The Hyde Group
Making a lasting difference

31 March 2013

Hyde Housing Association Limited
Report and Financial Statements

HOMES AND COMMUNITIES AGENCY REGISTRATION NO. LH0032
INDUSTRIAL AND PROVIDENT SOCIETY REGISTRATION NO. 18195R

Contents

Board and advisors

Julie Hollyman, Chair	
Nicholas Badman	
Elizabeth Butler	(resigned 10 July 2012)
Alan Collett	(appointed 4 October 2012)
Sharon Darcy	
Kishwer Falkner	
Janet Green	
Paula Hay-Plumb	(appointed 6 December 2012)
Claire Holloway	(appointed 1 November 2012, resigned 31 March 2013)
Alastair Imrie	
Duncan Ingram	(appointed 1 November 2012)
Brian Jolly	(resigned 10 July 2012)
Prodaman Sarwal	
Bob Warner	(resigned 30 October 2012)
Piers White	(appointed 1 November 2012)
Steve White	
Simon Peacock	

Executive Management Team

Steve White	Group Chief Executive
Tracy Allison	Group Director of Corporate Services
Simon Peacock	Group Finance Director
Carol Carter	Group Director of Housing
John Tibbitts	Group Business Development Director (appointed 13 August 2012, resigned 30 June 2013)
Neville Hounsome	Group HR Director (appointed 25 February 2013)
Phil Knight	Group HR Director (resigned 20 February 2013)

COMPANY SECRETARY
John Edwards

REGISTERED OFFICE
30 Park Street
London
SE1 9EQ
Tel: 020 3207 2600
Web: www.hyde-housing.co.uk

BANKERS
National Westminster Bank Plc
143 High Street
Bromley
BR1 1JH

SOLICITORS

Devonshires	Trowers and Hamlins
30 Finsbury Circus	Sceptre Court
London Wall	40 Tower Hill
London	London
EC2M 7DT	EC3N 4DX

INDEPENDENT AUDITORS
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT

Introduction from the Chair and Chief Executive

The year under review has been another one of strong, solid performance for Hyde, with the year-end surplus increased to £25.7m (2012: £13.8m) and performance targets met. Our on-going transformation programme has seen us implement more structural changes with the focus on more locally targeted service provision, implementing new ways of working, streamlining processes and focussing firmly on value for money.

By doing this, we've been able to invest both in maintaining existing homes whilst also building new properties for new residents. At the same time, the outside world has remained turbulent and we've faced unprecedented challenges in terms of the economic climate, as well as changes to the benefits system and future regulation and funding mechanisms.

This year, we concentrated on building on our local presence - a customer priority. We've reduced headcount whilst focussing extra resources onto the front line so that specialist (antisocial behaviour and tenancy sustainment) staff could work closely with Hyde Plus (our social and economic regeneration team) to ensure that our services meet diverse customer needs.

In support of our focus on our residents, we've re-shaped our 'back office' support functions, which has delivered increased value for money, a fundamental business strategy for Hyde. The impact of driving efficiencies, streamlining processes and smarter working through better use of technology, has enabled us to put more resource where it's needed.

The re-procurement of contracts for our repairs and maintenance service has been one of the biggest changes this past year. This will result in a more consistent, flexible and efficient service to residents whilst at the same time generating savings of 10-15% of the cost of services. It has involved numerous teams from across the business working together with involved residents who have taken an active role in the process.

Resident engagement remains stronger than ever at Hyde – we now have 4,277 actively involved residents who are not only helping us to shape the way we deliver services, but also scrutinise the way we work which can only help to improve future performance.

As mentioned above, in a year that has seen continuing global economic challenges, we have also witnessed the biggest change to the welfare state in 60 years. We've ensured - as the policy landscape changes - that we're in the strongest position possible to tackle the impact of reform by investing in more staff to provide affected customers with advice and guidance. Our award winning Hyde Plus team, which provides individual support from job advice to money management and also works to develop strong communities, has been pivotal in supporting residents through these changes, delivering the type of support not found in many other housing associations.

Despite these challenges, we have managed to enhance the long term financial viability of Hyde. Our strong financial management lies at the heart of what we do and it is this financial rigour that has delivered another set of strong results, whilst also securing additional funding to enable us to meet our ambitions for future growth. By maintaining a healthy surplus, we have also been able to invest in our existing homes (£66.7m in 2012/13), maintain 100% Decent Homes Compliance and build 844 new homes (775 affordable.) What's more, we've started work on a further 1,015 new homes at a time when many housing associations have scaled back on their new build activities.

None of this would be possible without the commitment, enthusiasm and passion of the staff at Hyde who have continued to work tirelessly through some of the biggest changes which Hyde has seen in our long history. The One Hyde One Vision programme, which has been the vehicle delivering change for the past two years, is now in its final stages. This has enabled us to further tailor services to the needs of residents, deliver a more consistent service and maximise savings for re-investment. Undoubtedly, as we all know, change is the only constant, but we are proud of the way in which staff have responded so well, with performance standards not only maintained but, in some areas, improved during this transitional period.

In the year that saw us celebrate our 45th birthday, the social purpose upon which we were founded has never been more important.

We've worked hard this year to future proof our services by looking at new ways to fund growth and the type of homes we want to offer. This thinking will enable us to maintain our provision of social housing, whilst also adapting to the opportunities a new housing demand will present.

After another year of strong, assured performance, Hyde is well placed to achieve its growth ambitions whilst also navigating the changing landscape within which we operate. The on-going transformation of the business this year has served to make us fit for purpose. This will enable us to be flexible in our response to new opportunities. Providing homes, building communities and helping people to meet and exceed their aspirations continues to be our fundamental driving force.

Julie Hollyman
Hyde Group Board Chair

Steve White
Chief Executive Officer

Report of the Board and Operating and Financial Review

Business Overview

The Hyde Group (the "Group") is a leading provider of affordable housing in London, the South East of England and the Midlands providing individual and community support services. Hyde is primarily a group of 'not-for-profit' organisations (headed by Hyde Housing Association Limited (the "Association")) whose main business is the provision and management of good quality accommodation at affordable rents. As at 31 March 2013, the Group owned and managed 42,036 homes (2012: 41,045) and managed a further 6,737 homes (2012: 6,767) under Private Finance Initiative contracts with both the London Borough of Islington and the London Borough of Brent.

The units owned and managed by the Group and Association by activity are shown in the table below.

Activities

As shown in note 2 and 3 of the financial statements, the Group is a diverse business operating in the following key streams:

- General needs housing for rent, primarily by individuals/ families who are unable to rent or buy at open market rates;
- Supported housing;
- Low cost home ownership, primarily shared ownership, whereby residents purchase a share in the equity of their homes and pay rent to the housing association on the remainder;
- Temporary social housing;
- Student and health accommodation;
- Market and intermediate rent;
- Leasehold management;
- Outright sale.

Objectives and strategy

The Hyde Group's vision is to make a lasting difference to people's lives. We aim to provide decent, affordable housing, managed to the satisfaction of those who live in it; and build homes, places and communities where all have the opportunity to prosper. This vision captures the organisation's social purpose.

The organisation continues to work towards delivering the four strategic objectives as set out in the Group's five year Corporate Plan. These are to:

- Develop effective service leadership which, year on year, improves resident and customer experience;
- Establish and maintain a high performing workforce of committed and customer focussed staff;
- Extend our reach and grow the organisation by between 20-30%;
- Achieve operational excellence by making our structures and processes as efficient as possible, with savings being invested in improving services and funding additional growth.

	Group		Association	
	2013	**2012**	**2013**	**2012**
General Needs	27,468	26,849	19,167	18,955
Affordable Rental Tenure	188	-	178	-
Supported Housing	3,853	3,987	3,403	3,512
Shared Ownership	3,438	3,349	3,225	3,168
Temporary Social Housing	1,183	1,227	819	951
Health & Education Accommodation	830	869	830	869
Intermediate Market Rent	373	374	322	323
Other Market Rent	365	420	363	388
Leaseholders	4,338	3,970	2,809	2,655
Total Owned & Managed	**42,036**	**41,045**	**31,116**	**30,821**
Contract Management	6,737	6,767	6,391	6,401
Total	**48,773**	**47,812**	**37,507**	**37,222**

To deliver our strategy the Group is organised on a functional basis under the five principal areas of Housing Services, Business Development, Finance, Corporate Services and Human Resources. The main areas of focus for these functions are set out below:

Housing Services

The Housing Services team works with residents to continuously improve the customer experience and achieve operational excellence by making our structures and processes as efficient as possible. The key objectives of the team are to:

- Engage with our residents to help shape Hyde's services to meet their needs and aspirations and deliver value for money;
- Ensure staff have the appropriate skills, support and tools to deliver accessible, responsive and efficient services to our customers;
- Invest in and maintain the housing stock to the Hyde Standard (i.e. beyond the Decent Homes Standard) and effectively manage our assets;
- Invest in 'quality of life' services to individual residents and communities which help them achieve their full potential.

Business Development

The Business Development team facilitates and manages the growth of the Hyde Group in a responsible and beneficial manner. This growth is achieved through the key objectives of:

- Expanding the Group's size and scale through an ongoing building programme;
- Expanding the Group's size and scale through providing Hyde's services to a wider network, for example through estate regeneration, merger and/or stock transfer activity;
- Augmenting/supporting this growth through sales activity.

Finance

The Finance team seeks to support the Group's business objectives and to protect the Group's financial strength. Its key objectives are to:

- Ensure the Group is a financially viable and prosperous business;
- Ensure that sufficient committed credit facilities and cash are available to fulfil the Group's development and stock investment programme for a minimum of two years;
- Provide continual improvement in the delivery of financial services;
- Provide support to operating divisions and Group directorates to ensure they achieve their financial plans, alongside the delivery of their own objectives;
- Minimise the cost of funding within an approved risk framework.

Human Resources

The Human Resources team works to build a high performing workforce of committed and customer focused staff. The key objectives are:

- Building the capacity and developing the potential of our staff;
- Recognising and endorsing customer focused behaviour and performance;
- Building our organisational culture through communication and engagement.

Corporate Services

The Corporate Services team provides the infrastructure, day to day support services and specialist advice to enable the Group to operate effectively. It champions the involvement of residents in the review and development of resident services. Its key objectives are to:

- Facilitate the governance of The Hyde Group and provide support in policy, health and safety, litigation, procurement, insurance matters and change management;
- Promote the Group's risk strategy, delivering internal audit and service reviews to provide the Group Board assurance;
- Provide a working environment that enhances the delivery of resident services, whilst ensuring the best use of our office portfolio and ICT investment;
- Deliver high quality communications to residents and external audiences, including developing how the Group engages with residents and positioning the Group as a leading thinker and commentator on housing issues;
- Promote the Group's value for money strategy and the monitoring of continuous improvement plans.

A review for each of our functional areas is provided below.

Housing Services

During 2012/13, operational performance was sustained at a good level with targets met for overall customer satisfaction, rental income and void management and improvements seen in customer satisfaction in handling anti social behaviour. In line with our stock investment plan, £34.3m (2012: £27.3m) was invested in repairing and maintaining our housing stock to optimal levels.

Further to our success with the first phase of our One Hyde One Vision (OHOV) change programme in 2011/12, we continued with the launch in May 2012 of a new Resident Services staff structure based on three Regions. The primary purpose was to streamline the management structure and invest in front line staff resources. This has enabled smaller average property portfolios for Housing Officers and the introduction of specialist Anti Social Behaviour and Tenancy Sustainment roles. This investment is enabling us to support local communities more effectively and will help manage costs in the long term. Key processes were reviewed to create efficiencies by ensuring greater service consistency and our Customer Relationship Management system was further embedded in our day to day work practice. The three new Regional Directors have direct line management responsibility for housing management but also play a key role in co ordination of services at a local level and in stakeholder management.

We also began the next phase of the change programme which is the redesign and reprocurement of our repairs and maintenance services. At an early stage a group of 14 residents were recruited and trained to form a resident procurement panel and they have worked alongside staff to design the new service and bring in new contractors. The procurement will move us from a wide range of locally based contracts with around 80 main contractors to 12-15 contracts procured at a Group level with consistent contract terms and service standards which are expected to deliver a high quality service and savings to the Group. Our Direct Labour Organisation based in Hampshire will continue to provide services but in a tighter geographical area and on the same terms as external contractors.

Our Property team is in the process of being restructured to get the best from the new contracts, strengthen health and safety compliance, enhance asset management, deploy technical surveying resources more productively and re-focus strongly on high quality customer service. An asset review has begun which will conclude in 2013 and put a framework in place to ensure that investment, acquisitions and disposals improve the long term rate of return across our property portfolio.

During the year we continued to develop robust resident engagement structures which deliver measurable service improvements. The increasing capacity and effectiveness of two key components of resident engagement (Hyde Wide Residents Voice and Hyde Wide Residents Eye) are evidenced in our Residents Annual Report. The development of our Resident Assurance Committees has embedded active scrutiny and enabled the transition of subsidiary boards to a common board structure - a journey expected to complete in the coming year. Resident engagement is something that we take very seriously so we are delighted that Hyde resident, Caroline Benford, won the Tenant Participation Advisory Service (TPAS) tenant of the year award in 2012.

Investment in the services provided by our social inclusion division, Hyde Plus, has been sustained with almost 2,000 residents receiving financial management advice, 700 receiving employment support and local communities across the Hyde geography supported to build cohesive communities which offer opportunities for all. Young people were a continuing priority with 250 young adults receiving bursaries to turn their ambition into achievements, £1m secured from the Big Lottery for a youth money project and six services short listed for awards. One of our prize winning schemes is the Youth Bank project which offers young people an opportunity to build their own capacity through grant funding allocation to local community projects. We also won the Community Green Flag award for the Stockwell Community Garden.

Preparations for Welfare Reform began before the start of the year enabling us to assess and plan to mitigate the likely impact on our residents and the business. Our approach has been validated by external experts and has included targeted information and advice, a plan for increased resources across a range of related services, revised policies and joint work with local authorities as well as appropriate provisions in our financial plan.

Other progress during the year included our work on customer segmentation which will supplement our regular customer opinion surveys and help us to shape services to meet an increasingly diverse range of customers. Our home ownership services were restructured following a successful service charge management pilot. We also began a value for money review of Estate Services due to complete in 2013.

Overall, 2012/13 has been a tremendously successful year and we are confident that our residents have benefitted and will continue to benefit from the many customer focused initiatives that we deliver.

Business Development

The Hyde Group is a preferred developer housing association partner with the Homes and Communities Agency (HCA) and we continue to focus our development activity in key local authorities across our areas of operation, providing much needed new homes.

Our investment strategy focuses on sustainable growth through a portfolio of mixed-tenure development with grant, estate transfer and regeneration initiatives, Private Finance Initiatives and community development.

In spite of a difficult market the Hyde Group delivered 844 new homes in the year, of which 775 were affordable units. As at the year end we had some 3,000 units earmarked for delivery over the course of the next five years.

Given that Hyde's historical focus has been on the provision and management of affordable housing an important element of being able to build such stock has been the receipt of government grant. The Group (in common with the rest of the housing association sector) has seen the amount of grant made available to fund affordable housing reduce significantly in recent years. Therefore, in order to be able to continue to build affordable housing Hyde has had to borrow more money and has entered into more commercial activity to generate returns which can help supplement affordable delivery. Hyde is well placed to be able to do this, given that it has access to the capital markets and has a strong governance framework to manage the risks associated with such commercial activity. We therefore continue to seek opportunities to supplement our core programme.

An important part of our development programme is the building and sale of homes on the open market. This generates surplus for the Group which provides subsidy to our affordable housing programme. During 2012/13 Hyde was successful in selling 83 units in this way (2012: 40 units) which generated gross profit of £8.3m (2012: £4.0m).

Finance

The Group's underlying surplus before taxation in the year was £25.7m (2012: £13.8m). This surplus is before reflecting the impact of market value movements on financial instruments used by the Group to hedge its interest costs. The impact of the market value movements was a negative net movement of £27.7m (2012: negative net movement £56.4m). Further detail regarding this is provided on page 13. The deficit of the Group, including these items, was therefore £2.0m (2012: £42.6m deficit) on ordinary activities before taxation. It is important to note that these financial instruments are entered into for sound commercial reasons to give certainty to our current and future cash flows. As explained on page 13, our banking partners, when reviewing our performance, focus on our underlying surplus before the impact of these market value movements.

Further analysis of the constituent parts of our financial result is provided under figure 1.1 below.

Figure 1.1 Income and expenditure – highlights

	2009*~	2010~	2011	2012	2013
Group Income and Expenditure (£m)					
Total turnover	214.5	230.9	243.0	229.6	259.9
Operating surplus	47.2	57.7	61.1	67.3	74.8
Net financing costs (interest payable and receivable)	(39.5)	(46.3)	(51.4)	(58.7)	(55.8)
Underlying surplus for the year before taxation (before accounting adjustments)	16.4	19.3	15.1	13.8	25.7
Surplus is analysed as follows:					
Surplus for the year before adjustments	16.4	19.3	15.1	16.5	25.7
Exceptional items	–	–	–	(2.7)	–
Underlying surplus before FRS 17 and 26 adjustments	16.4	19.3	15.1	13.8	25.7
FRS 17 (pension) adjustments	–	–	3.4	–	–
FRS 26 (derivative instrument) adjustments	–	45.9	(5.4)	(56.4)	(27.7)
Surplus/(loss) for the year before taxation	**16.4**	**65.2**	**13.1**	**(42.6)**	**(2.0)**

* *Please note these figures have not been restated for the impact of applying FRS 26.*
~ *Please note these figures have not been restated for the impact of applying component accounting.*

The underlying surplus of £25.7m, up £11.9m on last year, reflects a very strong performance from the Group's core housing management operations and our property trading sale activity. We are also seeing the benefits of our sustained investment in business transformation made over the course of the last two years for the benefit of both the business and our residents.

