

# **Ongo Partnership Limited**

Report and Financial Statements

Year Ended

31 March 2016

Company Number 08048224 (England and Wales)

# Ongo Partnership Limited

## Report and financial statements for the year ended 31 March 2016

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# Ongo Partnership Limited

## Report and financial statements for the year ended 31 March 2016

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### Board Members

The following members have held office during the year and to the date of this report unless otherwise stated:

D Hilditch		A Pate	
D Stewart		E Patchett	
G Shaw		A Colls	
A Lightfoot	(resigned 17 <sup>th</sup> September 2015)	E Redfern	(resigned 10 <sup>th</sup> May 2016)
M Harland		D Klemm	(appointed 11 <sup>th</sup> June 2015)
M Spittles	(appointed 17 <sup>th</sup> September 2015)		

### Directors

Chief Executive	A Orrey
Director of Operations	S Hepworth
Director of Resources	E Stoddart
Director of Regeneration and Investment	P Stones

### Secretary and registered office

E Stoddart

Meridian House, Normanby Road, Scunthorpe, North Lincolnshire DN15 8QZ

### Company Number 08048224

### Auditors

BDO LLP  
1 Bridgewater Place  
Water Lane  
Leeds LS11 5RU

### Bankers:

Barclays Bank plc  
One Snowhill  
Snowhill Queensway  
Birmingham B4 6GB

### Solicitors:

Bond Dickinson LLP  
St Ann's Wharf  
112 Quayside  
Newcastle upon Tyne  
NE1 3DX

Forbes Solicitors  
Rutherford House  
4 Wellington Street (St John)  
Blackburn, Lancashire  
BB1 8DD

Wilkin Chapman LLP  
New Oxford House  
Town Hall Square  
Grimsby  
DN31 1HE

Trowers and Hamblins  
Heron House  
Albert Square  
Manchester  
M2 5HD

# Ongo Partnership Limited

## Report of the Board of Management for the year ended 31 March 2016

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### Nature of Business

The Group went through a rebranding exercise in 2013 and the Ongo Partnership Limited was renamed from the original parent company NL Enterprises Limited. The original subsidiary companies in the group underwent either a name change or were replaced with a new subsidiary.

- Ongo Homes Limited (formerly North Lincolnshire Homes Limited) is a company limited by guarantee, a registered charity and a Registered Provider of social housing regulated by the Homes and Communities Agency (HCA).
- Ongo Commercial Limited (formerly NL Business Services) is a company limited by shares generating trading income by delivering commercial services.
- Ongo Communities Limited is a not-for-profit company limited by guarantee, a registered charity that delivers community development activities.
- Ongo Roofing Limited (trading as Ashbridge Roofing) is a company limited by shares and owned by Ongo Commercial Limited delivering roofing services.
- Crosby Employment Limited is a wholly owned subsidiary of Ongo Communities Limited providing training and employment opportunities.
- Crosby Brokerage Limited is a company limited by shares and a wholly owned subsidiary of Crosby Employment Limited offering business services.
- NL Communities Limited is a not-for-profit company limited by shares and has remained dormant since 31 March 2014.

The Company is not a Registered Provider with the HCA.

The role of the Company is to oversee strategic direction and provide corporate services, allowing each subsidiary to focus on delivery and enhancement of its core services.

The corporate structure is clearly defined and the relationship between the Company and the subsidiaries is set out in Intra-Group agreements which were considered and approved by the each of their Boards.

### Board and Executive Directors

The Board Members and Executive Management Team serving during the year and up to the date of signing the Financial Statements are listed in page 3. None of the Board Members and Executive Management Team holds any interests in the capital of Ongo Partnership Limited (“the Company”).

Executive Management Team members act as executives within the authority delegated by the Board. The Company’s insurance policies indemnify Board Members and officers against liability when acting on its behalf.

The Chief Executive is appointed on a permanent contract with a six month notice period. The other Executive Directors are employed on the same terms as the other staff, except that their notice periods are three months.

The Executive Directors are all members of the East Riding Pension Fund, a final salary pension scheme. They contribute on the same terms as all other eligible staff and the Company contributes to the scheme on behalf of its employees.

# Ongo Partnership Limited

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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### Financial Statements

The Directors present their report and audited Financial Statements of the Company for the year ended 31 March 2016.

### Results

The Company made an operating profit on ordinary activities of £143k before tax for the year (2015:£88k). The Directors consider this to be an acceptable standard of performance.

The Group made a surplus of £11.3m for the year (2015:£9.1m) and the Directors consider this to be an acceptable standard of performance.

### Reserves

The revenue reserves for the Company at the year-end are £77k (2015:£33k) after gift aiding £47k to Ongo Homes (2015:£20k).

Total reserves for the Group are £57.4m at the year-end (2015:£35.6m) and the Business Plan dictates that this will be retained for investment in the future development of the Group.

### External Factors

The Company undertakes comprehensive stress testing of its business plan and has developed with the board an approved recovery plan should a doomsday scenario arise. Therefore we are in a good position to address the impact of external factors impacting on the organisation. Financial forecasts demonstrate that we remain in a financially strong position and continue to operate well within our loan covenants.

### Going Concern

The Financial Statements are prepared on a going concern basis, as the Board is satisfied that the Company has sufficient resources to continue its activities for the foreseeable future. In making this assessment the Board has considered a wide range of information relating to present and future conditions, including future business plan projections allied to expected income and currently available banking facilities.

### Governance

Whilst Ongo Homes enjoys a V1 financial viability rating from the HCA, its governance was reduced last year to G2 primarily due to the Homes and Community Agency's (HCA) main concern around the skills, experience and composition of its Board. This concern was addressed with an action plan that has been shared with the HCA. G1 status was re-instated in July 2016.

### Financial instruments

#### *Credit risk*

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from rental income. Bearing in mind that rents are payable in advance, it is Group policy, implemented locally, to assess the credit risk of new tenants before entering contracts. Enquiry is made into previous history with the Group and each new tenant is appraised on their ability to meet rental payments from their income.

At a local level, a monthly review of the trade receivables' ageing analysis is undertaken and customers' credit is reassessed periodically in order to recover any outstanding amounts or commence recovery proceedings.

# Ongo Partnership Limited

## Report of the Board of Management for the year ended 31 March 2016 (continued)

### Financial instruments (continued)

#### Credit risk (continued)

Existing customers that become "high risk" as a result of the periodic reassessment are placed on a restricted customer list and future lettings are made only with approval of the local management, otherwise payment in advance is required.

Credit risk also arises from cash and cash equivalents and deposits with banks and financial institutions. For banks and financial institutions, only independently rated parties with minimum rating "A" are accepted.

A significant amount of cash was held with the following institutions:

	Rating at 31 March 2016	Balance at 31 March 2016 £,000	Rating at 31 March 2015	Balance at 31 March 2015 £'000
Barclays Bank PLC S&P	A-2	19,204	A-2	9,595
Moody's	P-1		P-1	
Fitch	<u>F-1</u>		<u>F-1</u>	

#### Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Board receives rolling 12-month cash flow projections on a monthly basis as well as information regarding cash balances and (as noted above) the value of the Group's investments in corporate bonds. At the end of the financial year, these projections indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down on its agreed £30.9m committed credit facility. The Group also seeks to reduce liquidity risk by fixing interest rates (and hence cash flows) on a portion of its long-term borrowings, this is further discussed in the 'interest rate risk' section below.

