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NATIONAL HOUSING FEDERATION LIMITED

FINANCIAL STATEMENTS

For the Year ended

31 March 2016

Company no 302132

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, .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

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KEY FIGURES – GROUP FIVE YEAR SUMMARY

	2015/16 £k	2014/15 £k	2013/14 £k	2012/13 £k	2011/12 £k
Turnover	16,653	15,464			
Underlying turnover	13,893	14,540	14,130	14,382	14,563
Change %	-4.4%	2.9%	-1.8%	-1.2%	2.2%
Profit after tax	751	1,280			
Underlying surplus excluding exceptional items	382	293	347	325	231
Net assets	6,561	5,810			
Net assets pre FRS 102		11,675	10,458	6,428	5,931
Net cash at year end	2,712	2,643	3,375	4,412	2,324

The Financial Statements for 2015/16 have been prepared under Financial Reporting Statement 102 (FRS 102) and comparative figures for 2014/15 have been restated.

Underlying turnover excludes unrealised property revaluation gains on investment property now included under FRS 102 in turnover.

Surplus is the profit after tax on ordinary activities transferred to reserves. Underlying surplus excludes exceptional / one off items and also excludes unrealised property revaluation gains on investment property, pension deficit liability movements / recovery payments and other FRS 102 adjustments.

Net Assets under FRS 102 now reflect pension deficit liabilities and unrealised property revaluation gains on investment property.

All figures reported under FRS 102 reflect full provision for deferred tax.

Further details are provided in the Financial Review section of the Strategic Report and in the Financial Statements and Notes.

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.

CHAIR'S STATEMENT

I have now been Chair of the National Housing Federation for nearly a year. A huge amount of change has occurred in such a short time!

Housing's emergence as a major political issue, a cross-party consensus on the need for housebuilding following the Homes for Britain campaign, the Voluntary Right to Buy, the end of lifetime tenure and a review of funding for supported housing: all have the potential to change the landscape completely.

It has been a real privilege to travel up and down the country meeting housing associations and seeing how they are responding to these challenges in our great cities, towns, villages and countryside. In so doing I have gained a great sense of the diversity of the work that the Federation's members carry out and the depths of commitment they have in addressing the housing crisis and serving their local communities.

Armed with that experience I have been able to contribute in one of my other key roles as a member of the House of Lords. The 2016 Housing and Planning Bill is one of the most substantive pieces of legislation during this parliament and the Lords has been central to its development.

I am proud to have taken over as Chair from Lord Matthew Taylor. Matthew oversaw major advances in the Federation's influence and effectiveness, following its fundamental governance changes in 2009 and subsequent Business Strategy Review. The Federation has built further on that this year and has a new business plan for the period through to March 2019. We will focus on keeping housing associations' interests central to housing policy development and at the heart of decision-making in the run up to the 2020 general election.

In 2015/16 the Federation made an underlying surplus of £382k compared to £293k in the previous year. Over the past five years we have maintained a strong financial position, consistently delivering modest financial surpluses in line with our Reserves Policy, whilst delivering significant, real reductions in the price of membership. We have already announced a reduction of 4% for 2017/18, following a 1% reduction in 2016/17, and by March 2018 we will over seven years have reduced the price of membership by 25% in real terms, saving members £10m.

All of this has only been possible with a truly effective Federation team led by David Orr. I would like to thank them all for their professionalism and skill, whilst carrying out their mission and providing great support to me and our Board. I look forward to the next year with optimism and enthusiasm as we seek to carry on this work.

Baroness Diana Warwick

CHIEF EXECUTIVE'S REVIEW

In the decade or so that I have been Chief Executive of the National Housing Federation I cannot remember a time that has been more eventful, significant or important to the future success of our members.

In May 2015 we had a general election result that nobody expected, but the Conservative majority Government that emerged has put housing at the centre of its legislative plans in a way no other has in recent times. This has thrown up opportunities and challenges for the Federation and its members.

Addressing these has been our priority in the past year and will continue to be so during the coming one. On the extension of the Right to Buy, a manifesto commitment from Government, we have led the way in engaging with Government to avoid legislation and negotiate a better, fairer and more sustainable system that boosts homeownership and housing supply. We have played our part in securing funding for housing in the Budget and Comprehensive Spending Review, and we have continued making the case for more and better housing with the public at large.

We have not agreed with everything this Government has done or is doing. The 1% pa cut for four years to social rents, announced in last year's Budget, has restricted the future supply of new homes and the proposed Local Housing Allowance cap threatens to impact on the most vulnerable.

Where we have needed to challenge the Government we have done so, but on one thing we have more certainty. We will be judged on building more homes and increasing home ownership. Those are the criterion on which the sector will be judged and on which we have to deliver. That is the case despite any additional uncertainty caused by the EU referendum vote to leave the EU. There is still a housing crisis and we remain committed to ending it.

Two years ago, with the support of our members, we launched our 'Ambition to Deliver' outlining the contribution we could collectively make to increase the provision of affordable housing over the next twenty years. That ambition is now even more relevant.

I welcome Baroness Diana Warwick as our new chair and join her in thanking everyone at the Federation for helping to achieve our successes so far.

The last year has been challenging and unpredictable. I have no doubt the coming one will be too. But as the challenge shifts from one of change to one of delivery, I look forward to working with our members to rise up and meet it once more.

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, enabling them to prosper, whatever their business model. It aims to be the body to engage with on housing issues and be regarded by its members as a highly effective trade body.

The Federation exists for its members and they have varying views 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 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 include:

- The extent to which housing associations can increase the supply of housing in line with Government objectives, through the Voluntary Right to Buy (VRtB) agreement with the Government, brokered during 2015 by the Federation, and otherwise through their updated business plans. These plans will be affected by other government interventions in the housing market such as starter homes, housing ISAs, first time buyer incentives and changes to planning regulations, together with the level and delivery mechanisms of Government funding.