As noted above, we sold 83 outright sale units in the year (2012 : 40 units) which led to an increase in gross profits from this activity of £4.3m. It is pleasing to note that, following development of stock for outright sale in prior years, we are now seeing the benefit of these sales on our bottom line performance.

Financial Instrument Accounting

In July 2010 the Group issued a listed bond. As a result of this listing the Group was obliged to adopt financial reporting standards – FRS 26 "Financial Instruments: Recognition and Measurement" and FRS 29 "Financial Instruments: Disclosures".

The main impact of this accounting change was that the Group's derivative transactions (primarily interest rate swaps) must be accounted for at market value. All derivative contracts are entered into in line with the group hedging policy which allows the Group to manage interest rate and other risks.

As noted in the Treasury section below, the Group has a Board approved Treasury Policy which requires us to ensure that we have between 70-95% of our borrowing at fixed rates at any one time. This provides increased certainty of cash flows (both current and future) for the Group's financial assets and liabilities.

The Group achieves this mix of fixed/floating rate debt by either entering into fixed rate loans or by entering into variable rate loans and then entering into derivative instruments (interest rate swaps) to switch from variable to fixed rate lending. These derivatives are held for the long term in order to provide long term certainty to our cash flows. They are not actively traded by the Group and the Group did not enter into any new interest rate swaps during the course of the year.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Due to limitations on the application of hedge accounting, volatility has been introduced into the Income and Expenditure Statement as market value movements are not fully offset by movements in the underlying hedged item within each period. There is no cash flow impact to the Group's results as a result of adopting FRS 26.

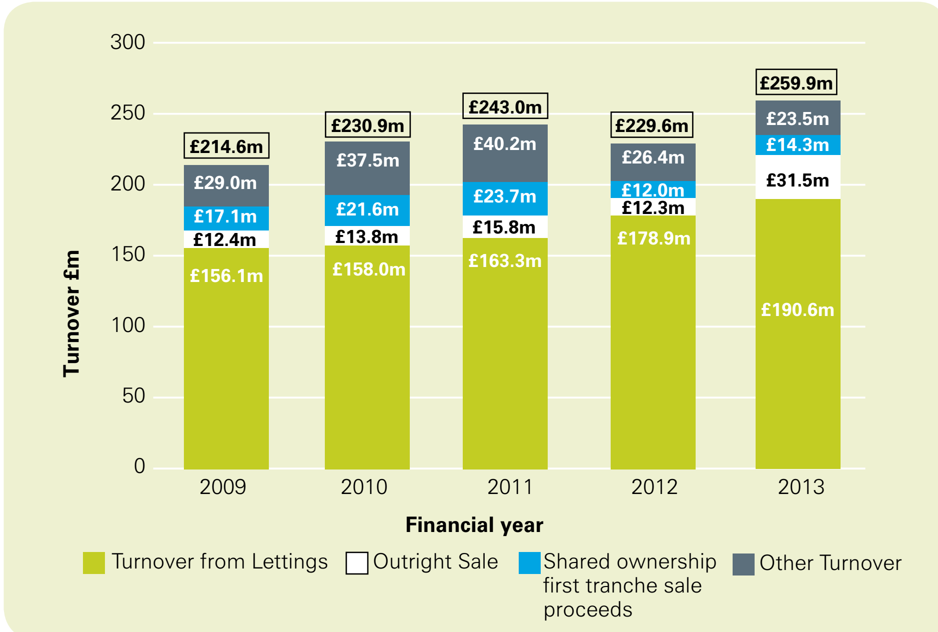
Given that the reasons for entering into the derivatives remain commercially sound (i.e. they are intended to be held to maturity in order to reduce volatility in the Group's cash flows), the Group has opted to report the underlying result of the Group before reflecting the impact of these accounting standards.

This approach reflects the manner in which the Group manages its risks. It is supported by funders of the Group who, where applicable, have agreed to amend lending covenants to exclude the impact of these accounting standards in recognition of the fact that the Group's ongoing cash flows are not impacted and hence there is no change in the ability of the Group to continue to service its debt.

The inclusion of this accounting volatility decreases the reported 2013 surplus by £27.7m (2012: £56.4m). The large movement in value this year reflects the reduction in applicable long term interest rates during 2012/13. The impact on the prior year was more marked as interest rates were more volatile in that period. As and when long term interest rates increase, these accounting losses will reverse. They will also reverse as and when the applicable swaps reach their maturity. Commentary provided in the Report of the Board and Operating and Financial Review focuses on the Group's underlying performance, unless otherwise stated.

Turnover increased this year from £229.6m to £259.9m. Turnover from lettings increased by £11.7m to £190.6m reflecting higher volumes of units from new developments and stock acquisitions and inflation linked rental uplifts. Turnover from outright sales and first tranche shared ownership units increased by £21.5m to £45.8m due to higher unit number completions in 2012/13. Our total outright sales increased from 40 units in 2011/12 to 83 in 2012/13.

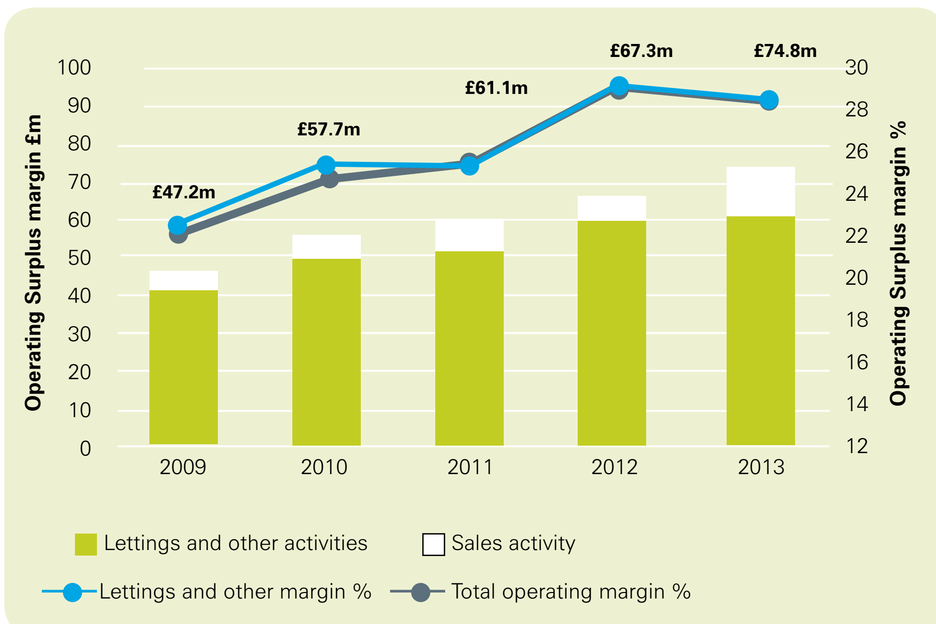
Figure 1.2 Turnover Analysis



Operating Surplus continues to improve year on year, increasing by £7.5m in 2013 to £74.8m surplus. The operating surplus margin has remained stable at 29%.

Total operating expenditure increased year on year by £22.7m to £185.1m, largely reflecting the increased cost of sales due to the higher outright sales and first tranche sales during the year. In addition, operating expenditure from letting activities increased by £12.5m to £102.8m, largely as a result of increased depreciation due to the write off of replaced components, and increased routine maintenance.

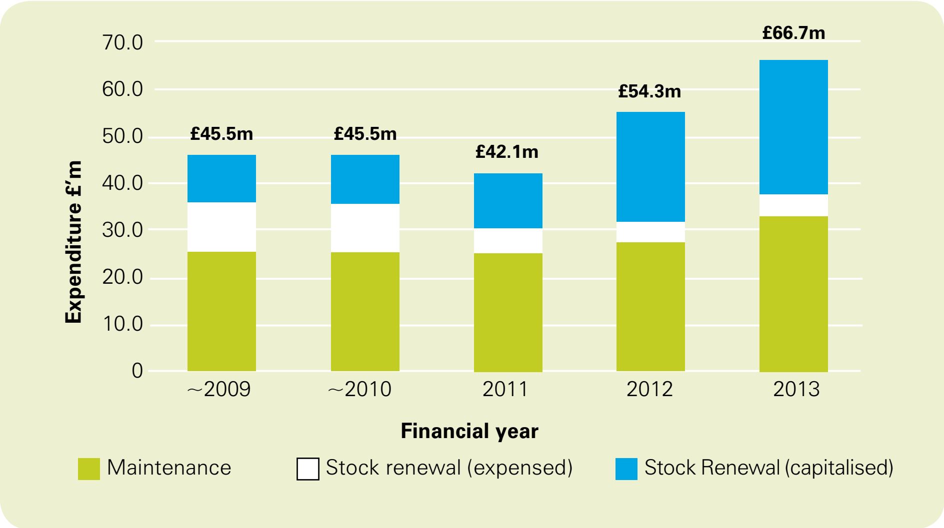
Figure 1.3 Operating Surplus



The Group increased its investment in stock renewal and maintenance during the year with a total investment of £66.7m (of which £29.3m was capitalised (2012: £54.3m (of which £23.5m was capitalised)). This increased investment (the bulk of which represents capital works) reflects Hyde's desire to provide high quality homes and communities in which to live. Due to the implementation of component accounting, increased capitalisation of stock renewal works is reflected from 2011.

As at 31 December 2012, 100% of our general needs and supported housing met or exceeded Decent Homes Standards (2011: 100%).

Figure 1.4 Stock Renewal and Maintenance Investment



~Please note these figures have not been restated for the impact of applying component accounting.

Net interest payable decreased by £2.9m, partly due to the increase in capitalised interest of £1.1m to £7.8m, and also due to a reduction in our weighted average cost of capital from 6.38% to 6.05%.

A more detailed Treasury review is provided below.

Figure 1.5 Net interest payable (excluding movements in financial instruments)

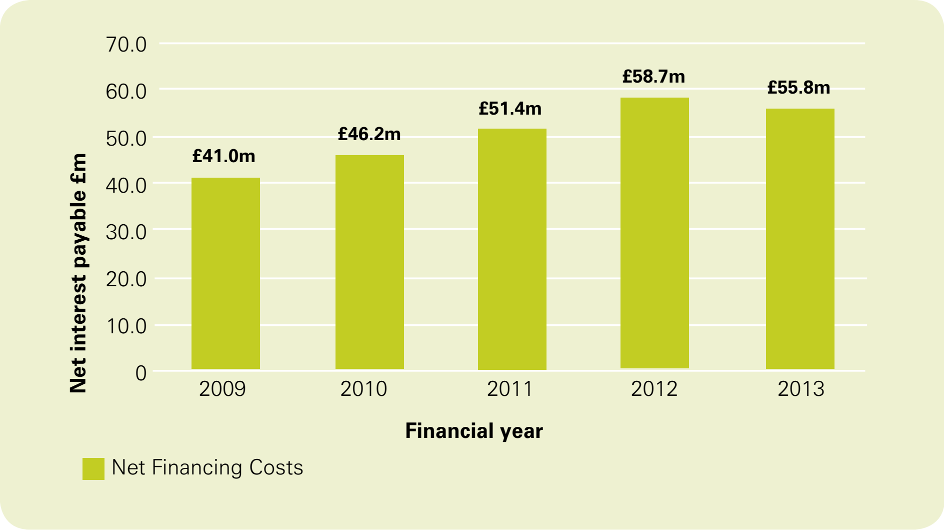


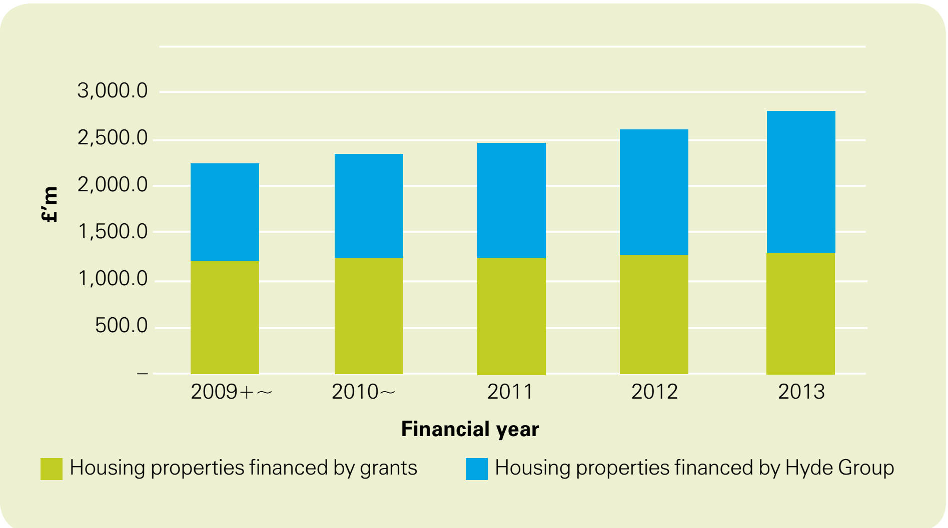
Figure 1.6 Balance Sheet – highlights

	2009+~	2010~	2011	2012	2013
Group Balance Sheet (£m)					
Housing properties, net of depreciation	2,260.8	2,378.5	2,492.4	2,654.2	2,756.1
SHG and other capital grants	(1,054.7)	(1,128.8)	(1,216.2)	(1,266.0)	(1,307.5)
Housing properties net of depreciation and grants	1,206.1	1,249.7	1,276.2	1,388.2	1,448.6
Other fixed assets	22.7	20.0	18.6	19.6	17.5
Fixed assets net of depreciation & grants	1,228.8	1,269.7	1,294.8	1,407.8	1,466.1
Other assets less current liabilities	163.7	115.3	182.1	72.6	136.0
Total assets less current liabilities	**1,392.5**	**1,385.0**	**1,476.9**	**1,480.4**	**1,602.1**
Loans and creditors due over one year	1,124.7	1,028.7	1,153.2	1,133.0	1,228.4
Other long term liabilities	28.1	74.0	60.8	127.7	165.9
Reserves	239.7	282.3	262.9	219.7	207.8
	1,392.5	**1,385.0**	**1,476.9**	**1,480.4**	**1,602.1**

+ Please note these figures have not been restated for the impact of applying FRS 26.
~ Please note these figures have not been restated for the impact of applying component accounting.

Housing properties at cost have increased by £115.4m. Grant balances have increased by £41.4m in the year.

Figure 1.7 Housing Properties at cost



~ Please note these figures have not been restated for the impact of applying component accounting.

Reserves

Our overall Group deficit of £2.1m (including the fair value financial instruments deficit of £27.7m) has resulted in our accumulated reserves decreasing to £207.8m. We will continue to use these reserves to support reinvestment into our business, with the aim of further improving resident satisfaction and delivering more new homes.

Figure 1.8 Use of Reserves

	2012 £'m	2012 %	2013 £'m	2013 %
Property – cost less depreciation and impairment	2,654.2		2,756.1	
Financed By:				
Loans (net of cash)	(1,086.7)	41%	(1,168.6)	42%
Grant	(1,266.0)	48%	(1,307.5)	47%
Revenue reserves	(219.7)	8%	(207.8)	8%
Net working capital finance	(81.8)	3%	(72.2)	3%
	Nil	**100%**	**Nil**	**100%**

As the above table shows, the Hyde Group has a total investment of £2,756.1m in property of which 50% has been financed from revenue reserves and loans.

Figure 1.9 Cash Flow – highlights

	2009+~	2010~	2011	2012	2013
Consolidated cash flow (£'m)					
Net cash flow from operating activities	74.0	63.5	68.7	78.2	101.1
Net cash outflow from returns on investment and servicing of finance	(49.8)	(56.2)	(59.7)	(72.8)	(70.9)
Taxation	(0.6)	–	–	–	–
Net cash outflow from capital expenditure	(120.4)	(35.0)	(69.7)	(87.7)	(110.8)
Financing	219.3	(33.2)	106.4	(18.7)	99.7
Increase/(decrease) in cash	**122.5**	**(60.9)**	**45.7**	**(101.0)**	**19.0**

+ *Please note these figures have not been restated for the impact of applying FRS 26.*
~ *Please note these figures have not been restated for the impact of applying component accounting.*

Treasury Review

Capital structure and treasury policy
The Group is financed by a combination of committed bank facilities (long dated term, and shorter dated revolving credit facilities), sterling bonds issued in the capital markets, Social Housing Grant funding from the UK Government and retained reserves. The Group's Treasury department maintains sufficient cash and readily available committed credit facilities to fund the Group's working capital requirements and investment programmes in the short to medium term.

The Group's treasury strategy and policy is reviewed and approved annually by the Group Board to ensure it underpins the financial budget, operational targets and longer term strategic and financial plans of the Group. The Group reduces volatility in cash flows and interest payable through the use of an actively managed interest rate risk hedging programme.