#### Market risk

Market risk arises from the Group's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

#### Cash flow interest rate risk

The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate. It is currently group policy that between 60% and 80% of external group borrowings (excluding short-term overdraft facilities and finance lease payables) are fixed rate borrowings. This policy is managed centrally. Local operations are not permitted to borrow long-term from external sources. Where the Group wishes to vary the amount of external fixed rate debt it holds (subject to it being at least 60% and no more than 80% of expected Group borrowings, as noted above), the Group makes use of interest rate swaps to achieve the desired interest rate profile. Although the board accepts that this policy neither protects the Group entirely from the risk of paying rates in excess of current market rates nor eliminates fully cash flow risk associated with variability in interest payments, it considers that it achieves an appropriate balance of exposure to these risks.

During the periods under review, the Group's borrowings at variable rate were denominated in Sterling.

Based on the various scenarios the Group then manages its cash-flow interest rate risk by using floating-to-fixed interest rate swaps. Normally the Group raises long-term borrowings at floating rates and swaps them into fixed.

# Ongo Partnership Limited

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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### **Financial instruments** *(continued)*

#### *Foreign exchange risk*

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily Pound Sterling) with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency (and have insufficient reserves of that currency to settle them), cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

In order to monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analysed by the major currencies held by the Group, of liabilities due for settlement and expected cash reserves.

The Group is predominantly exposed to currency risk on purchases made from a major supplier based in the Euro-zone. Purchases from this supplier are made on a central basis and the risk is hedged using forward exchange contracts. Apart from these particular cash-flows the Group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

### **Likely future developments in the business of the company**

Information on likely future developments in the business of the company has been included in the Strategic Report starting on page 10.

### **Employment of disabled persons**

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Particular attention is given to the training and promotion of disabled employees to ensure that their career development is not unfairly restricted by their disability, or perceptions of it.

The group's HR procedures make clear that full and fair consideration must be given to applications made by and the promotion of disabled persons. Where an employee becomes disabled whilst employed by the group, the HR procedures also require that reasonable effort is made to ensure they have the opportunity for continued employment within the group. Retraining of employees who become disabled whilst employed by the company is offered where appropriate.

### **Employee involvement**

The group maintains an HR intranet site that providing employees with information on matters of concern to them as employees, including the financial and economic factors affecting the performance of the company. The intranet site includes functionality that enables employees to express views on matters that affect them anonymously and the group also undertakes a biennial staff survey to canvas views on significant matters.

# Ongo Partnership Limited

## Report of the Board of Management for the year ended 31 March 2016 (continued)

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### **Auditors**

All of the current board members have taken all the steps that they ought to have taken to make them-selves aware of any information needed by the company's auditors for the purpose of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant information of which the auditors are unaware.

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

### **Approval**

This Report was approved by the Board on 15<sup>th</sup> September 2016 and signed on its behalf:

D Hilditch  
**Director**

# Ongo Partnership Limited

## Statement of directors' responsibilities

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### Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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.

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

# Ongo Partnership Limited

Strategic report  
for the year ended 31 March 2016

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## VISION

“To create truly vibrant and sustainable communities.”

## CORPORATE OBJECTIVES

To enable the Company to realise this vision its strategy is based on the successful completion of its four key Corporate Objectives:

- Do the basics well.
- Improve lives.
- Be strong financially.

- the basics well.

Do

**The Board has been revising the Corporate Plan and Objectives and a new version will be implemented in 2016. The Board has reiterated its commitment to build more homes.**

## Nature of business

The Company was formed on 28 April 2006. It became operational with the transfer of the housing stock of North Lincolnshire Council on 26 February 2007 and is located in the main town of Scunthorpe.

The Group's housing stock at 31 March 2016, which is all owned by Ongo Homes and centred in and around the Scunthorpe area, consisted of 9,030 units for General Needs, Intermediate Rent 6 units, Affordable Rent 196 units and 488 units for Supported Housing/housing for older people. This stock includes 53 units within General needs put aside for remodelling and/or awaiting demolition. The Group therefore has a high exposure to the risks associated with a large number of General Needs housing in a concentrated area.

The condition of the stock was reviewed as part of the Stock Transfer, and became the platform on which the Company built its refurbishment and improvement programme for the following 5 years. This was designed to exceed Decent Homes Standard and was successfully completed in March 2012 and continues to be attained now.

## Corporate Governance

We are pleased to report that the Company complies with the principal recommendations of the National Housing Federation Code of Governance. The Board assesses this and its compliance against the regulatory code annually. Ongo Homes complies with the regulatory code.

The Company is governed by a Board of Management comprised of up to twelve non-executive members. The current list of members is included on page 3 of these financial statements. The Company strives to ensure it is able to recruit members from a diverse background to bring together the necessary skills and expertise required to lead a successful and high performing organisation. All Board Members are subject to individual annual assessment by an independent body, which shares its findings with the Board. Apart from incidental travel expenses, Board Members do not receive any remuneration for their services.

# Ongo Partnership Limited

## Strategic report (continued) for the year ended 31 March 2016

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### Employees

The Company recognises that fulfilment of its Corporate Objectives is underpinned by the quality and contributions of its Board and all the people it employs across the organisation. The Company is committed to investing in its employees and through its annual performance and development process it is able to identify and build upon each and every employee's development needs to equip them with the necessary skills and experience they require.

The Company shares information on its objectives, progress and activities through a series of meetings involving executive directors, the senior management team and its employees, and by means of the intranet and other social media sites. It also participates in a Joint Consultative Committee with elected employee representatives and meets regularly to discuss issues relevant to them.

The Company has achieved the Investors in People Gold award that recognises our commitment to staff development, engagement and wellbeing.

Ongo Homes was awarded a prestigious 2 Star in the Sunday Times Best Companies annual awards and placed 23<sup>rd</sup> in the top 100 not for profit organisations. The Company considers the results from this survey to be an important barometer on the employees' relationship with the Group.

As an equal opportunity employer, the Company is committed to the equality and diversity agenda regardless of age, race, gender, religion, belief or ability. As such it invites interests from all of its stakeholders and believes that this commitment is fundamental across its organisation and integral in what it seeks to achieve.

### Business planning

The business planning process is centred on achieving the Company's key Corporate Objectives. This includes an assessment of strengths and weaknesses, opportunities and threats related to these objectives. These are discussed annually between the Executive Management Team and the Board and appropriate measures are included within the business plan.

## OPERATIONAL HIGHLIGHTS

### Investment in the future

Our main highlights in 2015/16 were:

- Delivered £3.8m of revenue and £1m of capital savings to mitigate the 1% year on year rent cut
- Successfully implemented a project management system for empty homes management which has reduced costs and shortened re-let times
- Successfully completed the outsourcing of the stores facility
- Moved operational responsibility for policies and monitoring from the Board to tenants through Community Voice
- Procured a new finance system for the organisation which will be delivered December 2016

### New Business

Through working in partnership with the HCA and North Lincolnshire Council, 48 new properties were completed during 2015/16.

# Ongo Partnership Limited

## Strategic report (continued) for the year ended 31 March 2016

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### OPERATIONAL HIGHLIGHTS (continued)

#### Improving what we do

External accreditation is used to measure our performance and effectiveness, especially in front-facing services such as resident involvement or customer services.

By putting ourselves through external scrutiny, the company has the opportunity to benchmark not just within the sector but against other industries too.

2015/16 saw the hard work of staff at Ongo being recognised locally and nationally at a number of different award ceremonies. Here is a selection:

- Home Ownership – secured HQN Leasehold reaccreditation
- Customer service team – Contact Centre of the year award
- Leaders in diversity – stage 3 award

### FINANCIAL REVIEW

The principal aim of this section is to explain the Company's financial performance during the last year and how this is linked and influenced by its:

- capital structure,
- treasury policy,
- sources of liquidity and
- investment plans.