STRATEGIC REPORT

Risks & Uncertainties

- The impact on members' business plans of the July 2015 budget decision to restrict social rent increases to 1% below inflation for four years, rather than the previously agreed CPI plus 1%.
- The uncertainty about subsequent permitted social rent increases.
- The impact of Government moves to reverse the 2015 finding by the Office of National Statistics (ONS) to achieve reclassification of housing associations as not being in the public sector. This will give housing associations more operational freedom, and widen the range of business models they adopt. This may affect how they are viewed by stakeholders, including funders.
- Ongoing impacts from the Government's welfare and benefit reform measures, including the introduction of the LHA benefit cap, and the subsequent enquiry into the costs of providing special needs housing.
- The review of the regulator's role and possible changes to the funding of the HCA, including the introduction of fees for registered providers.

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

- Failure to engage effectively with members
- Inability to achieve policy outcomes on behalf of members
- Failure to deliver sufficiently attractive commercial products and services
- Failure to operate efficiently and provide members with value for money

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, and additional uncertainty, for members and the Federation directly, may result from the EU referendum vote to leave the EU. The Federation leads the sector in anticipating different scenarios and planning to deal with them. It does not involve itself directly in issues relating to an individual member, although offering support where appropriate.

If any combination of the above risks were to materialise on a significant scale, then members may become unable or unwilling to pay their affiliation fees or for commercial services. This could then result in there being insufficient funding for the Federation to operate in its current manner. Currently there is an increase in merger activity within the sector. This could reduce the Federation's income from affiliation fees under our current charging structure and will require the Federation to review its service offers to members with differing characteristics.

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. 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.

STRATEGIC REPORT

Risks & Uncertainties

The Federation's Risk Management Procedures are detailed in the Report of the Directors. Extensive risk mitigation actions are taken, reviewed and further developed.

There are operating policies, procedures and protocols in place controlling all public and private Federation pronouncements. Positioning is determined by the Board informed by widespread consultation with members.

Regarding commercial activities, strong market intelligence means conference programmes are constantly adjusted in line with market demands. Sponsorship has been taken in-house. Sophisticated & targeted marketing strategies are employed.

Financial Review

The Federation sets affiliation fees with the aim that members pay each year for the level of services they receive and budgets for an underlying break even position. We aim by operating efficiently to in practice make a small underlying surplus (profit after tax), which unless specifically decided otherwise by the Board, is added to reserves.

The Board has formally reviewed and updated its Reserves Policy. This requires the Federation to have at least six months operating expenditure covered by reserves and a cash flow profile which would support continued operations in the event reserves have to be realised, both in the short or longer term. The Board has concluded that reserves are adequate but not excessive, and therefore the addition to reserves of annual surpluses including small annual underlying surpluses is appropriate. Reserves for this purpose comprise net assets shown in the consolidated balance sheet plus unrecognised unrealised property revaluation gain on property held for the Federation's own use.

The underlying surplus for 2015/16 was £382k compared to £293k for the previous year which was in line with our financial objectives and Reserves Policy. This however is the first year in which we have reported results under FRS 102 and in 2015/16 our reported, headline, profit after tax was £751k compared to a restated figure of £1,280k.

The headline figures include unrealised property revaluation gains on investment property. They do not reflect pension deficit recovery payments which remain negative cash flows, but now reduce the pension deficit liability on the balance sheet. The movements in the pension deficit itself, excluding recovery payments in each year reduce the headline surpluses. All figures reported under FRS 102 reflect full provision for deferred tax.

STRATEGIC REPORT

Financial Review

A full analysis of the differences between the underlying and headline surpluses for 2015/16 and 2014/15 is as follows:

	2015/16	2014/15
	£k	£k
Headline profit after tax under FRS 102	**751**	**1280**
Unrealised property revaluation gain on investment property	-2760	-924
Pension deficit recovery payments	-726	-697
Increase in pension deficit NPV excluding annual payments	2859	506
Deferred tax and other FRS 102 adjustments	258	128
Underlying surplus	**382**	**293**

The changes in reported results under FRS 102 do not affect the underlying financial performance and the surplus for the year will be taken to reserves, in accordance with the Reserves Policy.

Net assets reported under FRS 102 now include pension deficit and unrealised property revaluation gain on investment property. Net assets at the end of 2015/16 were £6.6m (£5.8m).

Total turnover now reported under FRS 102 was up by 7.7% to £16.7m. Excluding unrealised property revaluation gain on investment property, underlying turnover was down by £0.65m (4.4%) to £13.9m.

Gross income from affiliation fees was similar to the previous year. The main factors for the fall in underlying turnover were a reduction in income from commercial activities of £0.33m and lower VAT recovery of £0.23m.

Commercial income was lower due to difficult market conditions precipitated by political challenges to the wider business activities of housing associations. VAT recovery had been high in 2014/15 due to expenditure on Homes for Britain.

Administrative expenses were 11.4% higher than the previous year, including increases in pension deficit NPV. Excluding the pension deficit increases administrative expenses were 5.9% lower. The previous year's expenses reflected a major increase in campaigning and lobbying activity relating to the General Election.

Three floors of our main office, Lion Court in Holborn, London continue to be let on a ten year commercial lease. 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 2016 the whole property was independently valued at £26.0m (an increase of £4.5m) and this increased consolidated net assets shown in the Financial Statements by £2.8m.

STRATEGIC REPORT

Business Review

During the year, the project to replace the Federation's Customer Relationship Management (CRM) system was successfully completed to timetable and below budget. This expenditure was funded from existing financial resources.

Interest payable in 2015/16 fell by £62k (23%) following the reversion part way through the previous year from a fixed rate to base rate related on a £4m loan.