The Group's financial and treasury strategy is reviewed annually by both Moody's and the Homes and Communities Agency (HCA) as part of their financial assessment of the Group. The Group is rated A1 by Moody's and has a top financial viability rating of V1 from the HCA.

Loans and credit facilities
At 31 March 2013 the Group had committed facilities of £1,534.6m (2012: £1,401.9m), of which £1,210.3m (2012: £1,109.4) had been drawn. Committed facility headroom, being un-utilised facilities totalling £324.3m (2012: £292.5m), is considered sufficient to fund over two years worth of commitments. 79% (2012: 70%) of the credit facilities were provided by the UK bank debt markets and 21% (2012: 30%) by the bond capital markets.

The year end borrowing position increased by £100.9m. Net interest payable was £55.8m (2012: £58.7m), the components of which can be summarised below:

- Gross interest payable (before capitalisation of interest) decreased by £1.1m to £73.6m
- Capitalised interest increased by £1.1m to £7.8m.
- Interest receivable increased by £0.7m to £10.0m

The Group monitors the maturity and duration of its borrowings to ensure an orderly repayment profile, thereby reducing refinancing and liquidity risk. The maturity profile is shown below:

Figure 1.10 Loan Facilities

	2012 £m	2013 £m
0–1 years	5.8	10.3
1–2 years	5.0	148.2
2–3 years	153.6	8.5
3–5 years	38.9	154.1
More than 5 years	1,198.6	1,213.5
Total	**1,401.9**	**1,534.6**

The weighted average maturity duration of facilities across the Group is 17.3 years (2012: 21.5 years). Treasury ensures refinancing risk is kept low by ensuring that no more than 15% of the loan portfolio matures in any one year.

Hedging and risk policy

The Group considers the management of its exposure to interest rate risk to be a critical element in achieving its business objectives. The Group is able to manage its exposure to this risks through its loan agreements and the embedded hedging instruments contained therein (all closely related to the host contracts) and by arranging standalone hedging with approved counterparties governed by ISDA (International Swaps and Derivative Association) agreements. The Group has a policy of holding a portfolio of hedges incorporating a mix of characteristics and maturities that provides it with substantial protection against the effects of adverse movements in interest rates and, to a lesser extent, RPI movements.

The Group's interest rate risk management policy sets minimum and maximum thresholds for its fixed to floating debt ratio within the Board approved treasury policy. The current approved range for fixed rate debt is 70%-95% and the mix is shown below:

The Group monitors and manages on a daily basis concentrations of risk for individual loan and swap counterparties, hedge type or hedge instruments. Speculative financial transactions are not permitted and the Group uses financial instruments for risk management purposes only.

The Group monitors on a daily basis its exposure and sensitivity to potential mark-to-market ("MTM") cash margin calls on its stand alone interest rate swap arrangements. Sufficient cash balances, property collateral and readily available committed credit facility reserves are maintained at all times to cover reasonably foreseeable liabilities, even during times of unfavourable interest rates. Any Group MTM exposures created by the fair value calculations at month-end or year-end on any stand alone interest rate swaps are always covered by property and/or cash collateral to reduce any outstanding exposure to zero.

Figure 1.11 Group Borrowing

	2012 £'m	2012 %	2013 £'m	2013 %
Fixed Rate	905.9	82%	860.0	71%
Variable Rate	203.5	18%	350.3	29%
Total drawn down	**1,109.4**		**1,210.3**	

The Group does not have any natural currency or major security or commodity market risks due to the nature of its business. Liquidity surpluses are deposited with a Group Board approved panel of counterparties having approved credit ratings and are monitored on a daily basis. Year end cash balances totalled £41.7m (2012: £22.6m).

The Group's weighted average cost of capital for the year was 6.05% (2012: 6.38%), reflecting a decrease in loan margins following some refinancing activity undertaken in the year.

Loan facility security

All committed facilities were secured by fixed charges over properties at the year-end. In addition, the Group held 6,431 (2012: 8,280) unencumbered properties available for use as security for new loans. These properties were conservatively estimated to provide potential security for a further £312.0m (2012: £400.0m) of new loans.

Covenants and covenant headroom

Financial covenant compliance is managed centrally by the Treasury department and reported on a monthly basis. Interest cover, gearing, tangible net worth and asset cover covenant ratios are the main financial tests required by lenders. There were no breaches in the year and a full covenant compliance report is maintained as part of management reporting procedures.

Cash flow

The main factor influencing the amount and timing of borrowings drawn is the pace of the development programme. Whilst the amount and timing of payments may be monitored and predicted, the timing of land acquisitions and interim payments to contractors may influence materially the cash flow profile.

Cash inflows and outflows for the year under review are set out in the cash flow statement. This shows that operating activities generated £101.1m (2012: £78.2m), which is a strong performance and reflects the strength of the Group's underlying activities and its working capital management. Net interest paid decreased by £1.9m to £70.9m.

We are a major developer of new homes. During the past year £143.2m (2012: £132.7m) was spent on the purchase and construction of housing properties, while £21.6m (2012: £33.9m) of Social Housing Grant was received.

Corporate Services

The Corporate Services team support the front line services in five ways:

- Keeping it Legal; through our procurement, legal services and governance teams.
- Good Housekeeping, which covers our ICT services, infrastructure, office portfolio and facilities.
- Residents' Focus; where we ensure Hyde is meeting its promises to Residents through our policy work, service promise inspection, audit and compliance work.
- Raising Hyde's profile; through our brand and media management, events, design and publications and our communications campaigns.
- Risk; throughout our work we consider risk - the risk of service delivery failure, risk to reputation and risk to life and limb.

The focus for the team's first full year coming together as a Group Directorate was to develop the strategy to support the Group's operational aspirations. Highlights for the year include completing a full review of our ICT infrastructure and developing our plans for investment and technology developments. We're proud of the website refresh which now better meets our residents' needs and it provides a great base for the planned enhancements for 2013/14 as we respond to the challenges of digital inclusion. We have also built our social media presence - both raising awareness of Hyde's priorities and sharing important information, for example, on the impact of welfare reform.

The services we provide are important in delivering efficiencies and economies of scale for the Group. Our value for money focus this year has resulted in streamlining our governance services, the re-procurement of our Telecoms and Networking services and investing in an in house legal team. Collectively these initiatives have reduced back office running costs by £1million per annum. We have also begun the review and rationalisation of our office portfolio with benefits expected over the next two years.

Human Resources

Delivering consistently high levels of service to our residents in order to make a lasting difference requires committed and customer focused staff. Our ability to meet our objectives and commitments to customers in an efficient and effective manner is dependent upon their contribution.

The Group continues to reward performance through its performance-related pay scheme. Negotiations regarding general levels of pay commence with the Joint Negotiating Council from January each year. Individual salaries at appointment, upon promotion, as well as one-off increases outside the annual pay review are benchmarked against relevant market data and reflect an individual's performance and contribution. We operate a strong performance management process. Not only do all our staff go through an annual appraisal process but all of our managers are required to attend externally run assessment centres in order to ensure that they have the right skills and are provided with the right level of support for them to be successful in their leadership role.

Information about our objectives, progress and activities are shared through regular individual team and departmental meetings. Regular staff newsletters are produced and consultations with staff and Union representatives take place on appropriate matters affecting staff.

The Group recognises its legal and social obligations with regard to the employment of disabled persons and those from Black, Asian and Minority Ethnic communities. Applications for employment by disabled persons are given full consideration, taking account of aptitude and ability. The Group recognises its responsibility to support staff who become disabled during the course of their employment.

Our learning and development programmes across the Group continue to equip our people with the skills and knowledge they need to provide an excellent service to our residents. To ensure that we're delivering the best quality training we have entered into partnership with external expert providers including Mind, Shelter, Roffey Park and Ashridge Business School.

Investments into learning and development this year have delivered over 4,000 training days, plus 5,500 hours of e-learning, including H&S training, Welfare Benefits training for front line staff and Mental Health Awareness training for housing management staff. 80 managers have started Leadership and Management Development Programmes and 55 staff have received sponsorship for a professional qualification.

This year our commitments to our people were recognised externally. We won the Best Employee Communications award at the Recruitment Business Awards 2012 and were finalists in the same category at the RAD Awards 2012 and OnRec Awards for our Onboarding and Induction websites for new recruits. We retain the Investors in People silver standard.

An 84% participation rate in our 2012 staff survey (with an engagement score of 70%), demonstrated positive engagement throughout the Group and has provided valuable data to track our progress since the previous survey in 2010.

Pensions

The current status of the Group's pension funds is disclosed in note 36.

Risk and Governance

The Group's Governance operates in a number of different ways and at a number of different levels in the organisation. The Statement of Group Corporate Governance and the Internal Controls Assurance are set out on pages 27 to 28. In addition to the controls highlighted therein, the Group makes use of many other techniques to identify, monitor and mitigate risk, including the Group Strategic Risk Map.

The main risks faced by the Group are considered annually by the Executive Management Team (EMT) and the Board as part of the business planning process and then monitored quarterly. The definition of risk for this purpose is an event that could prevent the business plan from being achieved if it were to happen. Risks are recorded in a risk register, which also records key controls to manage each risk, who is responsible for the control, and how the control effectiveness is monitored. Risks are analysed according to their impact and probability (i.e. high, medium and low) given the current environment within which the Group operates. An extract from the Group Strategic Risk Map is as follows:

KEY RISK	MITIGATION/ACTION
Service Delivery adversely affected by failure to deliver change and improvement programme Potential failure due to insufficient staff and management capacity, buy-in, expertise and awareness of impact of change on service delivery.	• Hyde has in place a Learning and Development Strategy that supports our in house capabilities for leadership, delivery and performance management. The Strategy is supported by a training budget. • Succession Plans are in place for senior and key members of staff. Assessment Centres are used in the recruitment of all senior managers. • We have a robust approach to programme and project management that includes pilot and phased delivery of service changes, lessons learnt and tracking of benefit realisation. • Hyde has in place a number of communication channels with which we engage and communicate with our staff to ensure that we gain staff buy in and momentum as we deliver service improvements.
Service quality and efficiency is not aligned Non alignment due to lack of service standards, poor value for money, inconsistency in service delivery, inadequate monitoring and lack of staff awareness.	• Our residents have approved our 'Service Promise' and 'Local Offer'. A number of Resident Assurance Committees have been established. One of their key functions is to monitor our performance. • Our residents actively monitor and review our service standards via the Hyde Residents Eye inspection process. • We actively involve our residents in the inspection of our services and we report on their findings. • A Value for Money Strategy is in place which is supported by benchmarking. • An OHOV3 Residents Procurement Panel has been established. • We have a robust performance management framework including KPI's which include customer satisfaction. • Our Group Chief Executive Officer reports monthly to all our staff on our performance.
The Group's credibility with stakeholders is damaged Relationships with residents and customers, regulator, funders, local authorities and partners becomes strained due to poor performance and governance, long term viability concerns or adverse event and/or Hyde's response to new regulatory environment, thus impacting reputation and ability to secure funding.	• Hyde has in place a robust governance framework including a funded Corporate Plan which contains SMART milestones. • The Group Board regularly monitors our progress against the Corporate Plan and through our embedded risk management processes reviews our risks and emerging issues. • Our Resident Engagement Strategy ensures we actively engage with our residents. • Our Communications, Social Media and Stakeholder Management Strategies ensure that we actively communicate and engage with all our key stakeholders.

KEY RISK	MITIGATION/ACTION
Economic climate impacts makes the corporate plan unachievable Changes in government policy, future reduction in capital grants, Welfare Reform including changes to the housing benefit rules along with the wider economic downturn, have been identified as key risks to the Group. Such changes could impact on the Group's ability to deliver its planned development programme and may also affect core activities, for example if rental arrears increase as a result of reductions in housing benefit.	• We have in place a costed five year Corporate Plan which is supported by a number of plans and strategies including a five year Finance Plan, an Annual Finance Plan and an Asset Management Strategy. • Our Group Board undertakes a strategic review of our financial plan including sensitivity testing and contingency plans to ensure that the Group has adequate resource to deliver committed activities and development. • We monitor the impact of welfare reform, have established a welfare reform working group and have invested in prevention methods through Hyde Plus. • Hyde takes part in Central Government briefings, lobbying and working parties to inform the debate and influence decisions and workings.
Failure to secure the right growth opportunities Successful delivery of the development programme depends on continued support from the HCA and Local Authorities, as well as the ability and willingness of development contractors to continue to build our schemes in a challenging economic environment. Success also depends on maintaining a track record and credibility to be a landlord of choice.	• Hyde wishes to be a 'Landlord of Choice' and continues to offer services on top of providing affordable housing; for example Hyde Plus, which is a key differentiator for our services. Hyde Plus continues to improve the quality of life and promotes life chances for our residents with a particular focus on those experiencing disadvantages. • Hyde continues to maintain its top financial rating from the Regulator and an A1 Credit Rating with Moody's (global credit reference agency). • Hyde has a Business Development Strategy. All major development schemes are considered, evaluated and approved in advance by our Group Investment Committee. • We work closely with the HCA and local authorities to implement and deliver new funding arrangements.

Value for Money (VFM)

Achieving VFM is a fundamental business strategy for The Hyde Group. The Group VFM strategy is reviewed annually and delivery on VFM planned targets is reported to Group Board and scrutinised by the Group Housing Services Board. VFM is embedded through all strategies, including Procurement, Asset Management and the Corporate and Annual Plan. A detailed annual Value for Money Statement was produced for March 2013.

Our VFM framework includes the following:

- Establish a baseline of the costs of operational service delivery;
- Measurable standards of service and VFM targets;
- Measurable targets for all staff;
- Comparison of services to providers with top quartile performance and using this to set challenging performance targets;
- Obtaining feedback on services through satisfaction monitoring.

Hyde has also undertaken major organisational reviews over the past two years, and continues to do so, under the OHOV change programme, the aim of which is to deliver efficiencies and improve the consistency and quality of services across the Group.

We have a clear framework for decisions and a joined up approach to planning, delivering and evaluating VFM:

- Governance – VFM is addressed at three of the four functional committees within the governance structure;
- Resident engagement – working in partnership with our residents to determine service priorities and providing the framework for them to scrutinise performance and evaluate outcomes;
- Performance management – VFM targets are included and cascaded through directorates to individual staff;
- Financial stewardship – business case and gateway review protocols ensure that all significant investment or organisational change are approved through robust processes;
- Benchmarking – we benchmark our performance through HouseMark, G15 benchmarking and other groups, ensuring we have challenging targets and can learn from sector good practices. The table below has been produced to enable benchmarking within the G15.

Financial VFM analysis	**2012**	**2013**
Social housing lettings per average home during the financial year:		
1. Management costs per home	£519	£621
2. Planned and responsive maintenance costs per home	£1,278	£1,441
3. Service costs per home	£341	£343
4. Rent void losses per home	£47	£40
5 Social housing lettings operating margin	50%	46%
Other analysis:		
6. Central overhead cost per home	£561	£551
7. Central overhead cost as a % of income	10%	9%
8. Debt per unit as at the year end	£23,189	£25,084
9. Capital committed as a proportion of fixed assets	24.6%	19.9%
10. Ratio of top earner to the bottom earner	20:1	20:1
11. CEO and Chair Remuneration in £ per unit	£5.17	£5.16

Following the implementation of our OHOV programme during 2012-13 (referred to above) there has been some reorganisation of our internal organisational structures. Under these revised structures certain costs are now classified as management costs which has resulted in an increase in the management costs per unit measure. Increases in planned and responsive maintenance costs per home reflect the additional investment in stock during the year.

Performance Indicators

The Executive Management Team and the wider business uses a range of performance indicators to monitor the performance of each of the functional areas outlined above. These targets are reviewed at least annually to ensure they remain appropriate and challenging, with actual results reviewed monthly. A selection of these performance indicators are as follows:

Performance indicator	Target measure /covenant	Actual measure 31 March 2012	Actual measure 31 March 2013
Operations			
Rent collection rate	101%	102%	100%
Rent arrears	4.2%	4.2%	3.9%
Stock vacant and available to let	0.3%	0.3%	0.4%
Void turnaround time	3.7 weeks	4.9 weeks	3.4 weeks
Emergency repairs completed on time	100.0%	98.1%	98.6%
Resident satisfaction – overall	No target	80%	79%
Resident satisfaction – with repairs	89%	85%	86%
Complaints response time	10 days	13 days	12 days
People			
Staff turnover	< 10.5%	10.3%	7.7%
Sickness absence	< 5.9 days	5.8 days	6.0 days
Finance			
Interest cover (parent entity only)	> 0.80	0.88	1.00
Gearing (parent entity only)	< 80%	67.8%	68.2%
Surplus before asset sales £'000	> 0	£8,742	£19,334

The Group's key financial performance indicators are as follows: Interest cover 1.35 (2012: 1.15), gearing 73.1% (2012: 69.5%) and adjusted net leverage 41.4% (2012: 40.5%).

Group Board members and organisation executive directors
The present Group Board members and the members of the Executive Management Team are set out on pages 4-5. The Group Board members are drawn from a wide background, bringing together professional, commercial and local experience. In recognition of the challenges facing the Board, and the time and effort they put into performing their duties, the Association remunerates Group Board members. No member of the Executive Management Team holds any interest in the Association's shares and they act as executives within the authority delegated by the Group Board.

