Guernsey Housing Association LBG

Financial Statements
For the year ended
31 December 2016

CONTENTS

Directors

Mr Q Spicer (appointed 21 March 2002)
Miss J Bray (appointed 11 September 2006)
Mr C Hill (appointed 26 June 2013)
Mr R Francis (appointed 26 June 2013)
Mr J Bloese (appointed 26 June 2013)
Mrs R Copeland (appointed 23 June 2016)
Mr D Etasse (appointed 23 June 2016)
Mr D Brown (appointed 23 June 2016)
Mrs J Newark (appointed 7 December 2016)

Company Secretary

Mrs C Jennings (appointed 29 February 2008)

Registered Office

First Floor, Newlands House
Lowlands Trading Estate
Braye Road
Vale
Guernsey
GY3 5XJ

Auditor

KPMG Channel Islands Limited
Glategny Court, St Peter Port
Guernsey
GY1 1WR

Bankers

RBS International Limited
Royal Bank Place
1 Glategny Esplanade
St Peter Port
Guernsey
GY1 4BQ

HSBC Bank plc
P O Box 31
St Peter Port
Guernsey
GY1 3AT

The directors present herewith the audited financial statements for the year ended 31 December 2016.

Directors' Responsibilities
The directors' responsibilities are set out on page 3.

Principal Activity
The principal activity of the company is to provide, manage and maintain high quality residential housing accommodation at affordable rents to persons considered to be in need of such accommodation.

Results and Dividends
The Statement of Income and Retained Earnings for the year is set out on page 5. The company is a charitable company and as such is prohibited from making any form of distributions to members.

Directors
The directors of the company during the year and to the date of this report were:

Mr Q Spicer
Miss J Bray
Mr C Hill
Mr R Francis
Mr I Bloese
Mrs R Copeland (appointed 23 June 2016)
Mr D Etasse (appointed 23 June 2016)
Mr D Brown (appointed 23 June 2016)
Mrs J Newark (appointed 7 December 2016)

None of the directors received any remuneration from the company.

Each of the directors at the date of approval of the financial statements confirms that:

- So far as each director is aware, there is no relevant audit information of which the company's auditor is unaware.

- Each director has taken all the steps he ought to have taken as a director to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of The Companies (Guernsey) Law, 2008.

Auditor

KPMG were appointed as Auditors during the year for the first time. A resolution to re-appoint KPMG as auditor will be proposed at the Annual General Meeting.

By Order of the Board

Richard Francis

08 June 2017

The directors are responsible for preparing the 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 Generally Accepted Accounting Principles (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 company and of the surplus or deficit of the company 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 estimates that are reasonable and prudent.
- State whether applicable 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 to enable them to ensure that the financial statements comply with The Companies (Guernsey) Law, 2008. 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.

Internal Controls Assurance

The board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for operations and the audit committee.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risk, robust strategic and business planning processes.
- annual review of the company's risk map by the Board.
- detailed financial budgets and forecasts for the current year.
- formal recruitment, retention, training and development policies for all staff.
- established authorisation and appraisal procedures for all significant new initiatives and commitments.
- regular reporting from senior management to the Board on appropriate business objectives, targets and outcomes.
- Board approved fraud policy, covering the prevention, detection and reporting of fraud and the recovery of assets: and
- detailed policies and procedures in each area of the company's work which is reviewed periodically.

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended 31 December 2016

	Notes	2016 £	*(Restated)* *2015* *£*
TURNOVER	3	10,219,946	*11,862,421*
Cost of Sales - disposal of first tranche sales		(1,026,593)	*(2,842,835)*
Gain on the disposal of fixed assets	5	184,361	*417,930*
Operating expenditure	4	(5,025,495)	*(4,527,550)*
OPERATING SURPLUS		4,352,219	*4,909,967*
Other income		23,795	*20,070*
Finance income		7,976	*11,883*
Finance charges	6	(2,823,926)	*(2,775,463)*
SURPLUS FOR THE YEAR		1,560,064	*2,166,457*
Retained surplus at 1 January		2,739,166	*572,709*
Retained surplus at 31 December		4,299,230	*2,739,166*

All amounts relate to continuing operations.

The 2015 amounts have been restated, for further detail please refer to Note 29

The notes on pages 8 to 22 form an integral part of these financial statements.

Guernsey Housing Association LBG
STATEMENT OF FINANCIAL POSITION
At 31 December 2016

	Notes	2016	*(Restated)* *2015*
		£	*£*
FIXED ASSETS			
Incomplete development expenditure	9	968,251	*6,941,593*
Completed developments held for letting	10	129,037,850	*121,269,188*
Completed developments partial ownership	11	22,800,153	*22,069,534*
Land	8	6,686,923	*3,122,897*
Housing properties		159,493,177	*153,403,212*
Other tangible assets	13	93,824	*17,775*
Investment in subsidiary undertaking	12	-	-
		159,587,001	*153,420,987*
CURRENT ASSETS			
Trade and other debtors	14	2,457,900	*1,274,438*
Incomplete development expenditure	9	346,737	*720,641*
Cash and cash equivalents	23	1,386,953	*3,882,686*
		4,191,590	*5,877,765*
CREDITORS: Amounts falling due within one year			
Creditors	15	4,464,157	*5,917,751*
		4,464,157	*5,917,751*
NET CURRENT ASSETS/(LIABILITIES)		(272,567)	*(39,986)*
TOTAL ASSETS LESS CURRENT LIABILITIES		159,314,434	*153,381,001*
CREDITORS: Amounts falling due after more than one year			
States of Guernsey Loans	17	76,434,753	*73,284,767*
Deferred income	16	78,427,551	77,204,168
Partial ownership provision	18	152,900	*152,900*
		155,015,204	*150,641,835*
		4,299,230	*2,739,166*
RESERVES			
Reserves		4,299,230	*2,739,166*

These financial statements were approved by the Board and authorised for issue on 8 June 2017 and were signed on its behalf by:

Richard Francis

08 June 2017

The notes on pages 8 to 22 form an integral part of these financial statements.