To ensure that members are better informed about its financial performance, particularly given the differences in reporting under FRS 102, 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.

At the end of March 2016 we came to the end of our three year business planning cycle and established a new plan through to March 2019. Details of our new business plan can be found on our website at www.housing.org.uk.

The Board has taken the opportunity to evaluate how successfully the objectives of the previous plan were met and identify learning points to be addressed in the new plan.

During the past three years, and particularly during the past year following the general election, the Federation has achieved a great deal on behalf of, and working closely with, its members. As a consequence we believe the sector is in the best position possible to thrive in the future.

Over the last three years we have also taken the opportunity to transform ourselves. Acting on the feedback from the Business Strategy Review, we changed the way we worked, seeking to be more efficient, and transformed the way we engage with, and work for, our members.

- We have quickly established a close working relationship at the most senior levels of the new Government.
- We worked with members to develop the 'Ambition to Deliver', helping to position associations as dynamic organisations and demonstrating the scale of ambition to the Government.
- We ensured the Government commitment to see the Office of National Statistics (ONS) reclassification reversed and secured a number of significant deregulatory amendments to strengthen the position of housing associations.
- We brokered a deal on Right to Buy to protect the independence of the sector. We secured discretion over sales, a full commitment to market value, and flexibility over the use of receipts and replacements. We are now working to shape the practical implementation of voluntary Right to Buy.
- We helped protect and strengthen the financial position of our members through our lobbying on SORP and FRS:

STRATEGIC REPORT

Business Review

- We secured a number of positive amendments to the proposal for FRS 102 (pre-Financial Reporting Standard 102), so it allows the capitalisation of borrowing costs and permits the revaluation of fixed assets.
- We worked with the SORP working party to ensure the SORP 2014 was fit for purpose and avoided the possibility of significant financial impairment across the sector.
- We supported Greater Manchester housing associations to shape and influence the emerging powers and settlement and are supporting members in other regions to make the most of the opportunities presented by devolution.
- We worked with members to secure improvements to the Universal Credit design and roll-out, which will help mitigate the risk to housing association business plans.
- The Homes for Britain campaign succeeding in getting housing to a top 5 election issue. It united and mobilised members and helped the sector rediscover its campaigning voice.
- We transformed our member engagement and focused on the issues that matter most to members to ensure we deliver added value. We have already achieved a 17% real terms reduction in the price of affiliation over five years, equivalent to a £4.5m saving for members. By 2017/18 as a result of fee reductions already announced, these figures will have grown to 25% / £10m.
- The Federation has continued its major cultural change programme to further improve staff performance and member focus. We have completed the first year of our new Management Academy, which is being extended to aspiring managers.
- We progressed for the first time to the 2 star category in the most recent Times 'Best Companies' survey and were the 35th best Not for Profit organisation in the country to work for.
- We successfully redesigned our Lion Court office and sub-let three floors, leading to a significant increase in our commercial income.
- We introduced a new CRM system (Personify), on time and under budget, allowing us to better share intelligence and insight about our members across the Federation. Data capture under the new system has grown by a factor of five.
- Commercial activities continued to provide support for members and enhance the Federation's offer. A number of new products were launched and the Federation successfully acquired, and grew the National Housing Awards.
- Our conferences continued to perform well, particularly finance events, and delegate satisfaction grew to 96.4%.
- The Housing Finance Conference and Exhibition was moved to Liverpool and received very favourable feedback from attendees and exhibitors.

We continue to take pride in our members and our staff and the way we have worked together to address the challenges facing the sector and the Federation.

STRATEGIC REPORT

Business Review

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.

In carrying out these activities we have continued to work with key partners including the Chartered Institute of Housing, The National Federation of ALMOs, Housing Europe, the three other UK housing federations and others as appropriate. Wherever possible we ensure that Federation resources are applied in such ways that add to and don't unnecessarily duplicate the input of our partners.

Future Plans

Our new business plan is underpinned by our vision 'An ambition to deliver – housing associations unbounded'. This highlights the aspirations of and potential for Federation members to play a really major role in addressing the housing crisis through to 2033.

This will be a transformational period for housing associations, affecting the services they provide, their relationships with stakeholder and partners and, of course, the people they house. To help our members to succeed, the Federation will need to build momentum, be brave, and be highly agile.

Our aim is that our members are independent, private businesses that exist for social good, taking charge of their own destiny and providing the homes the country needs.

We will achieve this by:

- Keeping housing associations interests central to housing policy development as trusted and respected partners with key decision makers.
- Being at the centre of decision-making and ensuring the 2020 election policy outcomes will hold no shocks for our members.

We will focus on 3 themes, with "the Ambition to Deliver" at the heart of our work.

- Being the Leading Voice. We use our collective voice to inspire confidence in housing associations, creating an environment that enables them to provide homes of all types and tenure and contribute to economic growth.
- Strengthening our sector. We will work with policy makers and housing associations to create a coherent new economic model of delivery, within a new contractual relationship with Government. This will enable our members to be independent, diverse and efficient organisations, equipped to deliver the outcomes that strengthen their business and work for their communities.

STRATEGIC REPORT

Future Plans

- Customer focused, relevant Federation. We will retain 100% membership by demonstrating a sophisticated and nuanced understanding of our members and, by being fully aware of the external environment, we will add value to our members' businesses. We will ensure customer service runs through everything we do, every pound we spend and where we choose to focus our resources to achieve best outcomes for our members.

Our financial objectives will be aligned to our Reserves Policy described above under the Financial Review section and performance will be monitored as set out in the Planning and Reporting section of the Report of the Directors.

ON BEHALF OF THE BOARD

Jackie Cunningham
Company Secretary

6 July 2016

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

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 neighbourhoods.

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 £751k (2015: £1,280k) 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.