Group code of governance
The Group Board has adopted the NHF Code of Governance "Excellence in Governance" as the governance code for the Hyde Group. In April 2013, the Group conducted a Group wide self assessment of compliance with the Code. The results of the assessment were reported to the Group Board in May 2013. The Group concluded that they complied with the Code during the year, with one exception in respect of the size of the Group Board. The Group has decided to maintain a maximum board size of 15 places, three higher than the NHF Code of Governance, in order to provide membership flexibility in any potential future growth opportunities.

The Group Chair will complete nine years in office in July 2013. In October 2012, the Board agreed to extend her term of office to September 2014. This will result in non compliance with the Governance Code which specifies a nine year maximum term of office. The Board took the decision to extend the Chair's term of office in order to ensure non executive leadership continuity. Hyde's approach has been shared with the regulator.

Statements of compliance
The Board confirms that this Operating and Financial Review has been prepared in accordance with the principles set out in paragraphs 33 and 34 of the 2010 SORP for registered social landlords.

Health and Safety
The Group Board is aware of its responsibilities on all matters relating to Health and Safety (H&S). The Group has prepared a detailed H&S policy and provides staff training and education on H&S matters. The Group has a permanent H&S Director whose role is to maintain and enhance Hyde's H&S strategy, policy and culture and to ensure Hyde's continued compliance with regulation and industry practice.

Housing property assets
Details of changes to the Group's housing property fixed assets are shown in note 14 of the financial statements.

Reserves
Details of changes to reserves are shown in note 29 of the financial statements.

Dividends
No dividends are payable.

Political and charitable contributions
During the year the Group made no political contributions. The Group donated £305,000 to charitable projects (2012: £130,000).

Post balance sheet events
The Group Board considers there have been no events since the year end that have had a significant effect on its financial position.

Going concern
The Group Board has a reasonable expectation that the Association and the Group has adequate resources to continue in operational existence for the foreseeable future. These financial statements are prepared on a going concern basis.

Internal controls assurance
The Group Board's responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness is set out in the Internal Controls Assurance on page 28.

Executive members' liability insurance
The Group is covered by the National Housing Federation's Directors' and Officers' Liability policy. The Group also has additional independent top-up cover to indemnify directors and officers against legal liability arising from claims made against them as a result of any wrongful act in their capacity as a director or officer of the Group.

Independent Auditors
The statutory audit was tendered during the year and a resolution to re-appoint PricewaterhouseCoopers LLP (PwC) was passed.

Julie Hollyman
Chair
4 July 2013

Statement of Group Corporate Governance

The governance of the Group and its subsidiaries is summarised in the following paragraphs.

The Group Board
The Group Board is the ultimate governing body of the Hyde Group. It comprises 11 non-executive directors and two executive directors and meets ten times per year. Four of these meetings are formal business meetings, the remainder are set aside for the Board to consider wider strategic issues. Members receive remuneration to compensate them for the time and effort they put in and to attract the skills that the Group requires. Members are drawn from a range of professional and business backgrounds so that there is an optimum mix of skills and expertise to fulfil the function of the Group Board.

Delegation
The Group Board delegates some of its responsibilities to functional committees. Each of these committees has clear terms of reference and delegated authority. They report back to the Group Board after each meeting, where their recommendations are fully considered and approved where appropriate. Each of these committees is chaired by a non-executive member of the Group Board. The functional committees have a Group wide remit.

Functional Committees
There are four main functional committees within the Group: the Group Audit Committee, the Group Housing Services Board, the Group Investment Committee and the Group Remuneration and Appointments Committee.

The Group Audit Committee
The role of this committee is to oversee the work of both the internal and external audit function and to oversee the risk management framework and internal control framework for the Group. The Committee reviews the audited financial statements for all parts of the Group and recommends them to the relevant Boards for approval. It is also responsible for recommending to the Group and subsidiary Boards the appointment of internal and external auditors and investigating any activity it thinks fit, or as may be referred to it. It submits an annual report on internal controls to the Group Board. Through the reports it receives, the Audit Committee gains comfort that the Group has appropriate systems of internal control and is able to comply with the Homes and Communities Agency's expectations in this area.

The Group Housing Services Board
The Group Housing Services Board's role is to scrutinise executive performance in respect of the Group's core business operations. It provides the Group Board with the reassurance that operational performance is subject to effective non executive oversight.

In particular, the Board scrutinises delivery of the Group's service promise and local offer, scrutinises progress against ongoing operational work programmes, oversees the development of appropriate benchmarking criteria for internal and external validation of service performance, oversees the identification and mitigation of statutory and regulatory risk (including health and safety) and oversees the people issues as they affect operational delivery.

The Group Housing Services Board is also the "hub" for the Group's "common board" model of governance for the registered provider subsidiaries in the Group. Its members are also the members of the Martlet Homes Limited (a Group subsidiary) Board. This enables the Group Housing Services Board to oversee Martlet Home's operations and to meet simultaneously as the Martlet Homes Board where a particular board approval is required.

The Group Investment Committee
The Group Investment Committee oversees and approves the Group's investment in major projects and approves other significant capital commitments. In particular it scrutinises and approves the Group's participation in substantial urban regeneration and renewal projects.

The Group Remuneration and Appointments Committee (the Remuneration Committee) is responsible for setting the remuneration of board members and of the Executive Management Team. In addition the Remuneration Committee oversees the process for board member appraisal and reviews the process for board member appointment.

Internal Controls Assurance

The Group Board (Board) is ultimately responsible for ensuring the Group establishes and maintains a system of internal control appropriate to the various business environments in which it operates. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss.

The key elements in exercising control include:

1. Group Board approved terms of reference and delegated authorities for the Group housing services board and the audit and investment committees;
2. Clearly defined management responsibilities for the identification, evaluation and control of significant risks;
3. Robust strategies and business planning process, with detailed financial budgets and forecasts;
4. Formal recruitment, retention, training and development policies for all staff;
5. Established authorisation and appraisal procedures for significant new initiatives and commitments;
6. A measured approach to treasury management which is subject to external review each year;
7. Regular reporting to the appropriate committee on key business objectives, targets and outcomes;
8. Group Board approved whistle-blowing and anti-theft and corruption policies;
9. Group Board approved fraud policies, covering prevention, detection and reporting together with recoverability of assets;
10. Regular monitoring of loan covenants and requirements for new loan facilities.

The Board confirms that it has a strategy and policy on fraud and the Anti Fraud and Corruption Policy was reviewed during the year.

The system of internal controls is ongoing, and has been in place for the year to 31 March 2013 and up to the date of approval of the annual report and financial statements.

The Board recognises its responsibility for the system of internal control and for reviewing its effectiveness. The Group produces an annual review of internal controls. This provides assurances in external audit, internal control, internal audit, whistle blowing, risk management and performance monitoring.

The Board reviews annually the effectiveness of the system of internal controls in existence in the Group. This review includes a review of the fraud register. The Board confirms that all necessary actions are taken to remedy any significant failings or weaknesses which may have been identified during the review.

The Board cannot delegate ultimate responsibility for the system of internal control but has delegated authority to the Group Audit Committee to regularly review the effectiveness of the system of internal control. The Board receives Group Audit Committee quarterly reports and all meeting minutes are made available. The Group Audit Committee has received the Chief Executive's 'Annual Review of the Effectiveness of the System of Internal Control' for the Group, and the annual report of the internal auditor, and has reported its findings to the Board.

The Board confirms no weaknesses were found in the internal controls for the year ended 31 March 2013 which might otherwise have resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements.

Statement of the Group Board's Responsibilities

The Board is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

The Friendly and Industrial and Provident Societies Act 1968 and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the registered provider of social housing (RPSH) and of the surplus or deficit for that period. In preparing these financial statements, the board is 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the RPSH will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the RSLRPSH and to enable it to ensure that the financial statements comply with the Friendly and Industrial and Provident Societies Act 1968 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England from April 2012. It has general responsibility for taking reasonable steps to safeguard the assets of the RPSH and to prevent and detect fraud and other irregularities.

Julie Hollyman
Chair
4th July 2013

Independent Auditor's Report

to the members of Hyde Housing Association Limited for the year ended 31 March 2013

We have audited the financial statements (the ''financial statements'') of Hyde Housing Association Limited for the year ended 31 March 2013 which comprise the Consolidated and Association Income and Expenditure Account, the Consolidated and Association Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated and Association Statement of Total Recognised Surpluses and Deficits, the Consolidated and Association Statement of Historical Cost Surpluses and Deficits 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).

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of the Group Board's Responsibilities set out on page 29, the Board is responsible for the preparation of financial statements which 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 (ISAs) (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the association's members as a body in accordance with Section 9(1) and Section 13(5) of the Friendly and Industrial and Provident Societies Act 1968 and the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the report and financial statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and association's affairs as at 31 March 2013 and of the group's and association's income and expenditure and the group's cash flows for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2012 .

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the association has not kept proper accounting records; or
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Kim Green
(Senior Statutory Auditor)
for and on behalf of
PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
4th July 2013

Notes:

The maintenance and integrity of the Hyde Housing Association Limited (or 'Hyde Group') website is the responsibility of the group board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated Income and Expenditure Account

For the Year Ended 31 March 2013

	Note	Pre FRS 26 2013 £'000	FRS 26 2013 £'000	Total 2013 £'000	2012 £'000
Turnover					
– Continuing Operations	2	259,862	–	259,862	223,657
– Discontinued Operations	2	–	–	–	5,935
Operating costs					
– Continuing Operations	2	(185,053)	–	(185,053)	(155,494)
– Discontinued Operations	2	–	–	–	(6,818)
Operating surplus/(deficit)					
– Continuing Operations	**2,5**	**74,809**	**–**	**74,809**	**68,163**
– Discontinued Operations	**2,5**	**–**	**–**	**–**	**(883)**
Surplus on sale of housing properties	6	5,777	–	5,777	4,868
Surplus on sale of other assets					
– Continuing Operations	7	(2)	–	(2)	(16)
– Discontinued Operations	7	500	–	500	–
Interest receivable and other income	8	10,038	4,219	14,257	20,172
Interest payable and similar charges	9	(65,834)	(31,958)	(97,792)	(135,314)
Other finance income		448	–	448	385
Surplus/(deficit) on ordinary activities before taxation		**25,736**	**(27,739)**	**(2,003)**	**(42,625)**
Tax on surplus/(deficit) on ordinary activities	11	(140)	–	(140)	(621)
Surplus/(deficit) for the year		**25,596**	**(27,739)**	**(2,143)**	**(43,246)**
Revenue reserve brought forward	29			242,236	281,787
Reserve movements	29			(13,214)	3,695
Revenue reserve carried forward	**29**			**226,879**	**242,236**

The turnover and surpluses for the current and previous year relate to continuing activities, except where stated otherwise. The discontinued operations relate to the sale of In Touch Limited, a care and support subsidiary, in August 2011.

FRS26: The Group has opted to report the results of the Group before reflecting the impact of fair value changes in derivative financial instruments. Background to "FRS26" is provided on page 13.

Consolidated Statement of Total Recognised Surpluses and Deficits

For the Year Ended 31 March 2013

	Note	2013 £'000	2012 £'000
Deficit for the year after taxation		**(2,143)**	**(43,246)**
Unrealised gain on assets available for sale	29	1,340	504
Loss on cash flow hedges	29	(4,071)	(6,456)
Actuarial (loss)/gain on pension schemes	36	(7,827)	5,646
Total recognised deficit for the year		**(12,701)**	**(43,552)**

Association Income and Expenditure Account

For the Year Ended 31 March 2013

	Note	Pre FRS 26 2013 £'000	FRS 26 2013 £'000	Total 2013 £'000	2012 £'000
Turnover					
- Continuing operations	2	175,213	–	175,213	157,433
- Discontinued operations	2	–	–	–	943
Operating costs					
- Continuing operations	2	(126,337)	–	(126,337)	(113,134)
- Discontinued operations	2	–	–	–	(1,374)
Operating surplus/(deficit)					
- Continuing operations	**2, 5**	**48,876**	**–**	**48,876**	**44,299**
- Discontinued operations	**2, 5**	**–**	**–**	**–**	**(431)**
Surplus on sale of housing properties	6	4,619	–	4,619	5,042
Surplus on sale of other assets					
- Discontinued operations	7	500	–	500	824
Interest receivable and other income	8	7,803	4,219	12,022	19,316
Interest payable and similar charges	9	(56,855)	(24,778)	(81,633)	(109,730)
Other finance income		303	–	303	97
Surplus/(deficit) on ordinary activities before taxation		**5,246**	**(20,559)**	**(15,313)**	**(40,583)**
Gift aid	10	9,100	–	9,100	2,414
Tax on surplus/(deficit) on ordinary activities	11	143	–	143	(202)
Surplus/(deficit) for the year		**14,489**	**(20,559)**	**(6,070)**	**(38,371)**
Revenue reserve brought forward	29			80,131	65,564
Reserve movements	29			(6,335)	52,938
Revenue reserve carried forward	29			**67,726**	**80,131**

Association Statement of Total Recognised Surpluses and Deficits

For the Year Ended 31 March 2013

	Note	2013 £'000	2012 £'000
Deficit for the year after taxation		**(6,070)**	**(38,371)**
Unrealised gain on assets available for sale	29	648	504
Loss on cash flow hedges	29	(1,794)	(6,669)
Actuarial (loss)/gain on pension schemes	36	(6,335)	7,360
Total recognised deficit for the year		**(13,551)**	**(37,176)**

Consolidated Balance Sheet

As at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Housing properties at cost	14	2,880,022	2,764,637
Social housing and other capital grants	14	(1,307,484)	(1,266,042)
Accumulated depreciation	14	(123,963)	(110,360)
Net book value of housing properties		**1,448,575**	**1,388,235**
Other fixed assets	15	17,478	19,595
Derivative financial instruments due after more than one year	16	13,638	12,286
Investments	17	12,891	4,028
Total fixed assets		**1,492,582**	**1,424,144**
Debtors: amounts falling due after more than one year	18	**17,283**	**15,134**
		1,509,865	**1,439,278**
Current assets			
Stocks	19	81,290	64,719
Debtors: amounts falling due within one year	20	29,183	24,209
Cash at bank and in hand	21	41,652	22,643
		152,125	**111,571**
Creditors: amounts falling due within one year	22	(59,852)	(70,436)
Net current assets		**92,273**	**41,135**
Total assets less current liabilities		**1,602,138**	**1,480,413**
Creditors: amounts falling due after more than one year			
Loans and other creditors	23	1,228,393	1,133,037
Derivative financial instruments	24	142,818	112,313
Recycled capital grant fund	25	9,445	9,599
Disposal proceeds fund	26	298	712
		1,380,954	**1,255,661**
Provision for liabilities and charges	27	1,954	1,147
Pension liabilities	36	11,395	3,898
Capital and reserves			
Called up share capital	28	–	–
Endowment fund	29	4,208	–
Restricted reserves	29	4,921	5,356
Revaluation reserves	29	2,951	1,976
Cash flow hedge reserve	29	(31,124)	(29,861)
Revenue reserve	29	226,879	242,236
Total capital and reserves		**207,835**	**219,707**
		1,602,138	**1,480,413**

These financial statements were approved by the Board on 4 July 2013. The notes on pages 37 to 87 form part of the financial statements.

Julie Hollyman
Chair

Steve White
Group Chief Executive

John Edwards
Company Secretary

Association Balance Sheet

As at 31 March 2013

	Note	2013 £'000	2012 £'000
Fixed assets			
Housing properties at cost	14	2,423,847	2,349,200
Social housing and other capital grants	14	(1,242,606)	(1,212,380)
Accumulated depreciation	14	(104,100)	(94,385)
Net book value of housing properties		**1,077,141**	**1,042,435**
Other fixed assets	15	11,742	13,993
Derivative financial instruments due after more than one year	16	13,638	12,286
Investments	17	1,564	1,700
		1,104,085	**1,070,414**
Debtors: amounts falling due after more than one year	18	**83,282**	**116,196**
		1,187,367	**1,186,610**
Current assets			
Stocks	19	42,568	28,579
Debtors: amounts falling due within one year	20	46,889	29,253
Cash at bank and in hand	21	26,317	18,440
		115,774	**76,272**
Creditors: amounts falling due within one year	22	(47,159)	(59,735)
Net current assets		**68,615**	**16,537**
Total assets less current liabilities		**1,255,982**	**1,203,147**
Creditors: amounts falling due after more than one year			
Loans and other creditors	23	1,075,169	1,039,496
Derivative financial instruments	24	115,946	92,138
Recycled capital grant fund	25	9,109	9,417
Disposal proceeds fund	26	298	712
		1,200,522	**1,141,763**
Provision for liabilities and charges	27	1,954	1,147
Pension liabilities	36	8,278	2,179
Capital and reserves			
Called up share capital	28	–	–
Restricted reserves	29	2,863	2,863
Revaluation reserves	29	1,847	1,199
Cash flow hedge reserve	29	(27,208)	(26,135)
Revenue reserve	29	67,726	80,131
Total capital and reserves		**45,228**	**58,058**
		1,255,982	**1,203,147**

These financial statements were approved by the Board on 4 July 2013. The notes on pages 37 to 87 form part of the financial statements.