	Notes	2016	(Restated) 2015
		£	£
Net cash generated from operating activities	21	5,192,800	7,929,843
Cash flow from investing activities			
Construction of properties		(12,416,232)	(17,103,264)
Grants received		2,005,200	4,999,920
Grants repaid		-	(127,500)
Sale of properties		2,342,937	4,846,922
Purchase of fixed assets		(117,589)	(5,044)
		(2,992,884)	540,877
Cash flow from financing activities			
Interest received		7,976	11,883
Interest paid		(2,823,926)	(7,461,438)
Loan advances received		5,100,000	80,797,857
Loans repaid		(1,786,899)	(72,343,594)
		497,151	1,004,708
Net change in cash and cash equivalents		(2,495,733)	1,545,585
Cash and cash equivalents 1 January		3,882,686	2,337,101
Cash and cash equivalents 31 December		1,386,953	3,882,686
Cash and cash equivalents 31 December		1,386,953	3,882,686
		1,386,953	3,882,686

The notes on pages 8 to 22 form an integral part of these financial statements.

1. LEGAL STATUS

Guernsey Housing Association LBG is a limited by guarantee company incorporated in Guernsey under The Companies (Guernsey) Law 2008. The company was incorporated on 1 March 2002. The principal activity of the company is to provide social housing and associated housing management services. Guernsey Housing Association LBG is a public benefit entity.

The registered office is First Floor, Newlands House, Lowlands Trading Estate, Braye Road, Vale , Guernsey, GY3 5XJ. The registered company number is 39305.

2. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

CONVENTION

These financial statements have been prepared in accordance with the historical cost convention, show a true and fair view and are in accordance with the Statement of Recommended Practice for registered social housing providers 2014 ("the SORP") and FRS102.

The Company does not fall within the recovery of capital grant regulations and is not required to either return or recycle capital grants released on the sale of partial ownership properties. The company allocates grants released on subsequent partial ownership sales for the future buy back of partial ownership properties.

The principal accounting policies adopted by the directors are summarised below.

GOING CONCERN

These financial statements are prepared on a going concern basis. After making reasonable enquiries and assessing all data relating to the company's liquidity, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future and do not consider there to be any threat to the going concern status of the company.

ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts where required or appropriate and other factors. Judgements have been made in determining the appropriate depreciation rates used in the useful economic lives of properties and in the assessment of any potential impairment on completed properties and incomplete developments. The assessment of impairment resulted in no adjustment being made to the value of completed properties as the valuations prepared by Dunnell Robertson Partnership Limited shown in 31 December 2015 are all above cost. Any market movements since the valuations were performed have also been considered.

FIXED ASSETS

Housing properties

The association has determined that all properties are for social benefit. Due to rents being charged below market rent, properties are held at cost rather than fair value.

Housing properties are included at cost, including the incidental costs of acquisition. All direct costs of development, including demolition and clearance of the sites and subsequent reconstruction, and the direct costs of financing each development, are capitalised. Other directly attributable costs of the company are attributed to each development on the basis of the proportion of time spent by the company's employees in relation to the acquisition and development of each site.

Housing properties in the course of development are held at cost and are not depreciated. They are transferred to completed properties when ready for letting or sale.

Directly attributable costs of administering development projects have been capitalised in accordance with FRS102. £128,074 (2015:£130,614) of such expenditure has been allocated to the costs of housing developments in the year.

2. ACCOUNTING POLICIES (continued)

FIXED ASSETS (continued)
The costs of acquiring freehold land for development are included within "Land". Land donated or transferred at a price less than the open market value of the land is included in the Statement of Financial Position at the market value at the date it is received. Subsequent development expenditure is initially disclosed under the category of "Incomplete development expenditure", until such time as properties reach the stage of practical completion and are made available to let or sell, at which time the expenditure is re-classified within "completed developments".

Thereafter, individual housing properties are carried at cost less accumulated depreciation, except where the directors' estimate of the net realisable value is less than its depreciated historical cost, in which case a provision for impairment in value is made.

Where housing properties are carried at cost any impairment in the carrying value of the asset is recognised in the Statement of Income and Retained Earnings.

Once the use of individual housing properties has been specified, housing properties are classified as being either "completed development held for letting" or "completed development partial ownership" properties, and separate disclosure of costs are made in relation to each class of asset.

Where properties classified as "completed development partial ownership" properties are recorded as partially sold, this signifies that a proportion of the rights in the freehold of the property (of between 40% and 80%) has been sold to the tenant, who rents the remaining proportion of the freehold still owned by the company.

Depreciation
Freehold land is not depreciated.