#### Financial Performance

The Group's turnover increased to almost £49m (2015:£46.2m) largely as a result of the annual rent increase associated with CPI indexation and the Company's move towards charging target rents.

Rent losses from voids and bad debt (expressed as void and bad debt as a percentage of income from lettings) was 2% (2015: 2.0%). The Board considers void management to be a key performance measurement and, in addition to bad debt and void losses, continually reviews the percentage of void stock in management and void turnaround (re-let) time. This is an excellent result given the economic background we are operating in.

The percentage of income lost from voids (expressed as income lost from voids in management divided by gross rent) was targeted to be 3% in the last financial year. It is very pleasing to report that at 31 March 2016 this figure was well below target (2015: 0.6%).

Overall rent arrears at the end of the year (expressed as arrears divided by gross rent) were 3.4% (2015: 3.4%). In a year that has seen continued difficulties in the general economic environment, to be able to report such a low figure is a credit to the efforts of our employees and the work they carry out with our other specialist partners to address tenants monetary and other financial inclusion issues.

The net movement in housing stock saw an increase to 9,724 (2015:9,658). During the year tenants exercised their right to buy (RTB) on 42 properties, but no properties were acquired through mortgage rescue. The surplus on the sale of properties was £1.11m (2015:£0.96m).

All RTB receipts are retained within Ongo Homes benefitting from additional income in the year of £106k that would otherwise have been reclaimed by the Council.

The operating surplus before interest and right to buy has increased by 19% to £13.4m (2014: £11.2m), with operating margin improving from 24.3% (2015) to 27.6% (2016).

# Ongo Partnership Limited

## Strategic report (continued) for the year ended 31 March 2016

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### Financial Performance (continued)

The Group continued to refurbish and improve its housing stock, without needing for further borrowing.

Borrowings at the year-end remained at £71m. This debt is borrowed wholly from a UK bank using a mixture of fixed interest and variable rate loans. All loans are repayable after more than 5 years, with the first being due in 2022/23.

The treasury strategy is set annually and approved by Ongo Partnership Board. At the end of the financial year 15% of the Company's borrowings were at variable rates of interest.

The Group does not use hedging instruments other than to fix variable rate debt at the time of drawdown.

The fixed rates of interest range from 4.8 % to 5.1%. This compares to a range of 1% to 1.4% for shorter term variable rate borrowings that are priced with reference to the LIBOR rate at the time.

The Group does not expect its borrowing to change significantly in the next financial year and borrows only in sterling to avoid any currency risk.

The Bank's lending agreement with Ongo Homes Limited requires compliance with a number of financial and non financial covenants. These are monitored on an on-going basis and reported to the Board. Recent reports confirmed that the Company was in compliance with all its loan covenants throughout the year under review and the Board expects it to remain compliant in the foreseeable future.

Surplus funds are invested in approved UK institutions and monitored by the Ongo parent board and the newly formed Treasury Committee.

The Company's principal credit risk relates to tenant arrears. This risk is actively managed by providing support and advice to those tenants who are eligible for housing benefit and to closely monitor the arrears of those tenants who are able to self fund some or all of their rent. Recent and proposed changes to the benefits system have been identified as one of the Company's key risks.

### Cash flows

Cash inflows and outflows for the period under review are set out in the consolidated statement of cash flows. It details:

- net cash inflows from operating activities which are from the management of housing stock;
- investing activities and financing activities; and
- the net movement on financing.

### Current liquidity

Cash and bank balances at the year-end were £19m. Net current assets were £16m. Ongo Homes has facilities and security in place to borrow a further £30.9m.

The Board does not consider there to be any seasonal effects on borrowing requirements. The main factors influencing the amount and timing of borrowings are the pace of the improvement and development programmes. Cash flow forecasts are monitored closely to ensure sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs, by only drawing on loan facilities when required.

# Ongo Partnership Limited

## Strategic report (continued) for the year ended 31 March 2016

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### PRINCIPAL RISKS

The following lists the principal key risks faced by the Group:

- Operational: effective management of existing housing stock; effective management of new development programmes
- Financial: welfare reform (income loss); housing stock loss through right to buy and replacing stock; future funding availability
- Compliance: having key business skills on the board, compliance with all HCA regulatory standards
- Strategic: changes in housing policy; new developments

### FUTURE PLANS

#### We want to grow by:

- Securing funding to build new homes
- Maintaining the number of homes we manage by making sure we build more homes than we lose through Right to Buy and regeneration or demolition
- Being alert to opportunities to merge with other associations where that merger adds net value to both organisations

#### We want to diversify to:

- Reduce the overall risk profile & our reliance on localised home rental income
- Increase our income streams through offering new products & services e.g. roofing, training and employment, maintenance externally.
- Increase our local influence by becoming a key provider or enabler of complementary housing related services to our tenants and their communities
- Strengthen the bonds between Ongo and existing customers by increasing the range of services offered to help them sustain their tenancies

### STATEMENT OF COMPLIANCE

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in the SORP for Registered Providers and the Companies Act.

This report was approved by the Board on 15<sup>th</sup> September 2016 and signed on its behalf:

D Hilditch  
Director

# Ongo Partnership Limited

## Independent auditor's report

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### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ONGO PARTNERSHIP LIMITED

We have audited the financial statements of Ongo Partnership Limited for the year ended 31 March 2016 which comprise the consolidated and company Statement of Comprehensive Income, the consolidated and company Balance Sheet, the consolidated Statement of Cash Flows, the consolidated and company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 auditors

As explained more fully in the statement of directors' responsibilities, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://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 the parent company's affairs as at 31 March 2016 and of the group's and the parent company's profit 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.

# Ongo Partnership Limited

## Independent auditor's report (*continued*)

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### **Opinion on other matters 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.

### **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.

**Linda Cooper** (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
Leeds  
United Kingdom

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

# Ongo Partnership Limited

## Consolidated statement of comprehensive income for the year ended 31 March 2016

	Note	Continuing operations 2016 £'000	Continuing operations 2015 £'000
<b>Turnover</b>	3	<b>48,754</b>	46,208
Operating costs		<b>(35,305)</b>	(34,960)
<b>Operating surplus</b>		<b>13,449</b>	11,248
Surplus on sale of properties not developed for outright sale		<b>1,110</b>	958
Other interest receivable and similar income		<b>54</b>	28
Interest payable and similar charges	8	<b>(2,879)</b>	(2,845)
Other finance costs	9	<b>(419)</b>	(278)
<b>Surplus on ordinary activities before taxation</b>		<b>11,315</b>	9,111
Taxation on profit on ordinary activities	10	<b>(133)</b>	(15)
<b>Surplus for the financial year</b>		<b>11,182</b>	9,096
<b>Other comprehensive income</b>			
Actuarial gain/(loss) on defined benefit pension scheme	20	<b>10,518</b>	(6,581)
<b>Total comprehensive income for the year</b>		<b>21,700</b>	2,515

# Ongo Partnership Limited

The notes on pages 25 to 48 form part of these financial statements.