Julie Hollyman
Chair

Steve White
Group Chief Executive

John Edwards
Secretary

Consolidated Cash Flow Statement

For the Year Ended 31 March 2013

	2013 £'000	2012 £'000
Net cash flow from operating activities	**101,076**	**78,174**
Returns on investments and servicing of finance		
Interest received	1,387	1,550
Interest paid	(72,285)	(74,351)
Net cash outflow from returns on investments and servicing of finance	**(70,898)**	**(72,801)**
Taxation		
Tax paid	(47)	–
Capital expenditure and financial investments		
Acquisition and construction of housing properties	(143,223)	(132,732)
Social housing and other grants received	21,569	33,946
Purchase of other fixed assets	(1,987)	(4,126)
Proceeds of sale from other fixed assets	500	105
Sale of housing properties	20,442	15,227
Investments	(8,102)	(142)
Net cash outflow from capital expenditure	**(110,801)**	**(87,772)**
Net cash outflow before use of liquid resources and financing	**(80,670)**	**(82,349)**
Financing		
Loans received	177,712	55,274
Loans paid	(78,033)	(73,917)
	99,679	**(18,643)**
Increase/(decrease) in cash	**19,009**	**(100,992)**

Notes to The Consolidated Cash Flow Statement

For the Year Ended 31 March 2013

	2013 £'000	2012 £'000
A. Reconciliation of operating surplus to net cash inflow from operating activities		
Operating surplus	74,809	67,280
Net depreciation and amortisation	21,491	16,524
Impairment	1,371	355
Decrease/(increase) in stocks	2,773	(10,470)
Decrease/(increase) in debtors	1,918	(5,635)
(Decrease)/increase in creditors	(2,210)	10,173
Increase/(decrease) in provisions	807	(182)
Increase in pensions provisions	117	129
	101,076	**78,174**

	2013 £'000	2012 £'000
B. Reconciliation of net cash flow to movement in net debt		
Increase/(decrease) in cash in the year	19,009	(100,992)
Non cash change in loans	1,122	(845)
Cash (inflow)/outflow from change in loans	(101,956)	18,643
	(81,825)	**(83,194)**
Net debt at 1 April	(1,086,805)	(1,003,611)
Net debt at 31 March	**(1,168,630)**	**(1,086,805)**

	1 April 2012 £'000	Cash Flow £'000	31 March 2013 £'000
C. Reconciliation of net debt to related items on the balance sheet			
Cash balances	22,643	19,009	41,652
Debt falling due within one year	(5,756)	(4,572)	(10,328)
Debt falling due after one year	(1,103,692)	(96,262)	(1,199,954)
Net debt at 31 March	**(1,086,805)**	**(81,825)**	**(1,168,630)**

Notes to the Accounts

1. Group Accounting Policies

Introduction and accounting basis
The financial statements have been prepared on a going concern basis and in accordance with applicable UK GAAP financial reporting standards, the Accounting Direction for Social Housing in England from April 2012 ("the Direction"), and the Statement of Recommended Practice: accounting by Registered Social Housing Providers 2010 published in 2010 ("the 2010 SORP") and comply with the Industrial and Provident Societies (Group Accounts) Regulations 1969. The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investments and derivative financial instruments. The following accounting policies have been applied consistently in dealing with items which are considered to be material in relation to the financial statements of Hyde Housing Association Limited (The Group) and all constituent subsidiaries.

Hyde Housing Association Limited has taken advantage of the exemption contained in FRS 8 – *"Related Party Disclosures",* and has therefore not disclosed transactions or balances with entities which form part of the Group.

Basis of consolidation
The Group is required by the Industrial and Provident Societies (Group Accounts) Regulations 1969 to prepare group financial statements. The group financial statements comprise those of the Association together with its subsidiaries (note 34) and are consolidated using acquisition accounting. This is in accordance with the requirements of FRS 2 – *"Accounting for Subsidiary Undertakings".*

Cash flow statement
The Association has taken advantage of the exemptions under FRS 1 – *"Cash flow Statement"* and has not prepared a cash flow statement.

Turnover
Turnover comprises rents and service charges, income from property sales, fees, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue based grants receivable from local authorities and the Homes and Communities Agency. It also includes sale proceeds from first tranche shared ownership sales. All income is recognised on a receivable basis and sales of property are recognised at completion. Inter-group income and expenditure is included in turnover and operating costs on an arms length basis in the financial statements of the Association but is eliminated in producing the Group consolidated financial statements.

Pre-contract costs
Costs incurred in bidding for and securing contracts for the supply of products and services are recognised as expenses incurred up to the date of announcement of preferred bidder. Where the Group/Association is successful in attaining preferred bidder status, those costs that are incurred after attaining preferred bidder status and are directly attributable to the contract are recognised as an asset and amortised over the life of the contract.

Housing properties
The cost of housing properties comprises their purchase price, together with directly attributable costs in bringing them into working condition for their intended use. The directly attributable costs are the labour costs of own employees arising directly from the construction or acquisition of the property and the incremental costs that would have been avoided only if individual properties had not been constructed or acquired. Interest is capitalised on a fair proportion of the borrowings of the Group / Association as a whole, calculated on the costs incurred during the period of development, less Social Housing Grant (SHG) received. Improvements are capitalised only when they result in an increase in the net rental income, such as a direct increase in rental income, a reduction in future maintenance costs, or in a significant extension of the useful economic life of the property in the business. All other improvement expenditure is charged to the Income and Expenditure account when incurred.

The Association operates a component accounting policy in relation to the capitalisation and depreciation of its completed housing property stock. Housing properties where the Association has the responsibility for maintaining and replacing a component are split between their land and structure costs and seven major components which each have their own periodic replacement. These are detailed below. Where the Association does not have responsibility for maintaining and replacing components, properties are split between land, build and grant only.

Depreciation of housing properties
Depreciation of freehold housing properties is charged so as to write down their cost (net of Social Housing Grant) to their residual value on a straight line basis over their expected useful economic lives for the Group/Association on the following basis:

Component	Useful Economic Life (years)
Land	Not depreciated
Structure	100
Roof	60
Heating (excl boiler)	30
Boiler	15
Windows and Doors	30
Electrical Wiring	40
Bathroom	30
Kitchen	20

Supported housing
Social housing capital grants are claimed by the Group/Association as developer and owner of the property and included in the balance sheet of the Group/Association.

The treatment of other income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Group/Association and its managing agents and on whether the Group/Association carries the financial risk. In addition to directly managed hostels, the Group/Association owns properties in respect of some hostels which are run by outside agencies. The Group/Association receives grants and Special Needs Management Allowance on behalf of some of the agencies. With regard to supporting people and hostel grant and management income, where the Group/Association carries the financial risk, all the income and expenditure is included in the Income and Expenditure account. Where the agencies carry the financial risk, the Income and Expenditure account includes only that income and expenditure which relates solely to the Group/Association.

Impairment of housing properties
Impairment reviews are carried out in accordance with Financial Reporting Standard 11 – *"Impairment of Fixed Assets and Goodwill"* (FRS 11). The Group/Association's Tangible Fixed Assets held for letting are depreciated over 100 years and are therefore subject to an annual impairment review. An impairment review is carried out on completed schemes, work in progress and land held for future development. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating profit.

Calculations for each scheme are performed by comparing either present value of expected future cash flows or current market value against the carrying values. If the carrying value is greater than the present value of future cash flows or the market value, an impairment provision is made.

Stock Transfers
Where opportunities for the regeneration of local authority housing stock arise after transfer requests from residents and tenants, the Group/Association may seek to maximise the resources available for regeneration schemes by entering into a VAT shelter arrangement. In these circumstances, the underlying substance of the transactions is reflected in the financial statements on a gross basis. The obligation to the local authorities is shown as long term debtors, and the obligation to contractors under the refurbishment contract is shown as provisions for liabilities and charges.

Stock Swaps
Where opportunities for the swapping of housing stock with other associations arise, the transactions are shown on a nil loss, nil gain basis. The substance of the transaction is a not for profit disposal of the existing properties with the acquired properties received as part of the consideration.

Social Housing Grant (SHG) and other capital grants
Where developments are financed wholly or partly by SHG, the cost of those developments is reduced by the amount of the grant receivable. Where SHG is received on elements of repair expenditure that are charged in the Income and Expenditure account, it is treated as a revenue grant and credited to turnover. At the balance sheet date if the SHG receivable on any development project is greater than gross cost, the difference is included in creditors falling due within one year and shown as SHG in advance. SHG may be repayable in certain circumstances, such as where the development of a property is not completed. Certain developments are funded by other capital grants. These grants are dealt with in a similar manner to SHG.

Other grants
Other grants are receivable from local authorities and other organisations. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

Provisions
The Group/Association provides for lease dilapidations over the life of all properties where an obligation is likely.

Operating leases
Costs in respect of operating leases are charged on a straight line basis over the lease term to the income and expenditure account.

Shared ownership
First tranche sales are included within turnover and the related proportion of the cost of the asset recognised as operating costs. The costs relating to expected future first tranche sales in respect of shared ownership properties are transferred from housing properties under construction in fixed assets to housing properties current assets. The remaining element of shared ownership schemes are included in housing properties, net of SHG. Lessees have the right to acquire further tranches and any surplus or deficit on such subsequent tranches is recognised in the income and expenditure account as a part disposal of a fixed asset.

Deferred expenditure
Expenditure on short life accommodation is treated as deferred expenditure. The proportion which is not financed by SHG is amortised over the anticipated term of the tenancy. Certain schemes receive additional grants to fund projected rent shortfalls against expenditure. Such grant is treated as deferred income which is held in creditors and released over the life of the lease.

Depreciation of other fixed assets
Other fixed assets are depreciated on the following basis:

Freehold premises:	100 years on a straight line basis
Leasehold premises:	over the life of the lease on a straight line basis
Furniture and equipment	
Solar panel components	25 years on a straight line basis
Solar panel power inverters	12 years on a straight line basis
Furniture	6 years on a straight line basis
Computer hardware	3 years on a straight line basis
Motor vehicles	4 years on a straight line basis

Assets are depreciated each month from the purchase date.

Investment assets
Investments are classified as available for sale and are valued at market value. The difference between market value and historic cost is taken to the Statement of Total Recognised Surpluses and Deficits where market value exceeds historic cost and carried forward in the Investment Revaluation Reserve.

Investments held by subsidiaries
Investments owned by Hyde Charitable Trust are stated at market value.

Stock
Properties developed for resale and first tranche shared ownership properties are valued at the lower of cost and net realisable value and included in current assets.

Treasury Management / Derivatives
To manage interest rate risk the Group/Association manages its proportion of fixed to variable rate borrowings within approved limits and where appropriate utilises interest rate swap agreements. Amounts payable or receivable in respect of these agreements are recognised as adjustments to interest expense over the period of the agreement.

Discounted bonds
Discounted bonds are shown at their redemption value plus or minus the issue premium or discount, which is written off through the Income and Expenditure account on an annuity basis over the life of the bond.

Pension schemes
The Group/Association operates/participates in five retirement schemes; the Hyde Housing Association Limited Defined Benefits Scheme, the Hyde Housing Association Limited Defined Contribution Scheme, the Social Housing Pension Scheme (SHPS), the London Borough of Lambeth Pension Fund Scheme and the West Sussex Pension Scheme.

The Hyde Housing Association Limited Defined Benefits Scheme, the Social Housing Pension Scheme (SHPS), the London Borough of Lambeth Pension Fund Scheme and the West Sussex Pension Scheme are Defined Benefit Schemes and are not open to new entrants. Accounting for Hyde Group/Association employees' pensions is in accordance with generally accepted practice, as defined by Financial Reporting Standard 17 – *"Retirement Benefits"* (FRS 17).

Hyde Housing Association Limited Defined Benefit Scheme, the London Borough of Lambeth Pension Fund Scheme and the West Sussex Pension Scheme
- In accordance with the requirements of FRS 17 the costs are accounted for when committed, regardless of when the benefits are deliverable. The financial statements reflect, at fair value, the assets and liabilities arising from the Group's/Association's retirement obligations.
- The operating costs of providing retirement benefits to employees are recognised in the accounting period(s) in which the benefits are earned by the employees, and the related finance costs and any other charges in value of the assets and liabilities are recognised in the accounting periods in which they arise.
- The financial statements disclose the cost of providing retirement benefits and related gains, losses, assets and liabilities. The attributable assets of the schemes are measured, at their fair value, at the balance sheet date, and are shown net of attributable scheme liabilities.

Actuarial gains and losses arising from any new valuation, and from updating the latest actuarial valuation to reflect conditions at the balance sheet date, are recognised in the Statement of Total Recognition Surpluses and Deficits for the year.

Losses arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group/Association becomes demonstrably committed to the transaction and are recognised in the operating costs at that date. Gains arising on a settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction and are recognised in the operating costs at that date.

Social Housing Pensions Scheme (SHPS)
The Group/Association is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17, accounts for the scheme as if it were a defined contribution scheme. As a result the amount charged to the income and expenditure account represents the contributions payable to the scheme in respect of the accounting period.

Hyde Housing Association Limited Defined Contribution Scheme

Employees have the option to join the Hyde defined contribution scheme, to which the Association makes a contribution of up to 10%. The contributions are recognised as they fall due.

For all pension schemes current service costs are included within the Income and Expenditure Account, within operating costs.

Taxation

The Group/Association has charitable status and therefore is not subject to Corporation Tax on the surplus arising from charitable activities. Provision is made for the tax liabilities which may arise when property is developed for commercial outright sale. Tax is chargeable on the activities of Brent Co-Efficient Limited and Hyde Vale Limited and a provision is made for any tax payable.

Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard 19 – "Deferred Tax" (FRS 19).

VAT

The Group's VAT affairs are dealt with under a group registration in the name of Hyde Housing Association Limited. The Group recovers only a small proportion of input VAT. Expenditure is therefore shown inclusive of VAT, to the extent that it is not recoverable, with non-attributable input tax recovered being credited against management expenses.

Service Charges

The Group operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. The service charges on all schemes are set on the basis of budgets. Where variable service charges are used the budget will include an allowance for the surplus or deficit from prior years, with a surplus being returned to residents in the form of a reduced charge for the year and a deficit being recovered via a higher service charge or by alternative methods if the contract allows. Until these surpluses are returned they are held on the balance sheet as a creditor and a deficit is held as a debtor.

Restricted reserves

Reserves include funding given to further develop properties, funding given for use in charitable activities and reserves set aside for insurance.

Financial instruments

The Group/Association has adopted Financial Reporting Standard 26 *"Financial Instruments: Recognition and Measurement"* and Financial Reporting Standard 29 *"Financial Instruments: Disclosures".* These became effective for the year ended 31st March 2011 following the issue by Hyde Housing Association Limited of a listed bond. Further details are given in note 37.

Financial assets and financial liabilities are recognised on the Group's/Association's balance sheet when the Group/Association becomes a party to the contractual provisions of the instrument.

Financial assets

The Group/Association measures financial assets on initial recognition at fair value, and determines the classification of such assets at initial recognition and on any subsequent reclassification event. Financial assets are classified into one of four primary categories:

Financial assets at fair value through the income and expenditure account: these are all derivative assets other than those that are designated as hedging instruments and assets acquired principally for the purpose of selling in the near term. They are initially measured at fair value, excluding transaction costs. At each balance sheet date, they are re-measured at fair value. Any change in value is recognised in the income and expenditure account within interest payable or receivable unless hedge accounting is effective, in which case movements are treated as described in the hedge accounting section below. If the hedge relationship is deemed to not be effective or if there is partial ineffectiveness, changes in fair value ineffectiveness would be recognised in the income and expenditure account in accordance with accounting standards.

Loans and receivables: this includes non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and have not been designated as either fair value through the income and expenditure account or available for sale. Such assets are measured at amortised cost using the effective interest method. They are measured on this basis whether they are intended to be held-to-maturity or not. Gains and losses are recognised in the income and expenditure account when loans and receivables are derecognised or impaired as well as through amortisation.

Held to maturity investments: non-derivative financial assets with fixed or determinable payments and fixed maturity are classified here when the Group/Association has the positive intention and ability to hold to maturity. These are measured at amortised cost using the effective interest method. Gains and losses are recognised in the income and expenditure account when held to maturity investments are derecognised or impaired as well as through amortisation.

Available for sale financial assets: available for sale financial assets are non-derivative financial assets that are designated as such, or that are not classified in any of the other categories. These are held at fair value with gains or losses being recognised as a separate component of equity until the asset is derecognised or is determined to be impaired, at which time the previously reported cumulative gain or loss is included in the income and expenditure account.

If there is no active market for a financial asset and it is not appropriate to determine fair value using valuation techniques, financial assets are carried at amortised cost.

Financial liabilities
The Group/Association determines the classification of financial liabilities at initial recognition and on any subsequent reclassification event. Financial liabilities are classified into one of two primary categories:

Financial liabilities at fair value through income and expenditure account: these are derivative liabilities other than those that are designated within cash flow hedge relationships. These are initially measured at fair value, not including transaction costs. At each balance sheet date, they are re-measured at fair value. Any change in value is recognised in the income and expenditure account within interest payable or receivable. Where hedge relationships are effective, movements are treated as described in the hedge accounting section below. If the hedge relationship is deemed to not be effective, or if there is partial ineffectiveness, changes in fair value/ineffectiveness would be recognised in the income and expenditure account in accordance with accounting standards. Effectiveness is achieved when the matching criteria between the hedged item and hedging instrument within FRS 26 is met.