Depreciation is provided on completed housing properties. Depreciation is calculated on the carrying value of housing properties, net of the cost of land, on a straight-line basis over the expected useful economic lives, which has been set taking into account internal professional sources. Each component within its housing property is depreciated as follows

Compoment	UEL (Years)		
Housing structure	75	Doors and windows	25
Roofs	75	Bathrooms	25
Electrics	50	Heating systems	20
Lifts	25	Kitchens	15

Depreciation on other tangible fixed assets is calculated to write down their cost to their estimated residual value over the period of their estimated useful economic lives. The depreciation rate employed for office and computer equipment is 33.3% per annum on a straight line basis. The depreciation rate for office improvements is 20% per annum on a straight line basis. The carrying value of tangible fixed assets are reviewed annually for impairment where the useful economic life is greater than 50 years.

GRANTS RECEIVED
Grants received from the States of Guernsey of £79,529,368 (2015: £78,280,762) as a capital cost towards the cost of housing schemes are recognised in turnover on a systematic basis over the useful life of the asset excluding land (the accruals method) in accordance with the SORP. Prior to satisfying the recognition conditions (e.g. development grant is recognised on practical completion of new build properties), such grants are held as deferred income on the Statement of Financial Position.

Where land has been donated by the States of Guernsey, or transferred from the States of Guernsey at a valuation below market value, the difference between the current market value at the date of transfer and the transfer price is treated as a grant received. Land grant is recognised on the date of conveyance and subsequently recognised in turnover on a systematic basis over the useful life of the asset (the accruals method) in accordance with the SORP.

2. ACCOUNTING POLICIES (continued)

TURNOVER

Turnover represents rental income and service charges receivable from housing properties, grants, other income and first tranche sales proceeds and is accounted for on an accruals basis. Rental and service charge income is recognised from the point when properties under development reach practical completion and become available for letting on a weekly basis on the Saturday it falls due or on a monthly basis as it falls due. Other income is recognised as receivable on the delivery of the services provided and the proceeds from first tranche disposals is recognised on date of conveyance.

COST OF SALES

The cost of sales of first tranche disposals of partial ownership properites is recognised on the date of disposal and is shown in the Statement of Income and Retained Earnings.

DISPOSAL OF FIXED ASSETS

Any gain or loss as a result of the disposal of fixed assets is recognised on the date of disposal and is shown in the Statement of Income and Retained Earnings.

FINANCE CHARGE

The finance charge is comprised of interest charges incurred in relation to the provision of the company's long term financing arrangements on incomplete developments are being capitalised within the cost of each development and recognised in the Statement of Financial Position. Other interest incurred is expensed in the Statement of Income and Retained Earnings.

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the company becomes a party to the contractual provisions of the instrument. The effect of discounting on all of the company's financial instruments is not considered material. Except where stated, the carrying values of all financial instruments are considered to reflect their fair value

FINANCIAL ASSETS

Trade debtors

These are non derivative short term financial assets and they arise principally through property rental leases with tenants. The amounts receivable are measured at transaction price less any impairment.

Cash at bank

This comprises balances of cash on call and in short term deposits with banks, which are initially recognised at cost. Interest income on cash balances held with banks is recognised by applying the effective interest rate applicable to each account.

FINANCIAL LIABILITIES

The company's non-derivative financial liabilities are defined below. The company has no financial liabilities designated as "at fair value through profit or loss". The company derecognises financial liabilities only when the company's obligations are discharged, cancelled or expired.

Trade and other creditors

Short term trade and other creditors are measured at transaction price. Other creditors are initially recognised at fair value and subsequently measure at amortised cost using the effective interest rate method.

Concessionary Loans

Government loans are classed as concessionary loans under FRS102,34.87. They are measured at the amount received, less Capital amounts repaid, plus any interest accrued.

FUNCTIONAL AND PRESENTATIONAL CURRENCY

The directors of the company consider the functional and presentational currency of the company to be sterling, as predominantly all of the transactions undertaken by the company are denominated in sterling.

GROUP ACCOUNTS

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemption provided by FRS102 9.3 (g) "requirement to present consolidated financial statements" not to prepare group financial statements.

2. ACCOUNTING POLICIES (continued)

OPERATING LEASES

Rentals payable under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the lease term, unless the rental payments are structured to increase in line with expected general inflation, in which case the company recognises annual rent expenses equal to the amount owed to the lessor. Details of expected payments on operating leases are detailed in note 20.

3. TURNOVER

The turnover for the year derive wholly from continuing activities. A summary of income is detailed below.

	2016	2015
	£	£
TURNOVER		
Rental income	6,982,192	6,395,285
Grant income	1,076,594	1,035,058
Partial ownership first tranche disposals	1,746,000	4,124,480
Service charges receivable	414,910	306,848
Terre a l'amende	250	750
	10,219,946	11,862,421
COST OF SALES	(1,026,593)	(2,842,835)

4. OPERATING EXPENDITURE

Operating costs for the year derive wholly from continuing activities. A summary of expenditure is detailed below.

	2016	2015
	£	£
Property Expenses		
Maintenance and repairs	670,544	546,618
Void costs	120,689	115,821
Insurance	135,986	126,357
Cleaning and gardening	172,345	145,541
Electric and gas	230,640	192,074
Other property expenses	132,651	156,986
Administrative Expenses		
Salaries	647,157	603,004
Rent and rates	103,710	34,440
Other administrative expenses	288,656	212,652
General Expenses		-
Wages and salaries	154,110	149,963
Other general expenses	6,554	4,686
Costs Capitalised to Developments	(128,074)	(130,614)
Depreciation Housing Developments	2,490,527	2,370,022
Operating expenditure	5,025,495	4,527,550

5. GAIN ON DISPOSAL OF FIXED ASSETS

This represents net income from the sale of properties, partial ownership sales, and the disposal of fixed assets.