## Consolidated balance sheet at 31 March 2016

<i>Company Number 08048224</i>	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Fixed assets</b>					
Intangible assets	11		96		109
Tangible fixed assets:					
Housing properties	12		156,880		157,018
Other			177		219
Investments	13		-		3
			157,153		157,349
<b>Current assets</b>					
Stocks	14	10		27	
Debtors	15	2,214		2,018	
Cash at bank and in hand		19,204		9,595	
		21,428		11,640	
<b>Creditors: amounts falling due within one year</b>	16	(4,965)		(5,999)	
<b>Net current assets</b>			16,463	5,641	
<b>Total assets less current liabilities</b>			173,616	162,990	
<b>Creditors: amounts falling due after more than one year</b>	17		(113,073)		(114,099)
<b>Provisions for liabilities</b>	19		(285)		(75)
<b>Net assets excluding pension liability</b>			60,258	48,816	
Pension liability	20		(2,904)		(13,167)
<b>Net assets</b>			57,354	35,649	
<b>Capital and reserves</b>					
Profit and loss account			57,354	35,649	
<b>Total shareholders' funds</b>			57,354	35,649	

The financial statements were approved by the Board of Directors and authorised for issue on 15<sup>th</sup> September 2016

D Hilditch  
Director

Andrew Orrey  
Chief Executive

# Ongo Partnership Limited

The notes on pages 25 to 48 form part of these financial statements.

## Consolidated statement of changes in equity For the year ended 31 March 2016

	Profit and loss account £'000	Total equity £'000
<b>1 April 2015</b>	<b>35,649</b>	<b>35,649</b>
<b>Comprehensive income for the year</b>		
<b>Surplus for the year</b>	11,182	11,182
Actuarial gains on pension scheme	10,518	10,518
<b>Other comprehensive income for the year</b>	10,518	10,518
<b>Total other comprehensive income for the year</b>	21,700	21,700
Transfer reserves on acquisition of Crosby Brokerage Limited	5	5
<b>31 March 2016</b>	<b>57,354</b>	<b>57,354</b>
	Profit and loss account £'000	Total equity £'000
<b>1 April 2014</b>	<b>32,959</b>	<b>32,959</b>
<b>Comprehensive income for the year</b>		
<b>Surplus for the year</b>	9,096	9,096
Actuarial losses on pension scheme	(6,581)	(6,581)
<b>Other comprehensive income for the year</b>	(6,581)	(6,581)
<b>Total other comprehensive income for the year</b>	2,515	2,515
Transfer reserves on acquisition of Crosby Employment Limited	175	175
<b>31 March 2015</b>	<b>35,649</b>	<b>35,649</b>

## **Ongo Partnership Limited**

The notes on pages 25 to 48 form part of these financial statements.

# Ongo Partnership Limited

## Consolidated statement of cash flows for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
<b>Cash flows from operating activities</b>			
<b>Surplus for the financial year</b>		<b>11,182</b>	9,096
Adjustments for:			
Depreciation of fixed assets – housing properties	12	<b>8,903</b>	9,153
Depreciation and amortisation of other assets		<b>332</b>	645
Amortisation of grants		<b>(2,310)</b>	(2,349)
Surplus on sale of fixed assets – housing properties	4	<b>(1,110)</b>	(958)
Net interest payable/(receivable)		<b>3,244</b>	3,096
Taxation expense	10	<b>133</b>	15
Difference between net pension expense and cash contribution		<b>255</b>	(4)
(Increase)/decrease in trade and other debtors		<b>(934)</b>	746
Decrease in stocks		<b>17</b>	36
Decrease in trade and other creditors		<b>(204)</b>	(327)
<b>Cash from operations</b>		<b>19,508</b>	19,149
Interest paid		<b>(3,298)</b>	(3,124)
Taxation paid		<b>(15)</b>	(3)
<b>Net cash generated from operating activities</b>		<b>16,195</b>	16,022
<b>Cash flows from investing activities</b>			
Proceeds from sale of tangible fixed assets		<b>1,651</b>	1,400
Purchases of tangible fixed assets	12	<b>(9,539)</b>	(14,508)
Purchases of intangible assets	11	-	(110)
Receipt of government grant		<b>1,240</b>	1,905
Interest received		<b>54</b>	28
Purchase of subsidiary undertaking		<b>8</b>	155
Investment in associated undertaking	23	-	205
<b>Net cash from investing activities</b>		<b>(6,586)</b>	(10,925)
<b>Cash flows from financing activities</b>			
		-	-
<b>Net increase in cash and cash equivalents</b>		<b>9,609</b>	5,097
Cash and cash equivalents at beginning of year		<b>9,589</b>	4,492
<b>Cash and cash equivalents at end of year</b>		<b>19,198</b>	9,589
<b>Cash and cash equivalents comprise:</b>			
Cash at bank and in hand		<b>19,204</b>	9,595
Bank overdrafts	16	<b>(6)</b>	(6)
		<b>19,198</b>	9,589

The notes on page 25 to 48 form part of these financial statements.

# Ongo Partnership Limited

## Company statement of comprehensive income for the year ended 31 March 2016

	Note	Continuing operations 2016 £'000	Continuing operations 2015 £'000
Turnover	3	5,155	5,260
Administration expenses	3	(5,013)	(5,172)
<b>Profit on ordinary activities before taxation</b>		<b>142</b>	<b>88</b>
Taxation on profit on ordinary activities	10	(51)	(35)
<b>Profit on ordinary activities after taxation</b>		<b>91</b>	<b>53</b>
Gift Aid		(47)	(20)
<b>Profit for the financial year</b>		<b>44</b>	<b>33</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>44</b>	<b>33</b>

The notes on pages 25 to 48 form part of these financial statements.

# Ongo Partnership Limited

## Company balance sheet at 31 March 2016

<i>Company Number 08048224</i>	Note	2016 £'000	2016 £'000	2015 £'000	2015 £'000
<b>Current assets</b>					
Debtors	15	531		306	
Cash at bank and in hand		174		196	
		<u>705</u>		<u>502</u>	
<b>Creditors: amounts falling due within one year</b>	16	<b>(403)</b>		<b>(394)</b>	
<b>Net current assets</b>			<b>302</b>		<b>108</b>
<b>Total assets less current liabilities</b>			<b>302</b>		<b>108</b>
<b>Provisions for liabilities</b>	19		<b>(225)</b>		<b>(75)</b>
<b>Net assets</b>			<b>77</b>		<b>33</b>
<b>Capital and reserves</b>					
Profit and loss account			<b>77</b>		<b>33</b>
<b>Total shareholders' funds</b>			<b>77</b>		<b>33</b>

The financial statements were approved by the Board of Directors and authorised for issue on 15<sup>th</sup> September 2016

D Hilditch  
Director

Andrew Orrey  
Chief Executive

The notes on pages 25 to 48 form part of these financial statements.

**Ongo Partnership Limited**  
**Company statement of changes in equity**  
**For the year ended 31 March 2016**

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	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>1 April 2015</b>	<b>33</b>	<b>33</b>
<b>Comprehensive income for the year</b>		
<b>Profit for the year</b>	<b>44</b>	<b>44</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>44</b>	<b>44</b>
<b>31 March 2016</b>	<b>77</b>	<b>77</b>

	<b>Profit and loss account £'000</b>	<b>Total equity £'000</b>
<b>1 April 2014</b>	<b>0</b>	<b>0</b>
<b>Comprehensive income for the year</b>		
<b>Profit for the year</b>	<b>33</b>	<b>33</b>
Other comprehensive income	-	-
<b>Total comprehensive income for the year</b>	<b>33</b>	<b>33</b>
<b>31 March 2015</b>	<b>33</b>	<b>33</b>

The notes on pages 25 to 48 form part of these financial statements.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

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# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016

### 1 Significant Accounting policies

Ongo Partnership Limited is a private company limited by guarantee incorporated in England & Wales under the Companies Act 2006. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared under the historical convention in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 30.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies which are set out in note 2.

