NHF Property & Services Limited has the available funds to make the payment.

11 Creditors: amounts falling due within one year

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Bank loan (note 13)	667	-	605	-
Trade creditors	25	25	264	264
Other tax and social security	9	9	111	111
Other creditors	343	343	89	89
Accruals and deferred income	6,028	6,003	5,971	5,934
	<u>7,072</u>	<u>6,380</u>	<u>7,040</u>	<u>6,398</u>

NATIONAL HOUSING FEDERATION LIMITED

For the year ended 31 March 2015

NOTES TO THE FINANCIAL STATEMENTS

12 Creditors: amounts falling due after more than one year

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Other creditors	198	198	198	198
Bank loan (note 13)	6,273	-	6,971	-
	<u>6,471</u>	<u>198</u>	<u>7,169</u>	<u>198</u>

Other creditors comprises a three month rent deposit held in respect of the lease of floors 1-3 Lion Court and is repayable in more than five years.

13 Creditors: Capital borrowings

Creditors include bank loans (see note 22) which are due for repayment as follows:

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Amounts repayable:				
In one year or less or on demand	667	-	605	-
In more than one year, but not more than two years	686	-	633	-
In more than two years, but not more than five years	2,190	-	2,095	-
In more than five years	3,397	-	4,243	-
	<u>6,940</u>	<u>-</u>	<u>7,576</u>	<u>-</u>

14 Deferred taxation

Group and Company

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Unprovided deferred taxation asset:				
Fixed asset timing differences	198	35	101	(67)
Losses and other deductions	(485)	(248)	(462)	(110)
	<u>(287)</u>	<u>(213)</u>	<u>(361)</u>	<u>(177)</u>

There was no provision for deferred taxation as at 31 March 2015 (2014: £nil).

NOTES TO THE FINANCIAL STATEMENTS

15 Reserves

Group

	Revaluation Reserve £'000	General Reserve £'000	Total Reserves £'000
At 1 April 2014	3,683	6,775	10,458
Profit for the year	-	293	293
Revaluation	924	-	924
At 31 March 2015	<u>4,607</u>	<u>7,068</u>	<u>11,675</u>

Company

	General reserve £'000
At 1 April 2014	10,081
Loss for the year	(231)
At 31 March 2015	<u>9,850</u>

16 Reconciliation of movements in shareholders' funds

	Group 2015 £'000	Company 2015 £'000	Group 2014 £'000	Company 2014 £'000
Profit/(loss) attributable to members	293	(231)	347	869
Other recognised gains or losses for the year	924	-	3,683	-
Net additions to shareholders' funds	1,217	(231)	4,030	869
Opening shareholders' funds	10,458	10,081	6,428	9,212
Closing shareholders' funds	<u>11,675</u>	<u>9,850</u>	<u>10,458</u>	<u>10,081</u>

17 Net cash inflow from operating activities

	2015 £'000	2014 £'000
Operating surplus	557	745
Depreciation	335	422
Loss on disposal of tangible fixed assets/investments	29	261
Amortisation charges	32	32
Share of profit in joint venture	-	(4)
Decrease in stock	12	17
Increase in debtors	(455)	(594)
Increase in creditors	(24)	161
Net cash inflow from operating activities	<u>486</u>	<u>1,040</u>

NOTES TO THE FINANCIAL STATEMENTS

18 Analysis of changes in net debt

	At 1 April 2014 £'000	Cash flow £'000	At 31 March 2015 £'000
Cash in hand	3,375	(732)	2,643
Liquid resources	(7,576)	636	(6,940)
	<u>(4,201)</u>	<u>(96)</u>	<u>(4,297)</u>

19 Capital commitments

The company had capital commitments at 31 March 2015 of £150k (2014 – £300k) in respect of a contract for the implementation of a replacement CRM system

	2015 £'000	2014 £'000
Contracts tendered for and awarded	<u>150</u>	<u>300</u>

20 Contingent assets / liabilities

There were no contingent assets or liabilities at 31 March 2015 or 31 March 2014.

21 Retirement benefit schemes

National Housing Federation Limited participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

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

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three benefit structures have been available, namely:

- Final salary with a 1/60th accrual rate.
- Final salary with a 1/70th accrual rate.
- Career average revalued earnings (CARE) with a 1/60th accrual rate.

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

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

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes

A defined contribution option was made available from 1 October 2010.

A Career average revalued earnings (CARE) structure with a 1/120th accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme.

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

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can operate one open defined benefit structure plus CARE 1/120th, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

National Housing Federation Limited has operated the final salary with a 1/60th accrual rate and a career average revalued earnings with a 1/60th accrual rate benefit structure for active members as at 31 March 2007 and the career average revalued earnings with a 1/60th accrual rate benefit structure for new entrants from 1 April 2007. From 1st May 2015 the National Housing Federation closed both defined benefit schemes operating just the defined contribution scheme.

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

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

During the accounting period National Housing Federation Limited paid contributions to the defined contribution scheme at rates from 1% to 10%. Member contributions varied between 1% and 10%.