Other financial liabilities: are classified as other liabilities and are held at amortised cost using the effective interest rate. This includes loans, short term borrowings, overdrafts and trade payables. Borrowings will include accrued un-amortised issue costs.

Impairment of financial assets
All financial assets are reviewed for indicators of impairment at each reporting date. Such indicators include default in contractual payments, significant financial difficulties of the issuer or debtor, probability of bankruptcy, or prolonged or significant decline in quoted market price. An impairment loss is recognised in the income statement when there is objective evidence that an asset is impaired.

The impairment loss on loans and receivables, which are measured at amortised cost, is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

When an impairment loss is identified on an available-for-sale financial asset, the cumulative losses previously recognised directly in equity are recorded in the income statement. The loss recognised in the income statement is the difference between the acquisition cost (net of principal repayment and amortisation) and the fair value at the time of impairment, less any impairment loss previously recognised in the income statement.

The impairment loss on investments in companies that are not quoted in an active market and are measured at cost is the difference between the carrying amount of the investment and the present value of its estimated future cash flows, discounted at the current market interest rate for similar financial assets.

Impairment losses in respect of loans are recognised under financial expenses in the income statement.

Impairment losses in respect of trade receivables are recognised under selling and general expenses in the income statement.
Impairment losses on investments in companies that are not quoted in an active market and are measured at cost, and on equity instruments classified as available-for-sale financial assets, cannot be reversed through the income statement.

Embedded derivatives
Embedded derivatives are identified at inception of a new loan by reference to the host contract. Derivatives embedded in host contracts are held at amortised cost provided their economic characteristics and risks are closely related to those of the host contract and the host contract itself is not carried at fair value through the income and expenditure account. Derivatives embedded in host contracts are treated as separate derivatives when their economic characteristics are not closely related to those of the host contract and the host contract is not carried at fair value through the income and expenditure account. These embedded derivatives are measured at fair value with changes in fair value recognised in the income and expenditure account.

Hedge accounting
In instances where the Group/Association has established an effective hedge relationship between a derivative and an underlying asset/liability the derivative is accounted for consistent with that underlying asset/liability. Any ineffectiveness present within the hedge relationship is recognised in the income and expenditure account in interest payable or receivable.

Derivatives are initially accounted and measured at fair value on the date a derivative contract is entered into and subsequently measured at fair value. The gain or loss on re-measurement is taken to the income statement except where the derivative is designated as a hedge and the hedge meets the criteria for hedge accounting. The group designates certain derivatives as:

- A hedge of the fair value of an asset or liability ('fair value hedge').
- A hedge of the income/cost of a highly probable forecasted transaction or commitment ('cash flow hedge').

In order to qualify for hedge accounting, the Group/Association is required to document in advance the relationship between the item being hedged and the hedging instrument. The Group/Association is also required to document and demonstrate an assessment of the relationship between the hedged item and the hedging instrument, which shows that the hedge is expected to be highly effective on an on-going basis. This effectiveness testing is re-performed at each period end to ensure that the hedge remains highly effective. Gains or losses on fair value hedges that are regarded as highly effective are recorded in the income statement with the gain or loss on the hedged item attributable to the hedged risk. Gains or losses on cash flow hedges that are regarded as highly effective are recognised in equity. Where the forecast transaction results in a financial asset, financial liability, income or expenditure, amounts accumulated in equity are reclassified to the income and expenditure account in the period where the hedged item affects the income and expenditure account. Where the forecasted transaction or commitment results in a non-financial asset or a non-financial liability, then any gains or losses previously deferred in equity are included in the cost of the related asset or liability.

When a hedging instrument expires or is sold, any cumulative gains or loss existing in reserves at that time remain in reserve and are recognised in the income and expenditure account when the forecast transaction is ultimately recognised in the income and expenditure account. When a hedge no longer meets the criteria for hedge accounting and the risk is not still in existence, any cumulative gain or loss existing in reserves at that time will be recognised in the income and expenditure account immediately. When a hedge no longer meets the criteria for hedge accounting and the risk is not still in existence, any cumulative gain or loss existing in reserves at that time will be recognised in the income and expenditure account. Whilst the criteria remain unmet, any future change in fair value gains or losses will be recognised in the income and expenditure account within interest receivable or payable.

2. Consolidated particulars of Turnover, Operating Costs and Operating Surplus

	Turnover 2013 £'000	Operating costs 2013 £'000	Operating surplus/ (deficit) 2013 £'000	Operating surplus/ (deficit) 2012 £'000
Social housing lettings (note 3):	190,599	(102,788)	**87,811**	**88,708**
Other social housing activities:				
Current asset property sales	16,243	(13,087)	**3,156**	**2,772**
Other	17,645	(20,544)	**(2,899)**	**(3,830)**
Charges for support services	1,900	(25,405)	**(23,505)**	**(23,725)**
Non-social housing activities	33,475	(23,229)	**10,246**	**3,355**
	259,862	**(185,053)**	**74,809**	**67,280**

	Turnover 2013 £'000	Operating costs 2013 £'000	Operating surplus 2013 £'000	Operating surplus/ (deficit) 2012 £'000
Continuing operations	259,862	(185,053)	74,809	70,873
Discontinued operations				
- Supporting people business	–	–	–	(452)
- Disposal income/costs	–	–	–	(431)
	–	–	–	**(883)**
Exceptional items	–	–	–	(2,710)
	259,862	**(185,053)**	**74,809**	**67,280**

Discontinued operations relate to the sale of In Touch Ltd during the prior year.

The exceptional items relate to costs incurred during the prior year in relation to a restructure of the business.

2. Association particulars of Turnover, Operating Costs and Operating Surplus

	Turnover 2013 £'000	Operating costs 2013 £'000	Operating surplus/ (deficit) 2013 £'000	Operating surplus/ (deficit) 2012 £'000
Social housing lettings (note 3):	141,958	(79,016)	**62,942**	**63,018**
Other social housing activities:				
Current asset property sales	13,974	(10,951)	**3,023**	**2,669**
Other	16,310	(16,220)	**90**	**(2,350)**
Charges for support services	1,900	(19,884)	**(17,984)**	**(18,977)**
Non-social housing activities	1,071	(266)	**805**	**(492)**
	175,213	**(126,337)**	**48,876**	**43,868**

	Turnover 2013 £'000	Operating costs 2013 £'000	Operating surplus 2013 £'000	Operating surplus/ (deficit) 2012 £'000
Continuing operations	175,213	(126,337)	48,876	47,009
Discontinued operations				
- Supporting people business	–	–	–	–
- Disposal income/costs	–	–	–	(431)
	–	–	–	**(431)**
Exceptional items	–	–	–	(2,710)
	175,213	**(126,337)**	**48,876**	**43,868**

Discontinued operations relate to the sale of the operations of In Touch Ltd during the prior year.

The exceptional items relate to costs incurred during the prior year in relation to a restructure of the business.

Other social housing activities include both £33k income and £33k expenditure for the Big Lottery Fund Grant.

3. Consolidated particulars of Income and Expenditure from Social Housing Lettings

	General needs £'000	Supported housing £'000	Shared ownership £'000	Leasing and management services £'000	Health and education accommodation £'000	Intermediate Market Rent £'000	2013 £'000	2012 £'000
Rent receivable net of service charges	138,724	9,827	8,660	8,509	3,210	2,916	171,846	160,150
Service charges receivable	7,628	3,415	2,949	39	239	37	14,307	13,791
Net rental income	**146,352**	**13,242**	**11,609**	**8,548**	**3,449**	**2,953**	**186,153**	**173,941**
Management fee income	1,138	18	98	1	823	272	2,350	2,481
Revenue grants from local authorities and other bodies	9	100	–	1,987	–	–	2,096	2,525
Turnover from social housing lettings	**147,499**	**13,360**	**11,707**	**10,536**	**4,272**	**3,225**	**190,599**	**178,947**
Service charge costs	(8,226)	(2,938)	(3,169)	(64)	(300)	42	(14,655)	(14,382)
Management	(19,803)	(2,956)	(1,319)	(1,034)	(958)	(422)	(26,492)	(21,846)
Routine maintenance	(15,357)	(1,830)	(181)	(491)	(568)	(311)	(18,738)	(18,634)
Planned maintenance	(9,805)	(1,037)	(124)	(144)	(128)	(11)	(11,249)	(8,397)
Bad debts	(939)	(122)	(6)	(189)	(39)	(10)	(1,305)	(873)
Major repairs expenditure	(3,247)	(520)	(163)	(10)	-	(4)	(3,944)	(3,270)
Property lease charges	(127)	(168)	(6)	(6,683)	(792)	(1)	(7,777)	(7,929)
Depreciation– housing properties	(16,014)	(1,144)	(863)	-	(183)	(424)	(18,628)	(14,908)
Operating costs on social housing lettings	**(73,518)**	**(10,715)**	**(5,831)**	**(8,615)**	**(2,968)**	**(1,141)**	**(102,788)**	**(90,239)**
Operating surplus on social housing lettings	**73,981**	**2,645**	**5,876**	**1,921**	**1,304**	**2,084**	**87,811**	**88,708**
Void losses	(784)	(296)	13	(239)	(342)	(49)	(1,697)	(1,998)

3. Association particulars of Income and Expenditure from Social Housing Lettings

	General needs £'000	Supported housing £'000	Shared ownership £'000	Leasing and management services £'000	Health and education accommodation £'000	Intermediate Market Rent £'000	2013 £'000	2012 £'000
Rent receivable net of service charges	96,877	8,071	8,185	8,509	3,210	2,572	127,424	115,043
Service charges receivable	5,074	2,947	2,860	39	239	31	11,190	10,960
Net rental income	**101,951**	**11,018**	**11,045**	**8,548**	**3,449**	**2,603**	**138,614**	**126,003**
Management fee income	37	22	99	1	823	273	1,255	1,211
Revenue grants from local authorities and other bodies	9	93	–	1,987	–	–	2,089	2,513
Turnover from social housing lettings	**101,997**	**11,133**	**11,144**	**10,536**	**4,272**	**2,876**	**141,958**	**129,727**
Service charge costs	(4,728)	(2,507)	(3,063)	(64)	(300)	54	(10,608)	(11,158)
Management	(14,228)	(2,523)	(1,125)	(1,034)	(958)	(394)	(20,262)	(14,096)
Routine maintenance	(11,140)	(1,462)	(172)	(491)	(568)	(284)	(14,117)	(13,153)
Planned maintenance	(6,363)	(924)	(121)	(144)	(128)	(8)	(7,688)	(5,699)
Bad debts	(678)	(110)	(7)	(189)	(39)	(6)	(1,029)	(735)
Major repairs expenditure	(2,021)	(346)	(152)	(10)	–	(4)	(2,533)	(2,278)
Property lease charges	(86)	(168)	(6)	(6,683)	(792)	(1)	(7,736)	(7,795)
Depreciation – housing properties	(12,786)	(908)	(810)	–	(183)	(356)	(15,043)	(11,795)
Operating costs on social housing lettings	**(52,030)**	**(8,948)**	**(5,456)**	**(8,615)**	**(2,968)**	**(999)**	**(79,016)**	**(66,709)**
Operating surplus on social housing lettings	**49,967**	**2,185**	**5,688**	**1,921**	**1,304**	**1,877**	**62,942**	**63,018**
Void losses	(541)	(246)	13	(239)	(342)	(37)	(1,392)	(1,664)

4. Housing Units

	General needs	Affordable Rental Tenure	Supported housing	Shared ownership	Temporary Social Housing	Health and education accomm.	Contract Mngmnt	Lease holders	Intermediate market rent	Other market rent	Total
GROUP											
Housing accommodation units:											
In ownership	26,687	188	2,646	3,389	1,174	830	–	4,158	373	365	39,810
In management	744	–	–	49	–	–	6,737	180	–	–	7,710
Owned, managed by others	37	–	1,207	–	9	–	–	–	–	–	1,253
Total units as at 31 March 2013	**27,468**	**188**	**3,853**	**3,438**	**1,183**	**830**	**6,737**	**4,338**	**373**	**365**	**48,773**
In ownership	26,068	–	2,781	3,300	1,218	869	–	3,787	374	420	38,817
In management	744	–	–	49	–	–	6,767	183	–	–	7,743
Owned, managed by others	37	–	1,206	–	9	–	–	–	–	–	1,252
Total units as at 31 March 2012	**26,849**	**–**	**3,987**	**3,349**	**1,227**	**869**	**6,767**	**3,970**	**374**	**420**	**47,812**

	General needs	Affordable Rental Tenure	Supported housing	Shared ownership	Temporary Social Housing	Health and education accomm.	Contract Mngmnt	Lease holders	Intermediate market rent	Other market rent	Total
ASSOCIATION											
Housing accommodation units:											
In ownership	18,386	178	2,196	3,176	810	830	-	2,629	322	363	28,890
In management	744	–	–	49	–	–	6,391	180	–	–	7,364
Owned, managed by others	37	–	1,207	–	9	–	–	–	–	–	1,253
Total units as at 31 March 2013	**19,167**	**178**	**3,403**	**3,225**	**819**	**830**	**6,391**	**2,809**	**322**	**363**	**37,507**
In ownership	18,174	–	2,306	3,119	942	869	–	2,472	323	388	28,593
In management	744	–	–	49	–	–	6,401	183	–	–	7,377
Owned, managed by others	37	–	1,206	–	9	–	–	–	–	–	1,252
Total units as at 31 March 2012	**18,955**	**–**	**3,512**	**3,168**	**951**	**869**	**6,401**	**2,655**	**323**	**388**	**37,222**

5. Operating Surplus/(Deficit)

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Operating surplus/(deficit) (all relating to continuing activities) is stated after charging /(crediting):				
Depreciation and impairment:				
Housing properties depreciation	20,644	16,775	16,115	12,761
Impairment (of housing properties)	(535)	355	(535)	355
Impairment (of properties held for resale)	557	–	–	–
Other fixed assets depreciation	2,356	2,290	2,275	2,125
Impairment (of other fixed assets)	1,349	–	1,349	–
Amortisation of long term debtor	458	455	–	–
Amortisation of leasehold properties	(1,967)	(2,541)	(1,967)	(2,541)
Operating lease charges	4,954	3,729	4,068	3,379
Auditor's remuneration (excluding VAT and including expenses):				
As auditor of the financial statements	122	136	76	84
Other services	118	394	118	394

6. Surplus on Sale of Housing Properties

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Right to buy and acquire				
Proceeds	915	5,353	460	–
Cost of sales	(522)	(5,319)	(316)	–
Total surplus	**393**	**34**	**144**	**–**
Staircasing				
Proceeds	8,877	4,276	8,215	4,014
Cost of sales	(6,468)	(3,383)	(5,979)	(3,284)
Total surplus	**2,409**	**893**	**2,236**	**730**
Other disposals				
Proceeds	10,650	8,441	32,943	29,798
Cost of sales	(7,675)	(4,500)	(30,704)	(25,486)
Total surplus	**2,975**	**3,941**	**2,239**	**4,312**
Total surplus on property sales	**5,777**	**4,868**	**4,619**	**5,042**

7. Surplus on Sale of Other Assets

	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
Other disposals				
Proceeds				
– Continuing activities	–	304	–	–
– Discontinued activities	500	824	500	824
Cost of sales				
– Continuing activities	(2)	(320)	–	–
– Discontinued activities	–	(824)	–	–
Total surplus/(loss) on other asset sales	**498**	**(16)**	**500**	**824**

8. Interest Receivable and Other Income

	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
Interest receivable from other sources	10,038	9,353	1,085	2,033
Interest receivable from Group undertakings	–	–	6,718	6,825
	10,038	**9,353**	**7,803**	**8,858**
On financial liabilities/assets at fair value through the income and expenditure account:				
Fair value gains on interest rate swaps	4,219	10,819	4,219	10,458
	14,257	**20,172**	**12,022**	**19,316**

Interest receivable from other sources relates to interest received on cash deposits and finance debtor income.

9. Interest Payable and Similar Charges

	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
On loans and overdrafts	72,786	73,558	62,048	63,299
On other loans	799	1,143	787	991
On loans from Group undertakings	–	–	11	156
	73,585	**74,701**	**62,846**	**64,446**
Less interest capitalised	(7,751)	(6,652)	(5,991)	(5,403)
	65,834	**68,049**	**56,855**	**59,043**
On financial liabilities/assets at fair value through the income and expenditure account:				
Fair value losses on interest rate swaps	31,958	64,336	24,778	47,758
Ineffective losses on hedged interest rate swaps	–	2,929	–	2,929
Losses in respect of derivative financial instruments	31,958	67,265	24,778	50,687
	97,792	**135,314**	**81,633**	**109,730**

10. Gift Aid

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Gift Aid receivable	**–**	**–**	**9,100**	**2,414**

11. Tax on Deficit on Ordinary Activities

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Deferred tax	(308)	(395)	–	–
Tax charge for the year	–	(212)	–	(202)
Adjustment in respect of prior period	168	(14)	143	–
	(140)	**(621)**	**143**	**(202)**

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Reconciliation of current tax charge				
Operating deficit for the year	(2,003)	(42,625)	(15,313)	(40,583)
Tax at 24% thereon: (2012: 26%)	**(481)**	**(11,083)**	**(3,675)**	**(10,552)**
Effects of:				
Charitable income not chargeable to tax	807	11,457	3,675	10,754
Current tax	–	24	–	–
Losses in respect of derivative financial instruments disregarded	–	(2)	–	–
Unrecognised tax loss	(308)	(171)	–	–
Capital allowances in excess of depreciation	(18)	1	–	–
Total current tax charge	**–**	**226**	**–**	**202**

Hyde Housing Association Limited and its subsidiaries (except for Hyde Vale Limited, Hyde New Build Limited and Brent Co-Efficient Limited), are exempt from Corporation Tax on the charitable activities they perform. Hyde Vale Limited's principal activity is the development of property for outright sale on a commercial basis in support of the mixed tenure activities of the Group and provisions for corporation tax liabilities have been made, to the extent that these liabilities are not mitigated by the Gift Aid of profits back to Hyde Housing Association Limited to fund additional social housing units. Hyde New Build Limited's principal activity is the design and build of property on behalf of the Group and its subsidiaries and provisions for corporation tax liabilities have been made, to the extent that these liabilities are not mitigated by the Gift Aid of profits back to Hyde Housing Association Limited to fund additional social housing units. Brent Co-Efficient Limited's principal activity is the delivery of a PFI project.