REPORT OF THE DIRECTORS

Directors

The following table shows Directors of the company between 1 April 2015 and 6 July 2016. Details are also shown of membership to Board Committees, and position where applicable, as at 6 July 2016. Attendance at Board meetings is shown as meetings attended out of meetings eligible to attend.

Name / Board Meeting Attendance	Remuneration & Governance Committee	Audit & Risk Management Committee	Nominations Committee
Baroness Diana Warwick (Chair) 7/7 (appointed 23 Sep 2015)	Chair		Member
Lord Taylor of Goss Moor 4/4 (resigned 23 Sep 2015)			
Mark Washer (Vice Chair) 11/11	Member		Chair
Jane Ashcroft CBE 5/7 (appointed 23 Sep 2015)			
Elizabeth Austerberry 7/7 (appointed 23 Sep 2015)		Member	
Sinead Butters MBE 4/4 (resigned 23 Sep 2015)			
Mark Henderson 9/11		Member	
Mervyn Jones 10/11			Member
Ashwin Kumar 11/11			
Isobel Leaviss 6/7 (appointed 23 Sep 2015)			
David Montague CBE 11/11	Member	Chair	
David Orr (Chief Executive) 11/11	Member		
Cath Purdy OBE 9/11		Member	
Victoria Stark CBE 4/4 (resigned 23 Sept 2015)			
Peter Williams 9/11			
Penny Young 0/1 (resigned 20 May 2015)			

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

Jack Stephen, who is not a Board member, is a co-opted member of the Audit & Risk Management Committee. The Directors are grateful to him and Philip Bowles who previously fulfilled the same capacity.

Sinead Butters and Victoria Stark, who are not Board members, are co-opted members of the Nominations Committee. The Directors are grateful to them and to Ann Santry who previously fulfilled the same capacity.

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

REPORT OF THE DIRECTORS

Board and Officers' Liability Insurance

During the year the Federation continued to maintain 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.

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 about how we have performed in the year, both in the work carried 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. As part of this process the committee has been reviewing the arrangements for internal audit and has commissioned an Assurance Mapping exercise.

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.

REPORT OF THE DIRECTORS

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.

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) including FRS 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland'.

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:

- **Remuneration & Governance Committee**

  This comprises the Chair, Vice Chair, Chair of the Audit and Risk Management Committee and the Chief Executive. It fulfils the role of the Executive Committee specified in the Federation's Articles. It deals with the performance appraisal and remuneration of the Chief Executive and Leadership Team, Board appraisal and any key or urgent governance issues relating to the Federation itself.

- **Audit and Risk Management Committee**

  The Audit and Risk Management Committee oversees standards of internal control and risk management. It agrees the internal audit arrangements, 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 employed an average of 124 staff during the year to 31 March 2016. All staff are responsible to and governed by the Board through the Chief Executive. Key management personnel comprises the Chief Executive and other Leadership Team members.

Audit

The Federation has an internal audit function which was provided by Mazars up to 31 March 2016. The future provision of internal audit services will be determined in light of the assurance mapping project commissioned by the Audit and Risk Management committee

Internal and external auditors have direct access to the Audit & Risk Management Committee and have met with the committee without Federation staff present.

REPORT OF THE DIRECTORS

Planning and Reporting

The Federation works to a three year 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 and by the Board itself on a regular basis.

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

Jackie Cunningham
Company Secretary

6 July 2016

Grant Thornton

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 2016 which comprise the group and parent company balance sheets, the group statement of comprehensive income and retained earnings, the group statement of cash flows, 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), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 Directors' Responsibilities Statement set out on page 15, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). 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/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 of the parent company's affairs as at 31 March 2016 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.

Grant Thornton

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
6 JULY 2016

PRINCIPAL ACCOUNTING POLICIES

Status

National Housing Federation Limited is a company limited by guarantee. The liability of members, of whom there are 952 (2015: 951) 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, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland' (FRS 102) and with the Companies Act 2006.

The functional currency of the Financial Statements is Pounds Sterling.

The company's transition date for FRS 102 was 1 April 2014. This is the first year in which the financial statements have been prepared under FRS102, an explanation of the transition adjustments are shown in note 26.

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.

Significant Judgements and estimates

Preparation of the financial statements requires management to make judgements and estimates. These are evaluated continually and based on historical performance and any other relevant factors. The only judgements or estimates in these accounts which are considered significant are:

- Valuation of Investment Properties - the company has re-valued its investment property to fair value based on advice from independent experts as detailed in note 6.
- Pension Deficit Liability – the company has recognised a liability for the deficit based on the net present value of the deficit reduction contributions discounted at a rate which gives the same results as using a full corporate AA bond yield curve as detailed in note 21.

Basis of Consolidation

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 31 March 2016. 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 section 15 of FRS 102.

PRINCIPAL ACCOUNTING POLICIES

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.

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.

PRINCIPAL ACCOUNTING POLICIES

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 which provides benefits to other companies. The scheme is currently in deficit and the company has agreed a deficit funding arrangement. The company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement. The unwinding of the discount rate is recognised as a finance cost.

Payments made to the defined contribution scheme are recognised as an expense and charged to the comprehensive income and retained earnings account as incurred.

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.

The aggregate benefit of lease incentives are recognised as a reduction to the expense recognised over the lease term on a straight line basis.

Taxation

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

Deferred tax is provided in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. The deferred tax balance has not been discounted.

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.