	2016	*2015*
	£	*£*
Fixed Assets		
Proceeds from the disposal of properties	1,500,703	*1,886,723*
Net book value of properties disposed	(1,316,342)	*(1,468,793)*
Surplus on the sale of fixed assets	184,361	*417,930*

6. INTEREST PAYABLE AND SIMILAR CHARGES	2016 £	*2015* *£*
Finance costs	-	*1,388,873*
Concessionary loan interest paid	2,823,926	*2,002,010*
SWAP breakage costs	-	*(615,420)*
	2,823,926	*2,775,463*

The amortisation of finance costs is attributable to the arrangement fees on loan facilities with Royal Bank of Scotland International and HSBC Bank plc. In accordance with the company's accounting policies, certain borrowing costs have been capitalised during the year.

During 2015 loan arrangements were put in place with the States of Guernsey to replace previous loan facilities with the Royal Bank of Scotland International and HSBC Bank plc. As the new loan arrangements are at fixed rates, interest rate hedging was no longer required to mitigate any interest rate risk. The company closed out the interest rate SWAPS at a cost of £3,842,000 during 2015. Due to the revised accounting treatment in 2014 under FRS102, the resulting accounting profit was £615,420, as £4,457,420 was recognised in retained earnings in previous years.

7. TAXATION

No provision for taxation is included in these financial statements, as the company has been granted exemption from taxation by the Administrator of Income Tax on account of its charitable status.

8. LAND

	2016	2015
	£	£
COST/VALUATION		
At 1 January 2016	3,122,897	1,151,124
Additions in the year	4,636,714	3,122,896
Transfer (note 10)	(912,696)	(509,756)
Transfer (note 11)	(159,992)	(641,367)
At 31 December 2016	6,686,923	3,122,897

9. INCOMPLETE DEVELOPMENT EXPENDITURE

	2016	2015
	£	£
COST/VALUATION		
At 1 January 2015	7,662,234	6,536,936
Additions in the year	3,980,561	11,251,368
Transfer (note 10)	(8,866,826)	(7,270,971)
Transfer (note 11)	(1,460,981)	(2,855,099)
At 31 December 2016	1,314,988	7,662,234

The company has incurred finance costs on loans to finance developments. Where these costs relate to incomplete developments they have been capitalised and added to the cost of developments. During the year £94,071 (2015 £223,580) of interest has been capitalised and added to the cost of development.

The SORP requires that partial ownership properties under construction are split between fixed assets and current assets. The split is determined by the percentage of property to be sold under first tranche sales. Incomplete development expenditure relates to 120 properties under development, of which, 63 are partial ownership properties and 57 rented. For the purpose of determining the current asset, we expect that 50% of each partial ownership unit will be sold as first tranche sales. This results in £346,737 (2015: £720,641) being reflected as a current asset.

Split between current and fixed assets	2016	2015
	£	£
Fixed assets	968,251	6,941,593
Current assets	346,737	720,641
	1,314,988	7,662,234

The directors consider that capitalised development expenditure within incomplete development costs will give rise to future benefits.

The expenditure within incomplete development is on projects where a land contract has been signed. At the outset the projects are agreed with the Housing Department that they meet a housing need, are in a suitable location and if proven viable receive grant support. Once agreed with the Housing Department a feasibility financial appraisal is carried out using Proval viability software.

10. COMPLETED DEVELOPMENTS - Held for Letting

	Roseville	La Chaumiere	Delancey	Rue des Marais	S Hauteville	Amballa	Houque a la Perre	Sir John Leale Avenue	Mont Beauvoir	Rue Clouet
	£	£	£	£	£	£				
COST										
At 1 January 2016	4,360,424	1,670,152	5,608,065	11,811,485	251,189	932,750	7,993,267	10,452,227	3,642,256	7,673,861
Transfer from land and incomplete development expenditure	-	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	-	-	-	-	-	
Disposals during the year	-	-	-	-	-	-	-	-	-	-
At 31 December 2016	4,360,424	1,670,152	5,608,065	11,811,485	251,189	932,750	7,993,267	10,452,227	3,642,256	7,673,861
DEPRECIATION										
At 1 January 2016	(749,452)	(287,512)	(1,129,379)	(2,272,809)	(48,531)	(111,862)	(809,289)	(856,541)	(263,311)	(485,686)
Charge for the year	(79,247)	(30,321)	(100,936)	(221,741)	(4,173)	(14,914)	(126,769)	(146,872)	(51,059)	(114,850)
Disposals during the year	-	-	-	-	-	-	-	-	-	-
At 31 December 2016	(828,699)	(317,833)	(1,230,315)	(2,494,550)	(52,704)	(126,776)	(936,058)	(1,003,413)	(314,370)	(600,536)
NET BOOK VALUE										
At 31 December 2016	3,531,725	1,352,319	4,377,750	9,316,935	198,485	805,974	7,057,209	9,448,814	3,327,886	7,073,325
At 31 December 2015	*3,610,972*	*1,382,640*	*4,478,686*	*9,538,676*	*202,658*	*820,888*	*7,183,978*	*9,595,686*	*3,378,945*	*7,188,175*
NUMBER OF PROPERTIES										
At 1 January 2016	26	10	34	82	1	10	46	49	15	39
Additions during the year	-	-	-	-	-	-	-	-	-	-
Disposals during the year	-	-	-	-	-	-	-	-	-	-
At 31 December 2016	26	10	34	82	1	10	46	49	15	39