As at the balance sheet date there were 116 (2014-86) active members of the Scheme employed by National Housing Federation Limited. The annual pensionable payroll in respect of these members was £5.19m (2014-£4.00m). National Housing Federation Limited ceased to offer membership of the Defined Benefit Scheme to its employees from 1st May 2015.

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers.

The scheme is a multi-employer scheme where the assets are co-mingled for investment purposes, and benefits are paid from total scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2.062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1.035m, equivalent to a past service funding level of 67.0%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

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

	% pa
Valuation Discount Rates	
Pre-retirement	7.0
Non Pensioner Post retirement	4.2
Pensioner Post retirement	4.2
Pensionable earnings growth	2.5 for 3 years, then 4.4
Price inflation	2.9
Pension Increases	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess over GMP	2.4

Expenses for death in service insurance, administration and PPF levy are included in the contribution rate

The valuation was carried out using the following demographic assumptions:

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

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

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes

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

Benefit structure	Long-term joint contribution rate (% of pensionable salaries)
Final salary with a 1/60 th accrual rate	19.4
Final salary with a 1/70 th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60 th accrual rate	18.1
Final salary with a 1/80 th accrual rate	14.8
Career average revalued earnings (CARE) 1/80 th accrual rate	14.0
Career average revalued earnings (CARE) 1/120 th accrual rate	9.7

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes

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

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

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

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

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

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

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

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers.

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes

The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The total pension cost for the Federation for the year including pension deficit contributions was £1,080k (2014: £968k).

22 Financial commitments

On 29 January 2004, the group purchased Lion Court in Holborn for the sum of £13.74m. The purchase was financed by a 25 year loan from the Bank of Scotland of £11.74m at an interest rate of 1.5% plus base. At 31 March 2015 the amount outstanding was £7.58m (2014: £8.15m).

The loan is secured by mortgage charge over the building known as Lion Court.

On 11 June 2004, the company elected to fix the interest rate on £4m of the loan for 5 years at 7.315%, this then reverted to a base rate loan and on 29th July 2011 the outstanding amount of £2.04m was changed to a LIBOR loan repayable at 1.5% over LIBOR. On 11 June 2004 the interest rate on a further £4m of the loan was fixed for 10 years at 7.295% which reverted back to a base rate loan on 11th June 2015. On 22 February 2010, the company elected a further interest fix at 5.595% for 10 years, £3.32m to run from 11 March 2010 and £0.79m to run from 29 April 2010.

National Housing Federation Limited had a temporary overdraft facility with its bankers Lloyds TSB Bank Plc amounting to £1m, which expired at the end of June 2015. The overdraft was not used during the year and was £nil at 31st March 2015 (2014: £nil).

At 31 March 2015 there were commitments to make the following payments during the next year in respect of operating leases on premises:

	Group and Company 2015 £'000	Group and Company 2014 £'000
Land and buildings		
Leases which expire within two to five years	52	-
Leases which expire over five years	-	45
Other		
Leases which expire within one year	1	37
Leases which expire within two to five years	44	10
Leases which expire over five years	-	5

NOTES TO THE FINANCIAL STATEMENTS

23 Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2014: £nil) to HouseMark for services and received licence income from HouseMark amounting to £247k (2014: £322k).

National Housing Federation Limited paid rent of £1.709m (2014: £1.037m) to NHF Property & Services Limited. It paid £nil (2014: £74k) for catering services. NHF Property & Services Limited paid fees in respect of rents, rates and service charges to National Housing Federation Limited for the 1st, 2nd and 3rd floors of Lion Court amounting to £789k (2014: £1.18m).

In the normal course of business Housing Associations to which some directors are connected, pay affiliation fees, acquire publications and attend conferences of National Housing Federation Limited. All of these transactions are at arm's length other than attendance at conferences where the Director's attendance is required by virtue of being a Director. Affiliation fees received from members during the year ended 31 March 2015 were £8.78m (2014: £8.58m).

There are no other related party transactions.

24 Group and joint venture disclosures

The group and company have a 49% shareholding in HouseMark Limited. HouseMark's only other shareholder is the Chartered Institute of Housing. National Housing Federation Limited has 50% of voting rights and therefore 50% of the results of HouseMark Limited are treated as a joint venture.

- (a) There are no intercompany loans or other balances due between National Housing Federation Limited and HouseMark Limited.
- (b) HouseMark Limited's accounting reference date is 31 December. The most recent audited accounts available are for the period ending 31 December 2014. These have been used in compiling the Federation's group financial statements. They contained the following information:

	2014 £	2013 £
Profit and loss account		
Turnover	5,037,325	4,953,154
Profit after tax	<u>16,132</u>	<u>17,428</u>
Balance sheet		
Fixed assets	94,903	131,098
Current Assets	2,049,056	2,123,108
Creditors: amounts falling due within one year	<u>(1,094,504)</u>	<u>(1,220,883)</u>
Net assets	<u>1,049,455</u>	<u>1,033,323</u>
Called-up share capital	100	100
Profit and loss account	1,049,355	1,033,223
	<u>1,049,455</u>	<u>1,033,323</u>

HouseMark Limited's registered address is 8 Riley Court, Millburn Hill Road, University of Warwick Science Park, Coventry CV4 7HP.