PRINCIPAL ACCOUNTING POLICIES

Financial Instruments

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

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

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

The Company has not issued and is not in receipt of any compound financial instruments.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	**2016 £'000**	2015 £'000
Turnover			
Continuing operations: group and share of joint venture's turnover		**15,933**	16,386
Less: share of joint venture's turnover	2	**(2,712)**	(2,518)
Group turnover	1	**13,221**	13,868
Other operating income:			
rental income		**672**	672
revaluation gain		**2,760**	924
Total turnover		**16,653**	15,464
Administrative expenses	1	**(15,339)**	(13,775)
Group operating profit before share of joint venture		**1,314**	1,689
Share of operating profit in joint venture	2	**68**	62
Group operating profit		**1,382**	1,751
Interest payable	3	**(220)**	(288)
Interest receivable and similar income	3	**10**	16
Profit on ordinary activities before taxation		**1,172**	1,479
Tax on profit on ordinary activities	5	**(415)**	(195)
Share of tax on profit on ordinary activities in joint venture	2	**(6)**	(4)
Profit on ordinary activities after taxation transferred to reserves		**751**	1,280

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 28 to 49 form part of these financial statements.

COMPANY STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS

	Note	2016 £'000	2015 £'000
Turnover			
Continuing operations	1	**13,221**	13,868
Other operating income:			
Rental income		**672**	672
Total turnover		**13,893**	14,540
Administrative expenses	1	**(16,136)**	(14,579)
Operating loss		**(2,243)**	(39)
Interest receivable and similar income		**10**	16
Loss on ordinary activities before taxation		**(2,233)**	(23)
Tax on profit/(loss) on ordinary activities	5	**164**	7
Loss on ordinary activities after taxation transferred to reserves		**(2,069)**	(16)

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 28 to 49 form part of these financial statements.

CONSOLIDATED AND COMPANY BALANCE SHEETS

	Note	Group 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Fixed assets					
Goodwill	8	200	-	232	-
Investments	7	-	531	-	531
Tangible fixed assets	6	22,414	1,217	19,793	1,262
		22,614	1,748	20,025	1,793
Current assets					
Stocks - publications	9	32	32	32	32
Debtors	10	1,891	8,374	1,994	8,507
Cash at bank and in hand		2,712	2,665	2,643	2,596
		4,635	11,071	4,669	11,135
Creditors: amounts falling due within one year	11	(7,076)	(6,370)	(7,072)	(6,380)
Net current (liabilities)/assets		(2,441)	4,701	(2,403)	4,755
Debtors: amounts falling due after more than one year	10	1,087	5,185	1,502	5,022
Total assets less current liabilities		21,260	11,634	19,124	11,569
Creditors: amounts falling due after more than one year	12	(5,785)	(198)	(6,471)	(198)
Provisions for liabilities	14	(8,761)	(8,761)	(6628)	(6,628)
Share of gross assets in joint venture	24	1,348	-	1,072	-
Share of gross liabilities in joint venture	24	(1,501)	-	(1,287)	-
Share of net assets in joint venture		(153)	-	(215)	-
Net assets		6,561	2,675	5,810	4,744
Capital and reserves					
Profit and loss reserve		6,561	2,675	5,810	4,744
		6,561	2,675	5,810	4,744

The financial statements were approved by the Board of Directors on 6 July 2016 and signed on their behalf on 6 July 2016

Diana Warwick - Chair

Diana Warwick

Mark Washer - Vice Chair

MWasher

Company registration no: 302132

The notes on pages 28 to 49 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	2016 £'000	2015 £'000
Net cash inflow from operating activities	17	**1,213**	486
Returns on investments and servicing of finance			
Interest receivable		**10**	16
Interest payable		**(225)**	(293)
Net cash outflow from returns on investments and servicing of finance		**(215)**	(277)
Taxation			
Corporation tax paid		**-**	-
Capital expenditure and financial investment			
Payments to acquire fixed assets and investments	6	**(262)**	(305)
Proceeds from sale of fixed assets		**-**	-
Net cash outflow from capital expenditure and financial investment		**(262)**	(305)
Net cash inflow before financing		**736**	(96)
Financing		**(667)**	(636)
Decrease in cash	18	**69**	(732)
Cash at beginning of the year		**2,643**	3,375
Cash at end of year		**2,712**	2,643

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:

	2016 £'000	2015 £'000
Affiliation fees	**8,810**	8,758
Grants	**202**	310
Conferences, training and publications	**3,487**	3,811
Other income	**722**	989
Company and Group	**13,221**	13,868

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 2016 £'000	Company 2016 £'000	Group 2015 £'000	Company 2015 £'000
Staff costs (note 4)	**6,526**	**6,526**	6,339	6,339
Depreciation	**387**	**297**	335	246
Auditors' remuneration:				
- audit services	**38**	**38**	34	34
- non-audit services	**6**	**6**	8	8
Charges on operating leases	**98**	**98**	101	101
Change in pension deficit NPV	**2,859**	**2,859**	507	507
Other operating charges	**5,425**	**6,312**	6,451	7,344
Company and Group	**15,339**	**16,136**	13,775	14,579

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 2015. These have been used in compiling the Federation's group financial statements. The 31 December 2014 HouseMark Limited accounts have been restated to reflect the transition to FRS 102. Details and an explanation of the transition adjustments are included in the accounts of HouseMark Limited. Summary income and expenditure information for HouseMark is:

	Year ended 31 December 2015 £'000	**Group share (50%) 2015 £'000**	Year ended 31 December 2014 £'000	Group share (50%) 2014 £'000
HouseMark turnover	**5,425**	**2,712**	5,037	2,518
HouseMark operating costs	**(5,292)**	**(2,646)**	(4,917)	(2,458)
Operating profit	**133**	**66**	120	60
Interest receivable	**4**	**2**	4	2
Profit on ordinary activities before tax	**137**	**68**	124	62
Tax on profit on ordinary activities	**(12)**	**(6)**	(6)	(4)
Net profit	**125**	**62**	118	58

3 Interest payable and similar charges

	2016 £'000	2015 £'000
Interest payable		
On bank loans and overdrafts	**220**	288
Interest receivable		
Bank	**10**	16