	Baubigny Arsenal	Clos Barbier	Rue Jamouneau	La Nouvelle Maraitaine	Le Grand Courtil	Cour du Parc	Clos L'Ecole	Metivier House	Longfield	La Nouvelle Maratine PH2	Le Grand Courtil PH2	Total
												£
COST												
At 1 January 2016	1,888,241	4,718,502	13,189,464	17,604,736	19,244,069	6,811,683	6,830,937	2,913,316	2,622,665			130,219,289
Transfer from land and incomplete development expenditure	-	-	-	-	-	-	-	-	-	4,112,973	5,666,598	9,779,521
Additions during the year	-	-	-	8,851	258,402	-	-	-	-			267,253
Disposals during the year	-	-	-	-	-	-	-	-	-			-
At 31 December 2016	1,888,241	4,718,502	13,189,464	17,613,587	19,502,471	6,811,683	6,830,937	2,913,316	2,622,665	4,112,973	5,666,598	140,266,063
DEPRECIATION												
At 1 January 2016	(117,708)	(244,522)	(414,464)	(406,071)	(444,444)	(125,402)	(110,113)	(52,583)	(20,422)			(8,950,101)
Charge for the year	(27,281)	(79,454)	(187,455)	(332,028)	(387,065)	(116,923)	(91,004)	(55,816)	(40,904)	(34,324)	(34,976)	(2,278,112)
Disposals during the year	-	-	-	-	-	-	-	-	-			-
At 31 December 2016	(144,989)	(323,976)	(601,919)	(738,099)	(831,509)	(242,325)	(201,117)	(108,399)	(61,326)	(34,324)	(34,976)	(11,228,213)
NET BOOK VALUE												
At 31 December 2016	1,743,252	4,394,526	12,587,545	16,875,488	18,670,962	6,569,358	6,629,820	2,804,917	2,561,339	4,078,599	5,631,622	129,037,850
At 31 December 2015	*1,770,533*	*4,473,980*	*12,775,000*	*17,198,665*	*18,799,625*	*6,686,281*	*6,720,824*	*2,860,733*	*2,602,243*	*0*	*0*	*121,269,188*
NUMBER OF PROPERTIES												
At 1 January 2016	10	24	54	51	50	35	26	14	10	-	-	586
Additions during the year	-	-	-	-	-	-	-	-	-	15	23	38
Disposals during the year	-	-	-	-	-	-	-	-	-	-	-	-
At 31 December 2016	10	24	54	51	50	35	26	14	10	15	23	624

11. COMPLETED DEVELOPMENTS - Partial Ownership

	Roseville	1 to 8 Victoria Ave	Houque a la Perre	3 to 12 Jardin de Haut	Sir John Leale Avenue	13 to 16 Jardin de Haut	Rue Clouet	Rue Jamouneau	La Nouvelle Maraitaine	Le Grand Courtil	Cour du Parc	Clos L'Ecole	Longfield	La Nouvelle Maratine phase 2	Le Grand Coutil phase 2	Total
COST	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£	£
At 1 January 2016	1,535,998	1,196,435	3,921,932	1,958,119	1,104,673	814,716	1,926,208	4,337,602	290,838	980,908	1,581,644	2,521,211	761,409			22,931,693
Transfer from land and incomplete development expenditure	-	-	-	-	-	-	-	-	-	-	-		-	870,833	750,140	1,620,973
Additions during the year	201,000	306,000	-	134,000	352,500	-	-	391,500	-	280,000	-	-	-	-	-	1,665,000
Disposals during the year	(157,713)	(145,075)	-	(131,925)	(225,872)	-	-	(401,545)	-	(339,697)	-		-	(566,042)	(375,070)	(2,342,939)
At 31 December 2016	1,579,285	1,357,360	3,921,932	1,960,194	1,231,301	814,716	1,926,208	4,327,557	290,838	921,211	1,581,644	2,521,211	761,409	304,791	375,070	23,874,727
DEPRECIATION																
At 1 January 2016	(207,187)	(44,301)	(244,367)	(59,534)	(53,730)	(17,371)	(77,831)	(84,970)	(5,447)	(13,391)	(15,989)	(34,500)	(3,541)	-	-	(862,159)
Charge for the year	(20,453)	(5,780)	(38,138)	(7,985)	(10,418)	(3,372)	(18,368)	(42,484)	(3,738)	(11,345)	(14,052)	(25,324)	(7,632)	(1,782)	(1,544)	(212,415)
At 31 December 2016	(227,640)	(50,081)	(282,505)	(67,519)	(64,148)	(20,743)	(96,199)	(127,454)	(9,185)	(24,736)	(30,041)	(59,824)	(11,173)	(1,782)	(1,544)	(1,074,574)
NET BOOK VALUE																
At 31 December 2016	1,351,645	1,307,279	3,639,427	1,892,675	1,167,153	793,973	1,830,009	4,200,103	281,653	896,475	1,551,603	2,461,387	750,236	303,009	373,526	22,800,153
At 31 December 2015	*1,328,811*	*1,152,134*	*3,677,565*	*1,898,585*	*1,050,943*	*797,345*	*1,848,377*	*4,252,632*	*285,391*	*967,517*	*1,565,655*	*2,486,711*	*757,868*	-	-	*22,069,534*
NUMBER OF PROPERTIES																
At 1 January 2016	10	8	31	10	9	4	16	26	3	7	15	14	5	-	-	158
Additions during the year	-	-	-	-	-	-	-	-	-	6	-	-	-	4	4	14
At 31 December 2016	10	8	31	10	9	4	16	26	3	13	15	14	5	4	4	172