Reductions to the UK corporation tax rate have been announced. These changes, which are expected to be enacted separately each year, propose to reduce the rate by 1% to 23% from 1 April 2013, by 2% to 21% from 1 April 2014 and by 1% to 20% from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and therefore are not included in these financial statements. Deferred tax assets are recognised at a rate of 23% (2012: 24%) and relate to trading losses and accelerated capital allowances.

12. Employee Information and Costs

The average number of persons employed (including Executive Directors but excluding the Board) expressed as Full Time Equivalent during the year was:

	GROUP 2013 No.	GROUP 2012 No.	ASSOCIATION 2013 No.	ASSOCIATION 2012 No.
FTEs	**1,208**	**1,302**	**927**	**855**

	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
Staff costs:				
Wages and salaries	41,809	42,713	33,554	27,759
Social security costs	4,151	4,332	3,413	2,970
Pension costs (note 36)	3,168	3,313	2,360	2,051
	49,128	**50,358**	**39,327**	**32,780**

The table below provides detail of the number of employees paid a basic salary and redundancy in excess of £60,000 during the year, excluding pension costs.

	GROUP 2013 FTE	GROUP 2012 FTE
£60,000 - £64,999	26	20
£65,000 - £69,999	10	8
£70,000 - £74,999	5	3
£75,000 - £79,999	6	6
£80,000 - £84,999	4	5
£85,000 - £89,999	4	2
£90,000 - £94,999	4	6
£95,000 - £99,999	2	5
£100,000 - £104,999	3	6
£105,000 - £109,999	1	1
£110,000 - £114,999	3	1
£120,000 - £124,999	–	1
£125,000 - £129,999	1	–
£130,000 - £134,999	1	2
£135,000 - £139,999	1	1
£140,000 - £144,999	1	–
£155,000 - £159,999	1	1
£160,000 - £164,999	–	1
£170,000 - £174,999	–	1
£190,000 - £194,999	1	–
£225,000 - £229,000	1	1
	75	**71**

13. Directors' Emoluments

	GROUP AND ASSOCIATION	
	2013	**2012**
	£'000	**£'000**
Gross salary excluding pension and national insurance contributions for:		
Members of the Board		
Julie Hollyman	23	23
Nicholas Badman	17	15
Derrick Biggs (resigned 1 December 2011)	–	10
Elizabeth Butler (resigned 10 July 2012)	4	15
Alan Collett (appointed 4 October 2012)	6	-
Sharon Darcy	11	10
Kishwer Falkner	10	10
Janet Green	17	15
Paula Hay-Plumb (appointed 6 December 2012)	4	–
Claire Holloway (appointed 1 November 2012, resigned 31 March 2013)	6	–
Alastair Imrie (appointed 1 January 2012)	17	3
Duncan Ingram (appointed 1 November 2012)	6	–
Brian Jolly (resigned 10 July 2012)	3	10
Prodaman Sarwal	11	10
Valerie Taylor (resigned 31 October 2011)	–	6
Bob Warner (resigned 30 October 2012)	8	5
Piers White (appointed 1 November 2012)	5	–
	148	**132**
Members of the Board and the Executive Management Team		
Steve White	226	225
Jane Jenkinson (resigned 26 March 2012)	11	231
Simon Peacock (appointed to the Board 7 April 2011)	193	172
	430	**628**
Members of the Executive Management Team		
Tracy Allison	141	125
Carol Carter (appointed 19 July 2011)	157	97
Bobby Davis (resigned 31 October 2011)	–	162
Neville Hounsome (appointed 25 February 2013)	12	–
Phil Knight (appointed 1 October 2011, resigned 20 February 2013)	125	61
Alan Schofield (resigned 5 August 2011)	–	49
John Tibbitts (appointed 13 August 2012, resigned 30 June 2013)	88	–
Total	**1,101**	**1,254**

13. Directors' Emoluments (continued)

	GROUP AND ASSOCIATION	
	2013	2012
	£'000	£'000
Pension contributions		
Steve White	18	19
Tracy Allison	12	10
Bobby Davis	–	5
Jane Jenkinson	7	13
Simon Peacock	16	15
Alan Schofield	–	3
Carol Carter	13	9
Phil Knight (resigned 20 February 2013)	10	9
John Tibbitts (appointed 13 August 2012)	8	–
Neville Hounsome (appointed 25 February 2013)	1	–
Total	**85**	**83**

Compensation for loss of office payments in the year were £nil (2012: £144,000)
The highest paid Director, Steve White, the Chief Executive of the Association, is employed jointly by the entities within the Hyde Group. He is a member of the Hyde Housing Association Limited Defined Contribution scheme and the terms and conditions of his membership are consistent with all other members of this scheme.

14. Consolidated Tangible Fixed Assets – Housing Properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership under construction £'000	Total £'000
Cost					
At 1 April 2012	2,219,251	301,612	221,272	22,502	2,764,637
Additions	86,259	55,936	216	15,604	158,015
Cleared to stocks	–	–	(267)	–	(267)
Tenure conversions	(444)	–	444	–	–
Intra-group transfers	(11,513)	9,588	1,638	287	–
Disposals	(34,177)	–	(8,186)	–	(42,363)
Completed	72,476	(72,476)	20,081	(20,081)	–
At 31 March 2013	**2,331,852**	**294,660**	**235,198**	**18,312**	**2,880,022**
Social housing and other grant					
At 1 April 2012	(1,022,224)	(130,511)	(105,182)	(8,125)	(1,266,042)
Received	(19,157)	(34,442)	(19)	(2,545)	(56,163)
Tenure conversions	195	–	(195)	–	–
Disposals	11,029	–	3,692	–	14,721
Completed	(43,897)	43,897	(5,687)	5,687	–
At 31 March 2013	**(1,074,054)**	**(121,056)**	**(107,391)**	**(4,983)**	**(1,307,484)**
Accumulated depreciation and impairment					
At 1 April 2012	(101,931)	(1,744)	(5,360)	(1,325)	(110,360)
Impairment	–	–	535	–	535
Tenure conversions	12	–	(12)	–	–
Charge for year	(19,775)	–	(869)	–	(20,644)
Disposals	6,321	–	185	–	6,506
Completed in year	(706)	706	(525)	525	–
At 31 March 2013	**(116,079)**	**(1,038)**	**(6,046)**	**(800)**	**(123,963)**
Net book value					
At 31 March 2013	**1,141,719**	**172,566**	**121,761**	**12,529**	**1,448,575**
At 31 March 2012	**1,095,091**	**169,531**	**110,730**	**12,883**	**1,388,235**

Additions to housing properties during the year include capitalised interest of £7,751,000 (2012: £6,652,000) (note 9) and capitalised administration costs of £2,382,000 (2012: £2,494,000). The total amount of cumulative interest capitalised in housing properties is not separately identifiable. Total expenditure on works to existing properties during the year amounted to £34,324,000 (2012: £27,322,000) of which £29,296,000 (2012: £23,516,000) was capitalised. No assets were held under finance leases at 31 March 2013 and 2012.
There are fixed charges on 30,650 housing properties (note 23).

14. Association Tangible Fixed Assets – Housing Properties

	Housing properties held for letting £'000	Housing properties under construction £'000	Completed shared ownership properties £'000	Shared ownership under construction £'000	Total £'000
Cost					
At 1 April 2012	1,821,436	296,185	211,349	20,230	2,349,200
Additions	49,088	50,600	–	14,813	114,501
Cleared to stocks	–	–	(227)	–	(227)
Tenure conversions	(344)	–	344	–	–
Intra-group transfers	(11,513)	10,645	2,080	287	1,499
Disposals	(33,416)	-	(7,710)	-	(41,126)
Completed	68,425	(68,425)	18,213	(18,213)	–
At 31 March 2013	**1,893,676**	**289,005**	**224,049**	**17,117**	**2,423,847**
Social housing and other grant					
At 1 April 2012	(968,482)	(133,374)	(102,602)	(7,922)	(1,212,380)
Received	(10,650)	(31,127)	–	(2,334)	(44,111)
Tenure conversions	176	–	(176)	–	–
Intra-group transfers	–	–	(591)	–	(591)
Disposals	10,998	-	3,478	-	14,476
Completed	(42,086)	42,086	(5,247)	5,247	–
At 31 March 2013	**(1,010,044)**	**(122,415)**	**(105,138)**	**(5,009)**	**(1,242,606)**
Accumulated depreciation and impairment					
At 1 April 2012	(86,460)	(1,382)	(5,218)	(1,325)	(94,385)
Impairment	–	–	535	–	535
Tenure conversions	10	–	(10)	–	–
Intra-group transfers	–	–	(4)	–	(4)
Charge for year	(15,299)	–	(816)	–	(16,115)
Disposals	5,687	-	182	-	5,869
Completed	(706)	706	(525)	525	–
At 31 March 2013	**(96,768)**	**(676)**	**(5,856)**	**(800)**	**(104,100)**
Net book value					
At 31 March 2013	**786,864**	**165,914**	**113,055**	**11,308**	**1,077,141**
At 31 March 2012	**766,494**	**161,429**	**103,529**	**10,983**	**1,042,435**

Additions to housing properties during the year include capitalised interest of £5,991,000 (2012: £5,403,000) (note 9) and capitalised administration costs of £2,382,000 (2012: £2,494,000). The total amount of cumulative interest capitalised in housing properties is not separately identifiable. Total expenditure on works to existing properties during the year amounted to £23,525,000 (2012: £15,768,000) of which £20,568,000 (2012: £13,312,000) was capitalised. There are fixed charges on 21,144 housing properties. During the year the allocation of capital costs against the ongoing regeneration project at the Stonebridge estate that is split across both the Hillside Housing Trust Limited and Hyde Housing Association was updated. This exercise resulted in a reduction in the costs against Hillside Housing Trust Limited properties, and is disclosed as intra-group transfers above.

15. Consolidated Tangible Fixed Assets – Other Fixed Assets

	Freehold office £'000	Furniture equipment and vehicles £'000	Short-term leasehold premises £'000	Other leasehold properties £'000	Total other fixed assets £'000
Cost					
At 1 April 2012	11,646	21,033	2,716	8,823	44,218
Additions	56	1,313	129	489	1,987
Disposals	–	(61)	–	(143)	(204)
At 31 March 2013	**11,702**	**22,285**	**2,845**	**9,169**	**46,001**
Social housing grant					
At 1 April 2012	–	–	–	(6,776)	(6,776)
Received in year	–	–	–	(268)	(268)
Amortisation	–	–	–	1,967	1,967
Transfers to rent premium grant	–	–	–	(2,199)	(2,199)
Disposals	–	–	–	244	244
At 31 March 2013	**–**	**–**	**–**	**(7,032)**	**(7,032)**
Accumulated depreciation					
At 1 April 2012	(1,096)	(13,862)	(985)	(1,904)	(17,847)
Charge for year	(77)	(2,073)	(137)	(69)	(2,356)
Impairment	(1,349)	–	–	–	(1,349)
Disposals	–	61	–	–	61
At 31 March 2013	**(2,522)**	**(15,874)**	**(1,122)**	**(1,973)**	**(21,491)**
Net book value					
At 31 March 2013	**9,180**	**6,411**	**1,723**	**164**	**17,478**
At 31 March 2012	**10,550**	**7,171**	**1,731**	**143**	**19,595**

Other leasehold properties include "Lease and management schemes" and "Living over the shop" units. Lease and management schemes are short term units which are leased by the Group from private landlords or local councils and let out to social tenants. Any grant received in excess of the lease costs is classified as deferred expenditure in the rent premium account within creditors. Living over the shop units are properties leased from private landlords which are let out to social tenants.

15. Association Tangible Fixed Assets – Other Fixed Assets

	Freehold office £'000	Furniture equipment and vehicles £'000	Short-term leasehold premises £'000	Other leasehold properties £'000	Total other fixed assets £'000
Cost					
At 1 April 2012	6,865	19,847	2,591	8,823	38,126
Additions	56	1,099	129	488	1,772
Disposals	–	–	–	(143)	(143)
At 31 March 2013	**6,921**	**20,946**	**2,720**	**9,168**	**39,755**
Social housing grant					
At 1 April 2012	–	–	–	(6,776)	(6,776)
Received in year	–	–	–	(268)	(268)
Amortisation	–	–	–	1,967	1,967
Transfers to rent premium grant	–	–	–	(2,199)	(2,199)
Disposals	–	–	–	244	244
At 31 March 2013	**–**	**–**	**–**	**(7,032)**	**(7,032)**
Accumulated depreciation					
At 1 April 2012	(975)	(13,493)	(985)	(1,904)	(17,357)
Charge for year	(65)	(2,004)	(137)	(69)	(2,275)
Impairment	(1,349)	–	–	–	(1,349)
At 31 March 2013	**(2,389)**	**(15,497)**	**(1,122)**	**(1,973)**	**(20,981)**
Net book value					
At 31 March 2013	**4,532**	**5,449**	**1,598**	**163**	**11,742**
At 31 March 2012	**5,890**	**6,354**	**1,606**	**143**	**13,993**

Other leasehold properties are "Lease and management schemes". Lease and management schemes are short term units which are leased by the Association from private landlords or local councils and let out to social tenants. Any grant received in excess of the lease costs is classified as deferred expenditure in the rent premium account within creditors.

16. Derivative Financial Instruments: Assets

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Derivative financial instruments expiring greater than one year	**13,638**	**12,286**	**13,638**	**12,286**

17. Investments

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Balance at 1 April	4,028	3,730	1,700	1,524
Additions	8,309	616	–	176
Disposals	(136)	(320)	(136)	–
Realised gain during the year	–	28	–	–
Unrealised (loss)/gain during the year	690	(26)	–	–
	12,891	**4,028**	**1,564**	**1,700**

At 31 March 2013, all of the investments were held with the Charities Official Investment Fund, the Islington Private Finance Initiative (PFI) and the Group's investment in an LLP in Greenwich. The Islington PFI is the Group's investment in the provision of social housing in conjunction with the London Borough of Islington.

	2013 Units	Original cost 2013 £'000	Market value 2013 £'000	Market value 2012 £'000
Investment statement for the Group				
Investment in PFI	1	842	1,564	1,700
Investment fund	593,689	5,238	6,705	2,328
Investment in Greenwich LLP	1	4,622	4,622	–
Total		**10,702**	**12,891**	**4,028**

The distribution of the Charities Official Investment Fund investments was as follows:
100% (2012:100%) of the investment was held in COIF Charities Official Investment Fund, which is based in the United Kingdom.

	2013 Units	Original cost 2013 £'000	Market value 2013 £'000	Market value 2012 £'000
Investment statement for the Association				
Investment in PFI	1	842	1,564	1,700

18. Debtors: Amounts falling due after more than one year

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Service charge debtors	6,172	3,287	5,623	2,504
Stock transfers	10,961	11,419	–	–
Loans to Subsidiaries	–	–	77,629	113,692
Deferred tax asset (note 11)	120	428	–	–
Other	30	–	30	–
	17,283	**15,134**	**83,282**	**116,196**

The stock transfers principally represent stock improvement undertaken for leaseholders under the Large Scale Voluntary Stock Transfers. This is amortised over 30 years in line with the benefits received from the stock improvements.

19. Stocks

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Materials	179	122	–	–-
Work in progress	72,444	56,556	38,495	24,599
Properties held for resale	8,667	8,041	4,073	3,980
	81,290	**64,719**	**42,568**	**28,579**

Stock consists of assets under construction or completed which are intended for sale. The Group amount includes schemes which have been transferred from the Association into Hyde Vale Limited, a member of the Group, which is developing these assets for outright sale. The values stated in the Group financial statements do not include any profit recognised by Hyde on the transfers, which occurred during the year on an arm's length basis. This figure includes £557k of impairment in properties held for resale in the year (2012: nil).

20. Debtors: Amounts falling due within one year

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Rental debtors	15,261	12,764	11,578	9,952
Provision for doubtful debts	(6,955)	(5,684)	(5,339)	(4,265)
	8,306	**7,080**	**6,239**	**5,687**
Social housing grant receivable	11,698	2,044	11,576	2,044
Prepayments and accrued income	2,567	2,262	2,464	2,208
Amounts due from group undertakings	–	–	21,991	13,164
Other debtors	6,612	12,823	4,619	6,150
	29,183	**24,209**	**46,889**	**29,253**

Rental arrears provision:
There is a Group provision against £7.0m (2012: £5.7m) of this balance leaving a net rental arrears balance of £8.3m (2012: £7.1m) within debtors.