NOTES TO THE FINANCIAL STATEMENTS

4 Directors and employees

Staff costs during the year were as follows:

	2016 £'000	2015 £'000
Wages and salaries (leadership team)	**564**	540
Wages and salaries (other staff)	**4,947**	4,725
Social security costs (leadership team)	**72**	69
Social security costs (other staff)	**549**	524
Other pension costs (leadership team)	**55**	51
Other pension costs (other staff)	**318**	294
Termination costs	**21**	136
	6,526	6,339

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

	2016 Number	2015 Number
Leadership team	**4**	4
Other staff	**120**	118
	124	122

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:

	2016 £'000	2015 £'000
Salary	**184**	179

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 (2015:£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 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'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 20% (2015:21%). The differences are explained below:				
Profit/(loss) on ordinary activities before tax	**1,172**	**(2,233)**	1,479	(23)
Profit/(loss) on ordinary activities before tax multiplied by the standard rate of corporation tax of 20% (2015:21%)	**234**	**(447)**	311	(5)
Effect of:				
Expenses not deductible for tax purposes	**2,465**	**2,465**	2,362	2,362
Income not taxable for tax purposes	**(2,785)**	**(2,232)**	(2,571)	(2,367)
Fixed Asset timing differences	**8**	**8**	11	5
Chargeable gain	**511**	**-**	91	-
Difference in deferred tax rate	**(18)**	**42**	(9)	(2)
Current tax charge for period	**415**	**(164)**	195	(7)

NOTES TO THE FINANCIAL STATEMENTS

6 Tangible fixed assets

Group

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	*Computer equipment £'000	Office equipment and furniture £'000	Improve-ments to leasehold premises £'000	Total £'000
Cost:							
At 1 April 2015	13,244	6,321	624	1,797	584	62	22,632
Revaluation	2,760	-	-	-	-	-	2,760
Additions	-		-	252	10	-	262
Disposals	-	-	(9)	(269)	(38)	-	(316)
At 31 March 2016	**16,004**	**6,321**	**615**	**1,780**	**556**	**62**	**25,338**
Depreciation:							
At 1 April 2015	-	728	338	1,232	492	49	2,839
Provided in the year	-	127	29	198	26	7	387
Disposals	-	-	(5)	(260)	(37)	-	(302)
At 31 March 2016	-	**855**	**362**	**1,170**	**481**	**56**	**2,924**
Net book amount at 31 March 2016	**16,004**	**5,466**	**253**	**610**	**75**	**6**	**22,414**
Net book amount at 31 March 2015	13,244	5,593	286	565	92	13	19,793

On 27 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 31 March 2016 to £25.98m by Strutt & Parker LLP, acting as an independent value 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 (as defined in the RICS Valuation Professional Standards), subject to any external tenancies. 61.6% of the building is let and is therefore included at a valuation of £16m 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.

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

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 2015	1,797	584	723	3,104
Additions	252	10	-	262
Disposals	(269)	(38)	-	(307)
At 31 March 2016	**1,780**	**556**	**723**	**3,059**
Depreciation				
At 1 April 2015	1,232	492	118	1,842
Provided in the year	198	26	73	297
Disposals	(260)	(37)	-	(297)
At 31 March 2016	**1,170**	**481**	**191**	**1,842**
Net book amount at 31 March 2016	**610**	**75**	**532**	**1,217**
Net book amount at 31 March 2015	565	92	605	1,262

* Computer equipment includes various software and development cost which under FRS102 should be split out and shown separately as intangible assets. These are historical costs incurred as part of wider projects which also included other costs including hardware such as servers and it is not possible to appropriately split out such costs. There is no impact on the income and expenditure as the amortisation policy for these costs would be the same as the depreciation policy.

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 (continued)

The Federation holds a £10k investment in Third Sector Consortia Management LLP a company delivering and managing public and community services during the year. The value of this investment has previously 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%

	2016	2015
	£'000	£'000
NHF Property & Services Ltd	-	-
Third Sector Consortia Management LLP	-	-
Other	-	-
Group	-	-
National Housing Federation Investments Limited	**531**	531
Company	**531**	531

NOTES TO THE FINANCIAL STATEMENTS

8 Goodwill

A fair value review of the gross assets and liabilities of HouseMark Limited was carried out, these have been restated under FRS 102 which has resulted in HouseMark Limited accounts showing net liabilities. However management has considered HouseMark's performance against its business plan since the acquisition date and is content that no impairment has occurred therefore none of the carrying values of the assets or liabilities were altered for the goodwill calculation. No other 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.

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 2015 and at 31 March 2016	**639**
Accumulated amortisation:	
At 1 April 2015	407
Charge for the period	32
At 31 March 2016	**439**
Net book amount at 31 March 2016	**200**
Net book amount at 31 March 2015	232

9 Stocks

	Group 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Stock for resale	**32**	**32**	32	32

NOTES TO THE FINANCIAL STATEMENTS

10 Debtors

Amounts due in less than one year:

	Group 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Trade debtors	**156**	**156**	534	534
Other debtors	**270**	**270**	282	282
Prepayments and accrued income	**1,465**	**1,465**	1,178	1,178
Amounts due from group undertakings	**-**	**6,483**	-	6,513
	1,891	**8,374**	1,994	8,507

Amounts due in more than one year:

	Group 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Deferred Tax	**1,087**	**1,685**	1,502	1,522
Amounts due from group undertakings	**-**	**3,500**	-	3,500
	1,087	**5,185**	1,502	5,022

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 2016 the amount outstanding on the loan was £3.5m (2015: £3.5m), to be repaid 20 years from date of issue.