12. INVESTMENT IN SUBSIDIARY UNDERTAKING

Alderney Housing Association Limited, a company limited by guarantee was incorporated in Alderney on 19 August 2010 and is a wholly owned subsidiary of Guernsey Housing Association LBG, with a member contribution limited to £10 in the event of the company's insolvency. The results of Alderney Housing Association Limited have not been consolidated into these accounts as the company has taken advantage of the exemption provided by FRS102 9.3 (g).

13. OTHER TANGIBLE ASSETS

	Computer Equipment	Office Equipment	Office Improvements	Total
	£	£	£	£
COST				
At 1 January 2016	72,188	34,286	28,671	135,145
Additions	24,505	60,183	32,901	117,589
Disposals	-	(11,954)	(24,587)	(36,541)
At 31 December 2016	96,693	82,515	36,985	216,193
DEPRECIATION				
At 1 January 2016	64,377	27,522	25,471	117,370
Disposals	-	(10,783)	(22,823)	(33,606)
Charge for the year	11,042	21,054	6,509	38,605
At 31 December 2016	75,419	37,793	9,157	122,369
NET BOOK VALUE				
At 31 December 2016	21,274	44,722	27,828	93,824
At 31 December 2015	*7,811*	*6,764*	*3,200*	*17,775*

14. DEBTORS

	2016	*2015*
	£	*£*
Trade debtors	647,138	*271,875*
Preliminary development costs	1,293,625	*463,821*
Prepayments	517,137	*538,742*
	2,457,900	*1,274,438*

15. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Concessionary loans (note 17)	1,878,348	1,715,233
Development and property costs payable	601,988	1,169,084
Retentions payable - development costs	353,664	1,144,241
Tenant rental prepayments	239,019	189,420
Other creditors and unearned income	289,321	623,179
Deferred income current	1,101,817	1,076,594
	4,464,157	5,917,751

The company's policy for paying suppliers is to make all payments in accordance with the supplier's quoted terms of trade.

16. DEFERRED INCOME - AMOUNTS FALLING DUE AFTER ONE YEAR

	2016	2015
	£	£
Deferred income falling due more than one year	78,427,551	77,204,168
	78,427,551	77,204,168

Where grant is received from the States of Guernsey as a contribution towards the capital cost of housing schemes, it is recognised using the accruals method in accordance with the SORP and prior to meeting the recognition conditions, such grants are held as deferred income on the Statement of Financial Position. Deferred income is amortised over 75 years on a systematic basis over the expected useful life of the asset. During 2016 grant income of £1,076,594 (2015: £1,035,058) was transferred from deferred income to the Statement of Income and Retained Earnings.

17. CONCESSIONARY LOANS		2016 £		*2015 £*
Repayable by instalments				
States of Guernsey		78,313,101		*75,000,000*
		78,313,101		*75,000,000*
Estimated capital balances due for repayment				
Due within one year (note 15)		1,878,348		*1,715,233*
Due after more than one year				
- Due between one and two years	1,948,891		*1,779,727*	
- Due between two and five years	6,296,925		*5,750,851*	
- Due after more than five years	68,188,937		*65,754,189*	
		76,434,753		*73,284,767*
At 31 December 2016		78,313,101		*75,000,000*

During 2015 new loan arrangements were put in place with the States of Guernsey. The arrangements enabled the company to close out loan facilities with the Royal Bank of Scotland Limited and HSBC Bank plc.

The loan arrangements with the States of Guernsey comprise of three loans, one of £51,000,000 over a thirty year term with a fixed interest rate of 3.742% repayable by 31 December 2045. The second arrangement is a £24,000,000 loan over a twenty one year term with a fixed interest rate of 3.667% repayable by 31 December 2036. The third arrangement for £5,100,000 was made on 2 March 2016 and is for a 30 year term with a fixed term interest rate of 3.625% repayable by 31 March 2046. All loans are unsecured.

These loans are classed as concessionary loans under FRS 102, 34.87. They are measured at amount received, less amounts repaid.

During 2016 interest of £ 2,823,926 has been paid on the loans and capital repayments amount to £1,786,899.

18. PARTIAL OWNERSHIP PROVISION

The company retains capital grant on partial ownership staircasings as a provision for future partial ownership buy backs. The company policy on partial ownership is for the purchaser to buy a proportion of the rights in the freehold of the property (of between 40% and 80%). Typically the initial purchase is 50% with staircasings at 10% until the full 80% has been purchased, the company would then buy back the 80% at the current market value should the purchaser wish to sell.

19. FINANCIAL INSTRUMENTS - RISK EXPOSURE AND MANAGEMENT

The company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. The company does not undertake any significant transactions in currencies other than sterling and therefore no exchange rate exposure exists.