#### *Parent company disclosure exemptions*

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- As the Company is limited by guarantee, a reconciliation of the number of shares outstanding at the beginning and end of the period is not relevant and has not been presented;
- No cash flow statement has been presented for the parent company;
- The parent company does not have any financial instruments, and does not operate any share-based payment arrangements; and
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

#### *Basis of consolidation*

The consolidated financial statements present the results of Ongo Partnership Limited and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 April 2014.

#### *Turnover*

Revenue comprises rents, service charges and support charge income receivable in the year and other income and revenue grants received in the year.

Rental Income is recognised from the point where properties are formally let.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 1 Significant Accounting policies (continued)

#### Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

#### Depreciation

Land is not depreciated.

Housing properties held by Ongo Homes are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Housing improvements	5 – 60
Structure	125
Kitchen	20
Bathroom	30
Roofs (pitched)	70
Roofs (flat)	20
External doors	30
Boiler	15
Electrics	40
External windows	40
Mechanical systems	20
Communal (including Lifts)	20

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Freehold buildings	- 40 years
Leasehold land and buildings	- The term of the lease
Plant, machinery and vehicles	- 2 – 100 years
Fixtures, fittings, tools and equipment	- 4 – 20 years
Computers	- 2 – 3 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income or losses' in the statement of comprehensive income.

Computers are included within fixtures, fittings, tools and equipment.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

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### 1 Significant Accounting policies *(continued)*

#### *Impairment of fixed assets and goodwill*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs).

#### *Government grants*

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in 'other income' within profit or loss in the same period as the related expenditure.

The group has not directly benefited from any other forms of government assistance.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

#### *Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

#### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

#### *Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

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### 1 Significant Accounting policies (*continued*)

#### *Classification of loans as basic*

The group has a significant portfolio of fixed rate loans, all of which have both the break gain and a broadly “symmetrical” clause in relation to break costs which may arise if a decision is made by the Board for an early repayment of the loan. The fixed rate loans are all embedded and there are no provisions whereby the fixed rate can be separated from the loan.

On a prepayment scenario with a break gain, the loan agreement provides for repayment of the capital at par. Any break gain payable by a lender would be in relation to future interest periods only. Therefore whilst it is possible that a lender could suffer a loss, the loss would not be attributable to either the current or prior periods.

It is important to note that no cash payments or receipts arise for the group in relation to the break clause.

Management has considered the terms of the loan agreement and concluded that all loans meet the classification of basic financial instruments.

#### *Intangible assets - Goodwill*

Goodwill represents the excess of the cost of a business combination over the fair value of the group’s share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in ‘intangible assets’. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is carried at cost less accumulated amortisation and accumulated impairment losses. Goodwill amortisation is calculated by applying the straight-line method to its estimated useful life. If a reliable estimate cannot be made, the useful life of goodwill is presumed to be 10 years. Goodwill is being amortised to ‘administrative expenses’ over periods ranging from 3 to 10 years.

Estimates of the useful economic life of goodwill are based on a variety of factors such as the expected use of the acquired business, the expected useful life of the cash generating units to which the goodwill is attributed, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

#### *Current and deferred taxation*

The tax expense for the period comprises only current and deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company’s subsidiaries operate and generate taxable income.

Deferred balances are not recognised in respect of any timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

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### 1 Significant Accounting policies *(continued)*

#### *Value Added Tax*

The Company is registered for VAT and reclaims VAT on most inputs using the standard partial exemption method. The majority of the Group income is derived from rental income which is “exempt output” for VAT purposes and restricts our ability to reclaim VAT input tax in full.

#### *Leases*

All leases are treated as operating leases. Their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reverse premiums and similar incentives received to enter into operating lease agreements are released to profit or loss over the term of the lease.

Where the Group has a legal obligation, a dilapidations provision is created on inception of a lease. These provisions are a best estimate of the cost required to return leased properties to their original condition upon termination of the lease. Where the obligation arises from ‘wear and tear’, the provision is accrued as the ‘wear and tear’ occurs.

#### *Pension costs*

Contributions to the group’s defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

Some of the subsidiaries of the group participate in the multi employer Local Government Pension Scheme ‘East Riding Pension Fund’ a group defined benefit pension plan. There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy.

However, as Ongo Partnership Limited is not itself a party to the scheme, although some of its own employees are members of that scheme, no proportion of the scheme is recognised in its individual company financial statements except to the extent of employer contributions to the scheme.

The difference between the fair value of the assets held in the group’s defined benefit pension scheme and the scheme’s liabilities measured on an actuarial basis using the projected unit method are recognised in the group’s balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

#### *Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### *Reserves*

The Group and Company’s Profit and loss account represents cumulative profits or losses, net of Gift Aid adjustments.

#### *Service charge sinking funds*

Service charge sinking funds are dealt with as creditors due within one year.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 1 Significant Accounting policies (continued)

#### *Support income and costs including Supporting People income and costs*

Supporting People (SP) contract income received from Administering Authorities is accounted for as "Support Charges" in the turnover note 3. The related support costs are matched against this income in the same note.

If the charges to individuals are not dealt with as part of rent, the income and related costs are also shown as "Support Charges" within Social Housing Activities.

Support charges included in the rent charge are included in the "Rents" within "Social Housing Activities" in the same note and are matched against the relevant costs.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation, such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

#### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (see note 12)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For Housing property assets the assets are broken down into components based on the management's assessment of the properties. Individual useful economic lives are assigned to these components.
- Rental and other trade Receivables (see note 15)

The estimate for receivables relates to the recoverability of balances outstanding at year end, with provisions for doubtful debt made in accordance with agreed policy.

### 3 Turnover, operating costs and operating surplus – Company

	2016 £'000	2015 £'000
Management charge to subsidiaries	5,141	5,251
Other income	15	-

Total

5,156

5,251

## Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

### 3 Turnover, operating costs and operating surplus - Group

	2015/16		
	Turnover £'000	Operating Costs £'000	Operating Surplus £'000
<b>Social Housing Activities</b>			
Rents	41,063	(25,275)	15,788
Service Charges	641	(423)	218
Support Charges	363	(921)	(558)
Amortised Grant	2,309	-	2,309
<b>Total Social Housing Lettings</b>	<b>44,376</b>	<b>(26,619)</b>	<b>17,757</b>
<b>Non-Social Housing Activities:</b>			
Lettings	398	-	398
VAT partial exemption claim	74	-	74
Tenant Recharges	153	(153)	-
Ongo Communities	181	(580)	(399)
Ongo Commercial	33	(32)	1
Ongo Partnership	-	(5,013)	(5,013)
Crosby	966	(1,271)	(305)
Ongo Roofing	1,610	(1,636)	(26)
Other	963		963
<b>Total Non-Social Housing Activities</b>	<b>4,378</b>	<b>(8,686)</b>	<b>(4,308)</b>
<b>Total</b>	<b>48,754</b>	<b>(35,305)</b>	<b>13,449</b>

Operating costs are analysed as follows:

Expenditure	2015/16		
	Social Housing Lettings £'000	Non- Social Housing £'000	Total Operating Costs £'000
Services	423	-	423
Support	921	-	921
Management	5,060	8,678	13,738
Routine maintenance	6,499	-	6,499
Planned maintenance	1,449	-	1,449
Major repairs expenditure	2,941	-	2,941
Bad debts	423	8	431
Depreciation of Housing Properties	8,903	-	8,903
<b>Total Operating Costs</b>	<b>26,544</b>	<b>8,761</b>	<b>35,305</b>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