The company has agreed not to recall the intercompany balance of £6,483k 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 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Bank loan (note 13)	**686**	**-**	667	-
Trade creditors	**351**	**351**	25	25
Other tax and social security	**63**	**63**	9	9
Other creditors	**142**	**142**	343	343
Accruals and deferred income	**5,834**	**5,814**	6,028	6,003
	7,076	**6,370**	7,072	6,380

NOTES TO THE FINANCIAL STATEMENTS

12 Creditors: amounts falling due after more than one year

	Group 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Other creditors	**198**	**198**	198	198
Bank loan (note 13)	**5,587**	**-**	6,273	-
	5,785	**198**	6,471	198

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 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Amounts repayable:				
In one year or less or on demand	**686**	-	667	-
In more than one year, but not more than two years	**708**	-	686	-
In more than two years, but not more than five years	**2,239**	-	2,190	-
In more than five years	**2,640**	-	3,397	-
	6,273	-	6,940	-

14 Provisions for liabilities

Group and company

	Pension deficit (note 21) £'000	Leave pay £'000	Total £'000
At 1 April 2015	6,520	108	6,628
Additions	2,859	107	2,966
Utilised	(725)	(108)	(833)
At 31 March 2016	8,654	107	8,761

The leave pay provision represents holiday and flexi time balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured at the salary cost payable for the period of absence.

NOTES TO THE FINANCIAL STATEMENTS

15 Deferred taxation

Group and Company

Deferred taxation consists of the tax effect of timing differences in respect of:

	Group 2016 £'000	**Company 2016 £'000**	Group 2015 £'000	Company 2015 £'000
Property revaluation	**(452)**	**-**	93	-
Pension deficit	**384**	**384**	35	35
Fixed asset timing differences	**(11)**	**(24)**	47	53
Losses and other deductions	**(336)**	**(196)**	20	(95)
	(415)	**164**	195	(7)

16 Reserves

Statement of Comprehensive Income and Retained Earnings includes all current and prior period retained profits and losses.

17 Net cash inflow from operating activities

	2016 £'000	2015 £'000
Operating surplus	**1,314**	1,689
Depreciation	**387**	334
Loss on disposal of tangible fixed assets/investments	**14**	29
Amortisation charges	**32**	32
Revaluation gain	**(2,760)**	(924)
Decrease in stock	**(1)**	12
Increase in debtors	**103**	(455)
Increase in creditors	**2,124**	(231)
Net cash inflow from operating activities	**1,213**	486

18 Analysis of changes in net debt

	At 1 April 2015 £'000	**Cash flow £'000**	**At 31 March 2016 £'000**
Cash in hand	2,643	69	**2,712**
Liquid resources	(6,940)	667	**(6,273)**
	(4,297)	736	**(3,561)**

NOTES TO THE FINANCIAL STATEMENTS

19 Capital commitments

The company had capital commitments at 31 March 2016 of £nil (2015 – £150k) in respect of a contract for the implementation of a replacement CRM system

	2016 £'000	2015 £'000
Contracts tendered for and awarded	-	150

20 Contingent assets / liabilities

There were no contingent assets or liabilities at 31 March 2016 or 31 March 2015.

21 Retirement benefit schemes

National Housing Federation Limited participates in the Social Housing Pension Scheme (SHPS) and the Growth plan. Both Schemes are multi-employer schemes which provide benefits to multiple non-associated employers. The schemes are defined benefit schemes in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the schemes as a defined benefit scheme. Therefore it accounts for the schemes as defined contribution schemes.

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

SHPS

A full actuarial valuation for the SHPS 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 1 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 1 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 1 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 1 April)

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes (continued)

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

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

PRESENT VALUES OF PROVISION

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Present value of provision	8,519	6,411

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	6,411	6,595
Unwinding of the discount factor (interest expense)	116	188
Deficit contribution paid	(712)	(684)
Remeasurements - impact of any change in assumptions	(53)	312
Remeasurements - amendments to the contribution schedule	2,758	-
Provision at end of period	8,519	6,411

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes (continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	**Period Ending** March 2015 31 (£000s)
Interest expense	116	188
Remeasurements – impact of any change in assumptions	(53)	312
Remeasurements – amendments to the contribution schedule	2,758	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	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.

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

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes (continued)

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)
Year 1	993	712
Year 2	1,031	741
Year 3	1,070	771
Year 4	1,111	803
Year 5	984	836
Year 6	847	701
Year 7	877	555
Year 8	771	576
Year 9	656	461
Year 10	676	337
Year 11	348	347
Year 12	-	179
Year 13	-	-
Year 14	-	-
Year 15	-	-
Year 16	-	-
Year 17	-	-
Year 18	-	-
Year 19	-	-
Year 20	-	-

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

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

Growth Plan

A full actuarial valuation for the scheme was carried out at 30 September 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes (continued)

Deficit contributions

From 1 April 2013 to 31 March 2023:	**£13.9m per annum (payable monthly and increasing by 3% each on 1 April)**

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2016 to 30 September 2025:	**£12,945,440 per annum (payable monthly and increasing by 3% each on 1 April)**
From 1 April 2016 to 30 September 2028:	£54,560 per annum (payable monthly and increasing by 3% each on 1 April)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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

PRESENT VALUES OF PROVISION

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Present value of provision	135	109

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	109	115
Unwinding of the discount factor (interest expense)	2	3
Deficit contribution paid	(13)	(13)
Remeasurements - impact of any change in assumptions	(2)	5
Remeasurements - amendments to the contribution schedule	39	-
Provision at end of period	135	109

NOTES TO THE FINANCIAL STATEMENTS

21 Retirement benefit schemes (continued)

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	**Period Ending** March 2015 31 (£000s)
Interest expense	2	3
Remeasurements – impact of any change in assumptions	(2)	5
Remeasurements – amendments to the contribution schedule	39	-
Contributions paid in respect of future service*	*	*
Costs recognised in income and expenditure account	*	*

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

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	2.07	1.74

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.