Principal financial instruments
The principal financial instruments used by the company from which financial instrument risk arises, are as follows:

- Trade debtors
- Cash at bank
- Trade and other creditors
- Loans

19. FINANCIAL INSTRUMENTS - RISK EXPOSURE AND MANAGEMENT (continued)

General objectives, policies and processes

The board of directors has overall responsibility for the determination of the company's risk management objectives and policies. The overall objective of the board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's ability to operate. Further details regarding these policies are set out below.

Credit risk

Credit risk arises when a failure by a counter party to discharge their obligations to the company could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The company's credit risk principally arises from cash at bank as well as credit exposures with respect to tenants included within trade debtors. In the event of default by a tenant, the company will suffer a rental shortfall and incur additional costs, including legal and other expenses in maintaining, insuring and re-letting the property, until it is re-let. General economic conditions may affect the financial stability of tenants and prospective tenants.

The company carries out checks on prospective tenants and monitors the payment record of current tenants in order to anticipate, and minimise the impact of, default by tenants. Risk of full default by individual tenants is somewhat reduced as a high proportion of tenants pay reduced rents with the balance of the full rental amounts being met on their behalf by the States of Guernsey Housing Department - the company considers this latter element of the debts to be at negligible risk of default.

The company held cash balances with RBS International and HSBC Bank plc; both banks were assessed prior to entering into any arrangements. The account with HSBC Bank plc was closed during the year. The credit rating of the banks are reviewed periodically.

The company receives its loan financing from the States of Guernsey to which Standard & Poors has assigned an AA+ credit rating. The Directors monitor the credit rating but at the current level consider the credit risk to be low.

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities do not match. The company has procedures to minimise such risks, such as maintaining sufficient cash and by having available an adequate amount of committed credit facilities. Cash at bank is placed with financial institutions on a short term basis reflecting the company's desire to maintain a high level of liquidity in order to enable timely completion of development transactions.

The contractual maturity of the company's government borrowings are stated in note 17. The company believes its monthly rental stream is sufficient to satisfy the repayment terms of its loan facilities. The company at present has no development finance in place and is currently reviewing its finance arrangements for future developments with the banks and the States of Guernsey. The company's other main contractual obligations stem from amounts due to contractors for development work and retention payments. The directors believe that the company has sufficient cash reserves to satisfy the payment terms of the amounts due to contractors and other suppliers (as stated in note 15) for work and services performed to date and for future contracted work.

Interest rate risk

The company's interest rate risk arises only on cash at bank. The weighted average interest rate receivable on cash at bank at the balance sheet date was 0.13% (2015: 0.25%) and the weighted average interest rate payable on its loans at the balance sheet date was 3.71% (2015: 3.72%).

Interest rate risk on borrowings is mitigated by loans with a fixed interest rate for up to a 30 year term

20. LEASING COMMITMENTS

	2016	*2015*
	£	*£*
The company's future minimum operating lease payments are as follows:		
Within one year	110,215	*99,950*
Between one and five years	453,455	*425,527*
After five years	1,178,675	*1,288,993*

21. CASH FLOWS FROM OPERATING ACTIVITIES

	2016	*2015*
	£	*£*
Surplus for the year	1,560,064	*2,166,456*
Adjustments for non-cash items:		
Loss on disposal of components	2,937	*45,265*
Depreciation of tangible fixed assets	2,529,133	*2,385,807*
Decrease/(increase) in trade and other debtors	(353,658)	*708,411*
Decrease in trade and other creditors	(1,361,626)	(139,677)
Adjustments for investing or financing activities		
Interest paid	2,823,926	2,775,464
Interest received	(7,976)	(11,883)
Net cash inflow from operating activities	5,192,800	*7,929,843*

22. MATERIAL NON-CASH TRANSACTIONS

During the year the States Housing Department transferred no land (2015: £1,065,420) to the company. This 2015 transfer had been treated as a capital grant and was a non cash transaction.

23. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2016	Cashflow	31 December 2016
	£	£	£
Cash in hand and at bank	3,882,686	(2,495,733)	1,386,953
Loans (note 17)	(75,000,000)	(3,313,101)	(78,313,101)
Total	(71,117,314)	(5,808,834)	(76,926,148)

24. PENSION COSTS

Employees of the company are eligible to take out a personal pension plan operated by Aviva which is partially funded by the company. These are defined contribution pension arrangements whereby the company's funding is based on a fixed percentage of salary and the assets of the pension plans are held separately from those of the company in independently administered funds. The amounts paid by the company in pension contributions during the year totalled £48,892 (2015: £40,009).

25. LIMITATION OF GUARANTEE

The company is a company limited by guarantee. The registered members have guaranteed to provide the total sum of £90 (2015: £50) in the event of the company's insolvency.

The shares do not have a right to any dividends or distribution. Shares are not transferable and a member shall cease to be a member, upon retirement from the Board. Each shareholder has full voting rights.

26. CONTROLLING PARTY AND RELATED PARTY TRANSACTIONS

In the opinion of the directors, there is no ultimate controlling party of the company as defined by FRS102 as no party has the ability to direct financial and operating policies of the company with a view to gaining economic benefits from their direction. The company retains a register of directors' interests. During the year there were no interests in related parties that require to be declared by the directors.

Directors received no emoluments for their services to Guernsey Housing Association LBG.