## 3 Turnover, operating costs and operating surplus - Group (continued)

	2014/15		
	Turnover	Operating Costs	Operating Surplus
	£'000	£'000	£'000
<b>Social Housing Activities</b>			
Rents	40,001	(25,592)	14,409
Service Charges	612	(478)	134
Support Charges	519	(1,196)	(677)
Amortised Grant	2,349	0	2,349
<b>Total Social Housing Lettings</b>	<b>43,481</b>	<b>(27,266)</b>	<b>16,215</b>
<b>Non-Social Housing Activities:</b>			
Lettings	201	0	201
VAT partial exemption claim	59	0	59
Tenant Recharges	205	(205)	0
Ongo Communities	41	(430)	(389)
Diamond Net	6	(3)	3
Ongo Commercial	11	(11)	0
Ongo Partnership	0	(5,172)	(5,172)
Crosby	1,438	(1,577)	(139)
Ongo Roofing	254	(296)	(42)
Other	512	0	512
<b>Total Non-Social Housing Activities</b>	<b>2,727</b>	<b>(7,694)</b>	<b>(4,967)</b>
<b>Total</b>	<b>46,208</b>	<b>(34,960)</b>	<b>11,248</b>

Operating costs are analysed as follows:

Expenditure	2014/15		
	Social Housing Lettings	Non-Social Housing	Total Operating Costs
	£'000	£'000	£'000
Services	478	-	478
Support	1,196	-	1,196
Management	5,405	7,694	13,099
Routine maintenance	7,388	-	7,388
Planned maintenance	1,056	-	1,056
Major repairs expenditure	2,085	-	2,085
Bad debts	504	-	504
Depreciation of Housing Properties	9,154	-	9,154
<b>Total Operating Costs</b>	<b>27,266</b>	<b>7,694</b>	<b>34,960</b>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (continued)

## 4 Disposals of fixed assets (housing stock) - Group

	<b>RTB Sales</b>	<b>Cost of Sales</b>	<b>Total</b>
<b>2015/16</b>	£'000	£'000	£'000
Proceeds of Sales	1,644	(515)	<b>1,129</b>
Disposal costs	(19)		<b>(19)</b>
Surplus	<u>1,625</u>	<u>(515)</u>	<u><b>1,110</b></u>

	<b>RTB Sales</b>	<b>Cost of Sales</b>	<b>Total</b>
<b>2014/15</b>	£'000	£'000	£'000
Proceeds of Sales	1,419	(442)	977
Less Costs of Sale	(19)		(19)
Surplus	<u>1,400</u>	<u>(442)</u>	<u><b>958</b></u>

## 5 Operating profit

This is arrived at after charging/(crediting)

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
Depreciation of tangible fixed assets	<b>8,945</b>	6,158	-	-
Impairment of tangible fixed assets	-	150	-	-
Management fee to subsidiaries	-	-	<b>(5,141)</b>	(5,251)
Amortisation of intangible assets, including goodwill	<b>13</b>	1	-	-
Operating lease expense	<b>530</b>	623	<b>7</b>	7
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>36</b>	41	-	-
Fees payable to the company's auditor and its associates for other services to the group	<b>18</b>	40	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

<b>6 Employees</b>	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>
Staff costs (including directors) consist of:		
Wages and salaries	10,104	8,976
Social security costs	771	740
Cost of defined benefit scheme (see note 25)	1,754	1,484
Cost of defined contribution scheme	100	101
	<u>12,729</u>	<u>11,301</u>

The average number of employees (including directors) during the year was as follows:

	<b>2016 Number</b>	<b>2015 Number</b>
Wardens, caretakers and cleaners	37	42
Craft	61	62
Directors	4	4
Administration	219	222
	<u>321</u>	<u>330</u>

A defined contribution pension scheme is operated by Ongo Homes on behalf of the employees of all the subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £100k (2015 - £101k). Contributions amounting to £0 (2015 - £0) were payable to the fund at year end and are included in creditors.

<b>7 Directors' remuneration</b>	<b>2016 £</b>	<b>2015 £</b>
Directors' emoluments	577,496	561,090
Amounts receivable under long-term incentive schemes	-	-
Company contributions to money purchase pension schemes	111,938	113,240
Amounts paid to third parties in respect of directors' services	-	-
	<u>689,434</u>	<u>674,330</u>

There were no directors in the group's defined contribution pension scheme (2015 - 0). All of the directors accrued benefits under the group's defined benefit pension scheme during the year (2015 - 4).

Emoluments of the Chief Executive, who was also the highest paid director, were £144,571 (2015 - £139,231).

As a member of the LGPS pension scheme, the pension entitlement of the CEO is calculated in the same way as applies to all other members

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

### 7 Directors' remuneration (continued)

The remuneration paid to staff (including executive management) earning over £60,000 upwards is as follows:

	<b>2016</b>	2015
	<b>FTE</b>	FTE
Full time equivalents of staff paid from £60,000.		
Banding		
£60,000-£69,999	2.00	2.00
£70,000-£79,999	-	-
£80,000-£89,999	-	1.00
£90,000-£99,999	1.00	1.00
£100,000-£109,999	-	-
£110,000-£119,999	2.00	1.00
£120,000-£129,999	-	-
£130,000-£139,999	1.00	1.00

### 8 Interest payable and similar charges

	<b>Group</b>	<b>Group</b>
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Bank loans and overdrafts	<b>2,879</b>	2,846

### 9 Other finance costs

	<b>Group</b>	<b>Group</b>
	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
Net interest on net defined benefit liability	<b>419</b>	278

### 10 Taxation on profit on ordinary activities

Ongo Homes Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, that company has 'charitable status' and is potentially exempt from taxation in respect of income and capital gains arising from certain categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Deferred tax balances are not recognised.

<i>UK corporation tax</i>	<b>Group</b>	<b>Group</b>	<b>Company</b>	<b>Company</b>
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Current tax on profits of the year	<b>31</b>	1	<b>50</b>	13
Adjustments in respect of previous periods	<b>102</b>	14	<b>1</b>	22
Total current tax	<b>133</b>	15	<b>51</b>	35
Taxation on profit on ordinary activities	<b>133</b>	15	<b>51</b>	35

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 10 Taxation on profit on ordinary activities (continued)

The tax assessed for the year is higher than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>	<b>Company 2016 £'000</b>	<b>Company 2015 £'000</b>
Profit on ordinary activities before tax	<b>11,315</b>	9,578	<b>143</b>	88
Profit on ordinary activities at the standard rate of tax corporation tax in the UK of 20 % (2015 - 21%)	<b>2,263</b>	2,011	<b>29</b>	18
Effects of:				
Expenses not deductible for tax purposes	<b>2</b>	1	<b>2</b>	1
Adjustment to charge in respect of previous period	<b>31</b>	14	<b>1</b>	22
Tax adjustments, reliefs and transfers-net	<b>(10)</b>	(4)	<b>(11)</b>	(6)
Accounting adjustments and transfers-net	<b>30</b>	-	-	-
Depreciation in excess of capital allowances	<b>2</b>	-	-	-
Deferred tax not recognised	<b>--</b>	-	<b>30</b>	-
Income not taxable	<b>(2,185)</b>	(2,007)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation on profit on ordinary activities	<b>133</b>	15	<b>51</b>	35
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 11 Intangible assets

<b>Group</b>	<b>Goodwill on consolidation £'000</b>
<i>Cost or valuation</i>	
At 1 April 2015	110
Additions	
On acquisition of subsidiary	
	<hr/>
At 31 March 2016	<b>110</b>
	<hr/>
<i>Amortisation</i>	
At 1 April 2015	1
Provision for year	13
	<hr/>
At 31 March 2016	<b>14</b>
	<hr/>
<i>Net book value</i>	
At 31 March 2016	<b>96</b>
	<hr/> <hr/>
At 31 March 2015	109
	<hr/> <hr/>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 12 Tangible fixed assets