The total pension cost for the Federation for the year including pension deficit contributions was £1,098k (2015: £1,080k).

NOTES TO THE FINANCIAL STATEMENTS

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 2016 the amount outstanding was £6.27m (2015: £6.94m).

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 29 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 11 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 2016. The overdraft was £nil at 31 March 2016 (2015: £nil).

The group and company's future operating lease payments are as follows:

	Group and Company 2016 £'000	Group and Company 2015 £'000
Amounts repayable:		
In one year or less on demand	**90**	96
In more than one year, but not more than two years	**86**	91
In more than two years, but not more than five years	**130**	128
In more than five years	**122**	-
	428	315

NOTES TO THE FINANCIAL STATEMENTS

23 Transactions with directors and other related parties

During the year National Housing Federation Limited paid £nil (2015: £nil) to HouseMark for services and received licence income from HouseMark amounting to £246k (2015: £247k).

National Housing Federation Limited paid rent of £1.709m (2015: £1.709m) to NHF Property & Services Limited. 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 £785k (2015: £789k).

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 2016 were £8.81m (2015: £8.76m).

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 2015. These have been used in compiling the Federation's group financial statements. The December 2014 accounts have been restated to reflect the transition to FRS 102. Details and an explanation of the transition adjustments are included in the accounts of Housemark Limited. They contained the following information:

	2015	2014 FRS 102 restated	2014
	£		£
Profit and loss account			
Turnover	**5,425,491**	5,037,325	5,037,325
Profit after tax	**125,141**	118,097	16,132
Balance Sheet			
Fixed assets	**158,929**	94,903	94,903
Current Assets	**2,537,761**	2,049,056	2,049,056
Creditors: amounts falling due within one year	**(1,623,466)**	(1,094,504)	(1,094,504)
Pension Liability	**(1,094,504)**	(1,480,331)	-
Net assets	**(305,735)**	(430,876)	1,049,455
Called-up share capital	**100**	100	100
Profit and loss account	**(305,835)**	(420,976)	1,049,355
	(305,735)	(430,976)	1,049,455

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

NOTES TO THE FINANCIAL STATEMENTS

25 Financial risk management

The company has exposure to three main areas of risk:

Reputational risk

The company 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 company 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.

Customer credit exposure

The company has leased 3 floors of its freehold property to a serviced office provider is for ten years with no break clause. There is a risk that the serviced office provider may default on the rent however this is mitigated by holding a three month rent deposit.

Interest rate risk

The company financed the purchase of its freehold property by way of a term loan from the Bank of Scotland and is therefore subject to interest rate changes. This is mitigated by fixing the interest on a portion of the loan as disclosed in note 12.

26 Transition to FRS 102

The company's transition date for FRS 102 was 1 April 2014. Accordingly the company has adopted FRS 102 for the year ended 31 March 2015 and has restated the comparative prior year amounts. Set out below are the changes in accounting policies which reconcile the profit for the year ended 31 March 2015 and the total equity as at 1 April 2014 and 31 March 2015 between UK GAAP as previously reported and FRS 102.

Investment Property carried at fair value

Under previous UK GAAP the investment property was carried at open market value with movements recognised in the STRGL revaluation reserve. Deferred tax was not required to be recognised.

FRS 102 requires the movement in value of the investment property to be recognised in the statement of comprehensive income and retained earnings where it can be reliably measured. Section 29 requires that deferred tax be recognised on the increased value. On transition an adjustment was made to recognise deferred tax as at 1 April 2014 and a further adjustment was made to recognise the additional deferred tax on the value at 31 March 2015. An adjustment was also required to reclassify the revaluation reserve at 1 April 2014 as profit and loss reserves and the movement in value during the year as profit.

NOTES TO THE FINANCIAL STATEMENTS

Defined Benefit Pension Scheme

Under previous UK GAAP, as the company participated in a multi-employer scheme the company complied with FRS 1 7 and accounted for the scheme as a defined contribution as the scheme provides benefits to a number of employers and it is not possible to determine the company's share of the underlying assets and liabilities.

Where there is a funding agreement in place to eliminate a deficit in the pension scheme FRS 102 requires that a liability is recognised in the balance sheet equivalent to the net present value of the future deficit reduction payments. These payments are discounted to present value using a discount rate equivalent to using a full AA corporate bond yield curve.

Leave Pay Provision

FRS 102 requires that any leave accrued as a result of service rendered in the current year which employees can carry forward are provided for in the current year.

NOTES TO THE FINANCIAL STATEMENTS

Transition to FRS 102 – reconciliations

Restated consolidated statement of financial position

	31 March 2015 £'000	1April 2014 £'000
Original shareholders' funds	11,675	10,459
Pension deficit liability	(7,957)	(7,501)
Pension deficit payments	698	-
Leave pay provision	(108)	(125)
Deferred tax adjustment on above adjustments	1,502	1,697
Restated shareholders' funds	5,810	4,530

Restated company statement of financial position

	31 March 2015 £'000	1April 2014 £'000
Original shareholders' funds	9,850	10,081
Pension deficit liability	(7,218)	(6,710)
Pension deficit payments	698	-
Leave pay provision	(108)	(125)
Deferred tax adjustment on above adjustments	1,522	1,514
Restated shareholders' funds	4,744	4,760

Restated comprehensive income and retained earnings for the year ended 31 March 2015

	Group £'000	Company £'000
Original profit on ordinary activities	293	(231)
Reduction in leave pay provision	17	17
Revaluation gain	924	-
Pension deficit payments moved to balance sheet	698	698
Change in pension deficit valuation	(508)	(508)
Deferred tax adjustment on above adjustments	(195)	8
Change in profit form joint venture	51	-
Restated shareholders' funds	1,280	(16)