27. CONTINGENT LIABILITY

The company has a contractual obligation under the terms of leasehold agreements to repurchase the sold percentage of partial ownership properties in the event of a surrender or default by the leaseholder of the terms of the lease or on the death of a leaseholder. The repurchase value is determined by current market values and has been estimated, at 31 December 2016, to be £26,672,150 (2015: £25,069,250).

28. FINANCIAL COMMITMENTS

The company has capital commitments on properties under development, Epworth, Clos Barbier Phase 2 and Clos Le Noury and is budgeted to spend £9,154,766 during 2017 on these developments. The States of Guernsey has agreed to provide the company with a 30 year long term loan of £10,000,000 to fund these commitments and further assured the company that it will make long term loan finance of £22,000,000 available in 2018 to 2020 for the acquisition and development of new properties.

29. RESTATEMENTS OF 2015 COMPARATIVES

RESTATEMENT OF 2015 TURNOVER	*2015*
	£
Turnover reported in 2015 accounts	*7,737,941*
Add proceeds from 1st tranche sales	*4,124,480*
Restated turnover figure	*11,862,421*

Turnover reported from the 2015 accounts had now been restated to include the sales proceeds from first tranche sales.

RESTATEMENT OF 2015 DISPOSAL OF FIXED ASSET	*2015*
	£
Cost of sales reported in 2015 accounts	*1,699,575*
Less proceeds from 1st tranche sales reclassified as turnover.	*(4,124,480)*
Add cost of disposal of first tranche sales	*2,842,835*
Restated gain on the disposal of fixed assets	*417,930*

Cost of first tranche sales is now shown in a separate line in the Statement of Income and Retained Earnings.

29. RESTATEMENTS OF 2015 COMPARATIVES - continued

RESTATEMENT OF 2015 BALANCE SHEET	*2015* *£*
Increase in creditors - amounts falling due within one year	1,076,594
Decrease in creditors - amounts falling due after one year	(1,076,594)

The restatement was due splitting the grant income into amounts fallining due within one year and after one year.

CASH FLOW RESTATEMENTS

Net cash generated from operating activities	*2015* *£*
Net cash generated from operating activities reported in 2015 accounts	*7,553,359*
Increase in movement in creditors	*356,414*
Reclassification of administration fee received	*20,070*
Restated cash generated from operating activities.	*7,929,843*

Net cash generated from investing activities	*2015* *£*
Construction of properties	(16,746,850)
Increase in construction of properties	(356,414)
Restated cash outflow from the construction of properties	(17,103,264)

Net cash generated from investing activities	*2015* *£*
Net cash generated from investing activities reported in 2015 accounts	*520,807*
Increase in construction of properties	*356,414*
Reclassification of administration fee received	*20,070*
Decrease in movement in creditors	*(356,414)*
Net movement	*540,877*

Net cash generated from financing activities	*2015* *£*
Net cash generated from financing activities reported in 2015 accounts	*1,024,778*
Administration fee removed due to reclassification	*(20,070)*
Restated net cash inflow from investing activities	*1,004,708*

This reinstatement was required to align the cash flow with the requirements of FRS102. There was also a reclassification due to separating general accruals from the construction of properties.

30. SECURITY IN PLACE

A £15,000,000 bond in favour of The Royal Bank of Scotland International Limited was not vacated on the termination of the loan facilities during 2015. The bond was registered in favour of Rue des Marais, Roseville, Le Chaumiere, Delancy Court, 5 Hauteville and Butterfield House. This was held in place for any potential future borrowing with The Royal Bank of Scotland International.

31. POST BALANCE SHEET EVENTS

The association purchased land for development at a site known as Bickleigh for £1,707,505 on 24 January 2017.

The States of Guernsey conveyed development land known as Rodley Park to the company for no cost on 28 March 2017.

The company entered into a £15,000,000 Revolving Credit Facility Agreement with the Royal Bank of Scotland International Limited on 12 April 2017 to fund development expenditure. The facility was guaranteed by the States of Guernsey.

THE FOLLOWING PAGE DOES NOT FORM A

PART OF THE AUDITED FINANCIAL STATEMENTS

OF THE COMPANY AND ARE PRESENTED FOR

INFORMATION PURPOSES ONLY

	2016	2015
	£	£
FIXED ASSETS - per statement of financial position	159,587,001	153,420,987
CURRENT ASSETS - per statement of financial position	4,191,590	5,877,765
GROSS ASSETS PER STATEMENT OF FINANCIAL POSITION	163,778,591	159,298,752
ADJUSTMENTS		
Revaluation to market value	72,944,347	58,806,927
ADJUSTED GROSS ASSETS	236,722,938	218,105,679
LIABILITIES		
Amounts falling due within one year - per statement of financial position	4,464,157	5,917,751
Amounts falling due after more than one year - per statement of financial position	155,015,204	150,641,835
	159,479,362	156,559,586
ADJUSTMENTS	(78,427,551)	(77,204,168)
Grant liability		
ADJUSTED GROSS LIABILITIES	81,051,810	79,355,418
CONSOLIDATED TANGIBLE NET WORTH	155,671,128	138,750,261
STATES OF GUERNSEY LOANS (note 17)	78,313,101	75,000,000
Government debt as a percentage of Consolidated Tangible Net Worth	50.31%	54.05%

This statement is presented to disclose the "Tangible Net Worth" of the company at the balance sheet date, as defined in the company's Agreement with the States of Guernsey dated 6 April 2005

APPROVED BY THE BOARD OF DIRECTORS

Richard Francis

08 June 2017