Group	Housing Land and buildings £'000	Plant, machinery and vehicles £'000	Fixtures, fittings, tools and equipment £'000	Total £'000
<i>Cost or valuation</i>				
At 1 April 2015	197,999	77	2,378	200,454
Additions	9,537	2	-	9,539
Disposals	(1,026)	(11)	(15)	(1,052)
At 31 March 2016	<b>206,510</b>	<b>68</b>	<b>2,363</b>	<b>208,941</b>
<i>Depreciation</i>				
At 1 April 2015	(40,981)	(56)	(2,180)	(43,217)
Provision for year	(8,903)	(11)	(31)	(8,945)
Disposals	254	9	15	278
Impairment				
At 31 March 2016	<b>(49,630)</b>	<b>(58)</b>	<b>(2,196)</b>	<b>(51,884)</b>
<i>Net book value</i>				
At 31 March 2016	<b>156,880</b>	<b>10</b>	<b>167</b>	<b>157,057</b>
At 31 March 2015	157,018	21	198	157,237

The impairment loss recognised on tangible fixed assets in the period was £0 (2015 - £150,000) and is included in administrative expenses in the consolidated income statement. It mostly arose as a result of tangible fixed assets having been written down to their recoverable amount being the higher of their fair value less costs to sell and value in use.

.Housing land and buildings may be further analysed as follows:

	Original Stock	New Homes	In Development	Total
	£'000	£'000	£'000	£'000
<b>Cost</b>				
At start of the year	192,447	3,954	1,598	197,999
Additions to existing properties	8,882	145	510	9,537
Disposals	(1,026)	-	-	(1,026)
Transfers	0	-	-	-
<b>At end of the year</b>	<b>200,303</b>	<b>4,099</b>	<b>2,108</b>	<b>206,510</b>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 12 Tangible fixed assets (*continued*)

	Original Stock £'000	New Homes £'000	In Development £'000	Total £'000
<b>Depreciation and Impairment</b>				
At start of the year	(40,767)	(214)	-	(40,981)
Charge for year	(8,840)	(63)	-	(8,903)
Impairment losses				
Disposals	254	-	-	254
At end of the year	<u>(49,353)</u>	<u>(277)</u>	<u>-</u>	<u>(49,630)</u>
<b>Net book value at end of year</b>	<u>150,950</u>	<u>3,822</u>	<u>2,108</u>	<u>156,880</u>
Net book value at start of year	<u>151,680</u>	<u>3,740</u>	<u>1,598</u>	<u>157,018</u>

The net book value of land and buildings may be further analysed as follows:

	Group 2016 £'000	Group 2015 £'000
Freehold	<u>156,880</u>	<u>157,018</u>

And the mix of housing properties is as follows:

### Accommodation in Management

	31-Mar-16	31-Mar-15
	Units	Units
General needs	8,977	8,998
Supported Housing / Housing for older people	488	500
Affordable rent	196	139
Intermediate Rent	6	66
Empty (awaiting demolition or redevelopment)	53	13
	<u>9,720</u>	<u>9,716</u>

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 13 Fixed asset investments

#### *Subsidiary undertakings*

The principal undertakings in which the company's interest at the year end is 20% or more, all of which are included in the consolidated accounts are as follows:

<b>Name</b>	<b>Country of incorporation or registration</b>	<b>Proportion of voting rights and ordinary share capital held</b>	<b>Nature of business</b>
<i>Subsidiary undertakings</i>			
Ongo Homes Limited	England and Wales	100%	Registered Social Housing provider and "exempt charity"
Ongo Communities Limited	England and Wales	100%	Community Investment
Ongo Roofing Limited	England and Wales	100%	Roofing Business
Ongo Commercial Limited	England and Wales	100%	Locksmiths
Crosby Brokerage Limited	England and Wales	100%	Business Services
Crosby Employment Limited	England and Wales	100%	Employment Services

### 14 Stocks

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>
Raw materials and consumables	<b>10</b>	<b>27</b>
	<hr/>	<hr/>
	<b>10</b>	<b>27</b>
	<hr/>	<hr/>

#### *Replacement cost*

Included in the amount shown above for stocks of raw materials and consumables are items valued at cost calculated on a first in, first out basis. The replacement cost of these items at 31 March 2016 was equivalent to the amount at which they are included in the accounts.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

### 15 Debtors

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Trade debtors	2,316	2,640	23	3
Less bad debts provision	(1,491)	(1,294)		
Amounts owed by group undertakings			397	262
Other debtors	160	-	-	-
Prepayments and accrued income	1,229	672	111	41
	<u>2,214</u>	<u>2,018</u>	<u>531</u>	<u>306</u>

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in the group profit or loss for the period in respect of bad and doubtful trade debtors was £430,236 (2015 - £575,407). The impairment loss recognised in the company profit or loss for the period in respect of bad and doubtful trade debts was £0 (2015 - £0).

### 16 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Bank overdrafts (secured)	6	6	-	-
Payments received on account	27	325	-	-
Trade creditors	428	1,194	10	53
Corporation tax	133	15	51	13
Taxation and social security	211	233	20	14
Accruals and deferred income	4,160	4,226	322	314
	<u>4,965</u>	<u>5,999</u>	<u>403</u>	<u>394</u>

The bank overdrafts are secured by a floating charge over the assets of Ongo Homes.

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 17 Creditors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000
Bank Loans	71,000	71,000
Less: Loan Issue Costs	(919)	(963)
	<hr/>	<hr/>
Bank loans	70,081	70,038
Deferred Capital Grants	42,992	44,061
	<hr/>	<hr/>
	<b>113,073</b>	114,099
	<hr/> <hr/>	<hr/> <hr/>

The maturity of sources of debt finance is as follows:

<b>Group loans and overdrafts</b>	Group 2016 £'000	Group 2015 £'000
In one year or less, or on demand	6	6
In more than one year but not more than two years	-	-
In more than two years but not more than five years	-	-
In more than five years	70,075	70,032
	<hr/>	<hr/>
	<b>70,081</b>	70,038
	<hr/> <hr/>	<hr/> <hr/>

The bank loans are secured by specific charges over Ongo Homes Limited's housing properties and floating charges on all of Ongo Homes Limited's assets and are repayable at varying rates of interest.

<b>Deferred Capital grants</b>	Group 2016 £'000	Group 2015 £'000
At start of the year	44,062	44,506
Grants received during the year	1,240	1,905
Released to income during the year	(2,310)	(2,349)
	<hr/>	<hr/>
	<b>42,992</b>	44,062
	<hr/> <hr/>	<hr/> <hr/>

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 18 Financial instruments

The Group's financial instruments may be analysed as follows:

	<b>Group 2016 £'000</b>	<b>Group 2015 £'000</b>
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>20,189</b>	10,941
	<u>          </u>	<u>          </u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>75,408</b>	74,458
	<u>          </u>	<u>          </u>

Financial assets measured at amortised cost comprise cash, trade debtors, and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the group's exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors' report.

### 19 Provisions for liabilities

<b>Group</b>	<b>Group Dilapidations £'000</b>	<b>Company Dilapidations £'000</b>
At 1 April 2015	<b>75</b>	<b>75</b>
Charged to profit or loss	<b>210</b>	<b>150</b>
	<u>          </u>	<u>          </u>
At 31 March 2016	<b>285</b>	<b>225</b>
	<u>          </u>	<u>          </u>

Provisions have been made for the estimated cost of returning office premises to their original condition at the expiry of the leases. Dilapidations provisions of the company are expected to be utilised between two and four years hence, with other group provisions utilised after more than five years

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

### 20 Pensions

Two pension schemes are operated by the group.

#### Defined contribution pension scheme (Aviva)

This scheme, which commenced in 2012 is open to all staff employed by the Group. The assets are held independently in a separately administered fund. The pension cost for this scheme, which reflects contributions payable at rates specified in the rules of the plan, was £100,689. Of this amount, £7,710 was rechargeable to other group entities.

#### Defined benefit pension scheme (LGPS)

The Group participates in the multi employer Local Government Pension Scheme, 'East Riding Pension Fund', a final salary scheme, which was established under an irrevocable Deed of Trust. The Deed determines the appointment of trustees to the fund. The scheme is managed by a corporate trustee accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

Ongo Partnership Limited is not itself a party to the scheme, although some of its own employees are members of that scheme. On 31 March 2015 there were 210 employees in the LGPS. This scheme is only offered to new employees who are already members of the scheme through previous other employment.

Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2012 and updated to 31 March 2016 and 2015 by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good any deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	<b>47,128</b>	35,683
Current service cost	<b>1,742</b>	1,484
Interest cost	<b>1,531</b>	1,561
Benefits paid	<b>(737)</b>	(690)
Participant contributions	<b>416</b>	441
Changes in financial assumptions	<b>(10,872)</b>	9,321
Other experience	<b>(364)</b>	(672)
Past service cost	<b>12</b>	-
At the end of the year	<b>38,856</b>	47,128

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

<b>20 Pensions <i>(continued)</i></b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	<b>33,961</b>	29,093
Interest income on plan assets	<b>1,112</b>	1,283
Contributions by group	<b>2,334</b>	2,207
Return on assets (excluding amounts included in net interest)	<b>(718)</b>	2,068
Benefits paid	<b>(737)</b>	(690)
	<hr/>	<hr/>
At the end of the year	<b>35,952</b>	33,961
	<hr/>	<hr/>
Net pension scheme liability	<b>2,904</b>	13,167
	<hr/>	<hr/>
<i>Amounts recognised in the profit and loss amount are as follows:</i>		
<i>Included in administrative expenses:</i>		
Current service cost	<b>1,742</b>	1,484
Past service cost	<b>12</b>	0
	<hr/>	<hr/>
	<b>1,754</b>	1,484
	<hr/>	<hr/>
<i>Amounts included in other finance costs</i>		
Net interest cost	<b>419</b>	278
	<hr/>	<hr/>
<i>Analysis of actuarial(gain)/ loss recognised in other comprehensive income</i>		
Actual return less interest income included in net interest income	<b>718</b>	(2,068)
Experience gains and losses arising on the scheme liabilities	<b>(364)</b>	(672)
Changes in assumptions underlying the present value of the scheme liabilities	<b>(10,872)</b>	9,321
	<hr/>	<hr/>
	<b>(10,518)</b>	6,581
	<hr/>	<hr/>

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

<b>20 Pensions (continued)</b>	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
<i>Composition of plan assets</i>		
European equities	<b>26,964</b>	26,829
European bonds	<b>3,595</b>	3,396
Property	<b>4,314</b>	2,717
Cash	<b>1,079</b>	1,019
	<hr/>	<hr/>
Total plan assets	<b>35,952</b>	33,961
	<hr/>	<hr/>
<i>Actual return on plan assets</i>	<b>2,334</b>	2,207
	<hr/>	<hr/>
	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
<i>Principal actuarial assumptions used at the balance sheet date</i>		
Discount rates	<b>3.5</b>	3.2
Future salary increases	<b>1.9</b>	3.5
Future pension increases		
Proportion of employees opting for early retirement		
Inflation assumption	<b>2.2</b>	2.4
Mortality rates		
- for a male aged 65 now	<b>22yrs</b>	22yrs
- at 65 for a male member aged 45 now	<b>22yrs</b>	22yrs
- for a female aged 65 now	<b>22yrs</b>	24yrs
- at 65 for a female member aged 45 now	<b>24yrs</b>	24yrs

## 21 Share capital

The Company is limited by Guarantee and does not have share capital.

# Ongo Partnership Limited

## Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

### 22 Commitments under operating leases

The group had minimum lease payments under non-cancellable operating leases as set out below:

	<b>2016</b> £'000	<b>2015</b> £'000
Not later than 1 year	<b>209</b>	194
Later than 1 year and not later than 5 years	<b>382</b>	254
Later than 5 years	<b>137</b>	175
	<hr/>	<hr/>
Total	<b>728</b>	623
	<hr/> <hr/>	<hr/> <hr/>

### 23 Related party disclosures

There is no ultimate controlling party of Ongo Partnership Limited.

Other than transactions between the Group and subsidiaries themselves, the company does not believe it has any 'Related Parties' and therefore no Sales were made during the year to related parties. One Board member of Ongo Homes Limited is a Council Member of North Lincolnshire Council, a local authority having nomination rights over tenancies of certain properties. All transactions with North Lincolnshire Council are on normal commercial terms and Councillors are unable to use their position to their advantage.

Another Board member is a tenant of Ongo Homes Limited. Tenant Board Members have a standard tenancy agreement and they are required to fulfil the same obligations and receive the same benefits as other residents. They cannot use their position to their advantage.

### 24 Capital commitments

	<b>Group</b> <b>2016</b> £'000	<b>Group</b> <b>2015</b> £'000
Contracted but not provided for	<b>4,616</b>	14,572
Authorised but not contracted for	<b>15,578</b>	9,657
	<hr/>	<hr/>
	20,194	24,229
	<hr/> <hr/>	<hr/> <hr/>

The Company expects these commitments to be financed with:

Grants	2,719	2,880
Internal Funding	17,475	21,349
	<hr/>	<hr/>
	20,194	24,229
	<hr/> <hr/>	<hr/> <hr/>

# Ongo Partnership Limited

Notes forming part of the financial statements  
for the year ended 31 March 2016 (*continued*)

## 25 First time adoption of FRS 102

Group	Note	Equity as at 1 April 2014 £'000	Profit for the Year ended 31 March 2015 £'000	Equity as at 31 March 2015 £'000
<b>As previously stated under former UK GAAP</b>		27,455	3,091	30,546
Crosby Employment Limited reserves	a			175
<b>As restated under former UK GAAP</b>		27,455	3,091	30,721
<b>Transitional adjustments</b>				
Holiday pay provision	b	(70)		(70)
Amortised social housing grant	c	14,721	2,588	17,309
Increased depreciation provision	d	(9,147)	(3,164)	(12,311)
<b>As stated in accordance with FRS 102</b>		<b>32,959</b>	<b>2,515</b>	<b>35,649</b>

Explanation of changes to previously reported profit and equity

- a. The adjustment of £175k relates to the acquisition of Crosby Employment Limited and brings that company's reserves into the consolidated reserves of the group.
- b. A group company has recognised for the first time an accrual in respect of holiday pay due to employees at the year end. The effect of this was to charge reserves with £70k and increase creditors at 1 April 2014 by the same amount.
- c. Social Housing Grant can no longer be offset against housing property within fixed assets, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the 'accrual model' with the grant amortised over the life of the structure and components of the property.
- d. Finally, as a result of the net cost of the housing assets having increased by removing the associated grant, we were required to increase our depreciation provisions.

Grants relating to revenue are recognised in profit and loss over the same period as the expenditure to which they relate once performance related conditions have been met.

Grants due from government organisations or received in advance are included as current assets or liabilities.

The effect on the 1 April 2014 balance sheet is the movement of £59,227k social housing grant (relating to assets held at historic cost) to long term creditors. £14,721 was then amortised from those social housing grants, the effect of which was to reduce the newly created long term creditor and increase reserves.