	GROUP	
	2013 £'000	2012 £'000
Balance as at 1 April	5,684	6,625
Further provisions	1,271	648
Amounts written off	–	(1,589)
Balance as 31 March	**6.955**	**5,684**

21. Cash at Bank and in Hand

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Cash at bank	**41,652**	**22,643**	**26,317**	**18,440**

Of the cash held, £4.3m (2012: £3.2m) is restricted and relates to Brent Co-Efficient Limited. The funds are used to settle the Group/Association's liabilities. All payments and transfers from these bank accounts have to be approved by the syndicate agent, Barclays. Restricted cash of £22.5m and £0.3m (2012: £17.5m and £0.4m) is held in Hyde Housing Association Limited and Hyde Charitable Trust Limited respectively. Included within Hyde Housing Association Limited's restricted cash balance is £46k relating to the Big Lottery Fund.

22. Creditors: Amounts falling due within one year

	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Housing loans (note 23)	10,328	5,756	9,350	5,281
Rent in advance	7,749	7,148	5,250	4,504
Amounts due to contractors	2,039	7,567	1,571	7,169
Trade creditors	3,388	3,584	2,721	2,478
Social housing grant in advance	883	185	86	185
Amounts due to Group undertakings	–	–	3,169	3,500
Taxation and social security costs	905	1,438	1,280	1,721
Other creditors and accruals	34,560	44,758	23,732	34,897
	59,852	**70,436**	**47,159**	**59,735**

23. Creditors: Amounts falling due after more than one year – Loans and Other Creditors

	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Bonds*	314,618	315,410	314,618	315,410
Loans**	885,336	788,282	598,999	564,781
Rent premium grant in advance	3,472	5,671	3,472	5,671
Amounts due to Group undertakings	–	–	133,845	130,543
Other long-term creditors	24,967	23,674	24,235	23,091
	1,228,393	**1,133,037**	**1,075,169**	**1,039,496**

**Included in Bonds is a debt reserve which is set off against a loan. This is classified as an asset available for sale and revalued. See note below.*
*** Included in Loans are loan cost balances set off against the loans and amortised over the life of the loans*

	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Between one and two years	13,199	5,038	12,182	4,060
Between two and five years	92,610	52,469	41,169	29,267
More than five years	1,106,450	1,058,046	870,762	858,496
	1,212,259	**1,115,553**	**924,113**	**891,823**
Loan costs	(12,305)	(11,861)	(10,496)	(11,632)
	1,199,954	**1,103,692**	**913,617**	**880,191**
Less than one year	10,328	5,756	9,350	5,281
	1,210,282	**1,109,448**	**922,967**	**885,472**

Loans are generally secured by fixed charges on some 30,560 housing properties of the Group and are at rates of interest varying from 0.74% to 15.98%. All loans are secured by charges on specific assets. The average interest rate on borrowings held at year end was 6.05% (2012: 6.38%). The Group's interest rate risk management policy is designed to reduce volatility in cash flows and earnings. Of particular importance is the reduction of potential increases in net interest payable (as a result of adverse movements in short and long term interest rates) to an acceptable level. The currency, size and maturity of debt is matched and hedged using a combination of various interest rate hedge instruments including vanilla interest rate swaps, cancellable swaps and RPI swaps. Group policy is to maintain minimum and maximum thresholds of fixed to floating rate debt (after allowing for the impact of its interest rate swaps) of 70%-95%. The Group provided security on loans with charges on property for loans totalling £1,210.3m (2012: £1,109.4m) at the Balance Sheet date. Of the loans due greater than 5 years, £640.8m (2012: £730.8m) relates to instalment debts and £465.7m (2012: £327.2m) relates to non instalment debt.

Debt reserve	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Balance at 1 April	9,785	9,281	9,785	9,281
Unrealised gain during the year	648	504	648	504
	10,433	**9,785**	**10,433**	**9,785**

The debt reserve is held against the Haven bond, which is held within bonds above.

24. Derivative Financial Instruments: Liabilities

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Derivative financial instruments expiring in more than one year	**142,818**	**112,213**	**115,946**	**92,138**

25. Recycled Capital Grant Fund

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At start of year	9,599	6,867	9,417	6,751
Inputs to fund:				
Grants recycled	5,056	3,579	4,878	3,483
Interest accrued	60	37	59	36
Recycling of grant:				
New build	(5,135)	(884)	(5,110)	(884)
Other	(135)	-	(135)	31
At end of year	**9,445**	**9,599**	**9,109**	**9,417**

Amounts due for repayment to the HCA/GLA were nil (2012: nil).
The Recycled Capital Grant Fund (RCGF) arises from grant recovery on all other sales of properties originally funded by Social Housing Grant. Other than this it works in the same way as the Disposal Proceeds Fund (DPF) (note 26).

26. Disposal Proceeds Fund

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At start of year	712	693	712	693
Inputs to fund:				
Grants recycled	245	16	245	16
Interest accrued	4	3	4	3
Recycling of grant:				
New build	(663)	–	(663)	–
At end of year	**298**	**712**	**298**	**712**

Amounts due for repayment to the HCA were nil (2012: nil).
Grant recycled of £626k and £37k relate to Kender and Littlebrook scheme respectively (2012: nil).
The Disposals Proceeds Fund arises from the net proceeds of sales funded by Voluntary Purchase Grant. In accordance with Homes and Communities Agency requirements such proceeds are credited to the fund and together with accrued interest must be used to provide replacement properties. There is a time limit of three years within which the Group/Association must use the proceeds

27. Provisions for Liabilities and Charges

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At start of year	1,147	1,421	1,147	1,266
Additions	1,029	744	1,029	744
Release of provision	(222)	(1,018)	(222)	(863)
At end of year	**1,954**	**1,147**	**1,954**	**1,147**

Provisions for liabilities and charges are split between dilapidation, legal claims and other, as follows:

	GROUP		ASSOCIATION	
Dilapidations	2013 £'000	2012 £'000	2013 £'000	2012 £'000
At start of year	518	518	518	441
Additions	380	140	380	140
Release of provision	(55)	(140)	(55)	(63)
At end of year	**843**	**518**	**843**	**518**

Dilapidations provisions are included for all leased properties where the contract requires us to return the property to its original condition at the end of the lease, and are charged to the income and expenditure account within operating costs.

27. Provisions for Liabilities and Charges (continued)

Legal claims	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
At start of year	608	825	608	825
Additions	650	583	650	583
Release of provision	(147)	(800)	(147)	(800)
At end of year	**1,111**	**608**	**1,111**	**608**

Legal claim provisions are included for claims brought against the Group, and are charged to the income and expenditure account within operating costs.

Other	GROUP 2013 £'000	GROUP 2012 £'000	ASSOCIATION 2013 £'000	ASSOCIATION 2012 £'000
At start of year	20	–	20	–
Additions	–	20	–	20
Release of provision	(20)	–	(20)	–
At end of year	**–**	**20**	**–**	**20**

28. Called up Share Capital

	GROUP AND ASSOCIATION 2013 £	GROUP AND ASSOCIATION 2012 £
As at start of year	12	14
Issued	4	1
Cancelled	(2)	(3)
At end of the year	**14**	**12**

The shares carry no dividend rights and are cancelled on cessation of membership of the Association. Each member has the right to vote at members meetings. All shares are fully paid up.

29. Reserves

	Revenue Reserve £'000	Cash Flow Hedge Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Endowment Fund £'000	Total £'000
Consolidated reserves						
At 1 April 2012	242,236	(29,861)	5,356	1,976	–	219,707
Revaluation of investments	–	–	–	975	365	1,340
Deficit for the year	(2,143)	–	–	–	–	(2,143)
Defined benefit pension schemes – actuarial movement	(7,827)	–	–	–	–	(7,827)
Transfer	(3,783)	–	(435)	–	3,843	(375)
Gilt Lock Interest Hedge Reserve	–	(2,277)	–	–	–	(2,277)
Gilt Lock Interest Hedge Amortisation	–	347	–	–	–	347
Hedge transition amortisation	–	857	–	–	–	857
Recycled out of CFHR into hedge transition reserves	(1,604)	1,604	–	–	–	–
Interest flows recycled to income and expenditure account	–	1,435	–	–	–	1,435
Fair value movements on hedging instruments	–	(3,229)	–	–	–	(3,229)
At 31 March 2013	**226,879**	**(31,124)**	**4,921**	**2,951**	**4,208**	**207,835**

	2013 £'000	2012 £'000
Revenue reserve excluding defined benefit pension schemes	238,274	246,134
Share of pension deficit (note 36)	(11,395)	(3,898)
Revenue reserve	**226,879**	**242,236**

The gilt lock costs result from the movement on gilt rates from the strike price at the time of entering the gilt lock to the time that the related transaction took place. They are amortised over the life of the Bond/Loans. Amortisation is taken to the income and expenditure account within interest payable.

29. Reserves (continued)

	Revenue Reserve £'000	Cash Flow Hedge Reserve £'000	Restricted Reserve £'000	Revaluation Reserve £'000	Total £'000
Association reserves					
At 1 April 2012	80,131	(26,135)	2,863	1,199	58,058
Revaluation of investments	–	–	–	648	648
Deficit for the year	(6,070)	–	–	–	(6,070)
Defined benefit pension schemes – actuarial movement	(6,335)	–	–	–	(6,335)
Gilt Lock Interest Hedge Amortisation	-	347	–	–	347
Hedge transition amortisation	–	374	–	–	374
Interest flows recycled to income and expenditure account	–	1,435	–	–	1,435
Fair value movements on hedging instruments	–	(3,229)	–	–	(3,229)
At 31 March 2013	**67,726**	**(27,208)**	**2,863**	**1,847**	**45,228**

The gilt lock costs result from the movement on gilt rates from the strike price at the time of entering the gilt lock to the time that the related transaction took place. They are amortised over the life of the Bond/loans. Amortisation is taken to the income and expenditure account within interest payable.

	2013 £'000	2012 £'000
Revenue reserve excluding defined benefit pension schemes	76,004	82,310
Share of pension deficit (note 36)	(8,278)	(2,179)
Revenue reserve	**67,726**	**80,131**

30. Capital Commitments

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Capital expenditure contracted for but not provided for in the financial statements	168,595	119,005	101,068	107,879
Capital expenditure authorised by the Board but not contracted for	119,618	221,744	82,332	146,767
At 31 March	**288,213**	**340,749**	**183,400**	**254,646**

These commitments will be funded by property sales, loans, grants and existing reserves.

31. Operating Leases

Annual commitments under non-cancellable operating leases for plant and equipment are as follows:

	GROUP		ASSOCIATION	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Within one year	19	56	–	55
Between two and five years	652	634	51	4
	671	**690**	**51**	**59**

Annual commitments under non-cancellable operating leases for buildings are as follows:

	GROUP AND ASSOCIATION	
	2013 £	2012 £
Within one year	20	44
Between two and five years	178	108
Over five years	2,388	2,421
	2,586	**2,573**

32. Contingent Liabilities

There were no material contingent liabilities at the balance sheet date.

33. Related Party Transactions

Certain Board and committee members, acting in their capacity of tenant representatives, are tenants of the Group/Association. Their tenancies are granted on the same terms and conditions and managed on the same basis as other tenants of the Group/Association.

Intra-group transactions between Hyde Housing Association and its non-regulated subsidiaries are summarised as follows:

- Income from Hyde Vale Limited and Brent Co-Efficient Limited relating to interest on intercompany loans, sales agent and housing management fees and land sales. The total of these transactions was £9.3m (2012: £20.3m).
- Expenditure to Hyde Vale Limited and Hyde New Build Limited relating to land sales and construction services. The total of these transactions are £33.2m (2012: £16.2m).
- Assets include long term and short term intercompany debtors and accrued interest receivable from Brent Co-Efficient Limited and Hyde Vale Limited, totalling £76.0m (2012: £71.8m).
- Liabilities include an intercompany loan and short term intercompany creditors owed to Brent Co-Efficient Limited and Hyde New Build Limited, totalling £137.0m (2012: £135.1m).

Martlet Homes Limited incurred expenditure to Hyde New Build Limited for construction services of £2.5m (2012: £0.1m), and has a short term intercompany creditor for £0.5m (2012: £0.1m).

34. Legislative Provisions

The following managed undertakings are subsidiaries by virtue of the ability of the Association to control the composition of their Board and, in accordance with financial reporting standards, the results of the undertakings are incorporated in the Group consolidated financial statements. The ultimate parent undertaking and controlling party is Hyde Housing Association Limited, incorporated in the United Kingdom. Where indicated, subsidiaries are Registered Providers of Social Housing (RPSH). Matrix Charitable Foundation transferred its funds to Hyde Charitable Trust in the year.

Name of subsidiary undertaking	**Principal Activity**
Martlet Homes Limited (RPSH)	A registered provider of social housing based in Chichester operating predominantly in Surrey, Sussex and Hampshire
Hyde Southbank Homes Limited (RPSH)	A registered provider of social housing via a Large Scale Voluntary Transfer (LSVT) based in Lambeth
Hillside Housing Trust Limited (RPSH)	A registered provider of social housing responsible for redeveloping the Stonebridge Estate in the London Borough of Brent
Hyde Vale Limited	A company with non-charitable status undertaking market rent and outright sales activities in London, the South East of England, Cambridgeshire and Northamptonshire
Brent Co-Efficient Limited	A company limited by guarantee, acting as a special purpose vehicle to deliver a PFI project in the London Borough of Brent
Hyde New Build Limited	A company with non-charitable status undertaking design and build on behalf of the Hyde Group and its subsidiaries.
Hyde Charitable Trust	A charity that funds regeneration activities that support disadvantaged people in London and the South East of England

35. Payments to Creditors

The Group/Association has a policy of paying suppliers within agreed payment terms. Subject to resolution of any queries or discrepancies on specific invoices, the usual policy is to pay creditors within 30 days.

36. Pension Schemes

The pensions of employees of the Hyde Group are administered through four schemes which provide defined benefits relating to pay and service and a fifth scheme which is a defined contribution scheme.

Hyde Housing Association Limited Defined Benefit Pension Scheme (HHADBPS)
Hyde Housing Association Limited operates a funded defined benefit scheme that closed to new members on 1 July 2004. All new employees after that date were given the option to join a defined contribution scheme. From 1 April 2007, the scheme introduced benefit changes for future service (for all sections apart from the Passport 2000 section). Members' benefits under the new arrangements are based on Career Average Related Earnings (CARE), rather than Final Pensionable Salary. Other aspects of the Plan design, such as the accrual rate, were also changed.

As at 31 March 2013 there were 151 (2012: 188) current employees of the Group who were members of the Career Average Related Earnings section of the Hyde Housing Association Limited Scheme. The FRS 17 disclosures of pension reserves and liabilities booked into the financial statements of Hyde Housing Association Limited relate to all 151 members of the scheme.

Contributions to the HHADBPS are charged to the Income and Expenditure account so as to spread the cost of pensions over the employees' working lives. The pension contribution rate, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation made as at 31 March 2012 using the attained age method.

London Borough of Lambeth Pension Fund (LBLPF)
On 31 March 2013, 4 (2012: 4) current employees of Hyde Housing Association Limited were members of the London Borough of Lambeth Pension Fund. There were also 18 deferred pensioners and 11 active pensioners.

Contributions are made to the London Borough of Lambeth Pension Fund which is administered by the London Borough of Lambeth. It is a defined benefits pension scheme providing benefits held separately from the assets of the Group.

Contributions to the scheme are charged to the Income and Expenditure account of the Group. The pension contribution cost, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation made as at 31 March 2010 using approximate valuation methods. As the scheme is closed to new members, under the projected unit method current service costs will increase as the members of the scheme approach retirement.

West Sussex County Council Pension Fund (WSCCPF)
Martlet Homes Limited, a subsidiary of the Group, is an admitted member of the Local Government Pension Scheme. Contributions are made to the West Sussex County Council Pension Fund which is administered by West Sussex County Council. On 31 March 2013, 118 current employees of Martlet Homes Limited were members of the West Sussex County Council Pension Fund. There were also 176 deferred pensioners and 74 active pensioners. It is a defined benefit pension scheme providing benefits held separately from the assets of the Group. Contributions to the scheme are charged to the Income and Expenditure account of the Group.

The pension contribution cost, which includes liability for pension increases, has been determined in accordance with the advice of professionally qualified consulting actuaries based on an actuarial valuation made as at 31 March 2010 using approximate valuation methods.

The majority of the employees who participate in the scheme are employees of Hyde Martlet Homes Limited. However, there are some members who are employed by the other Group companies. The Association is unable to identify its share of the underlying assets and liabilities for those employees of the scheme and therefore accounts for the pension scheme for those employees, within the Association as if it were a defined contribution scheme. The scheme is accounted for fully within the Group financial statements.

36. Pension Schemes (continued)

The Pensions Trust Social Housing Pension Scheme (SHPS)
Hyde participates in SHPS (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme. SHPS is a multi-employer defined benefits scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'. The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007.

Hyde has operated the final salary with a 1/60th accrual rate benefit structure for active members as at 31 March 2013. This does not reflect any benefit structure changes made from April 2011.

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

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

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer Scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £780.3 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £147.6 million, equivalent to a past service funding level of 84.1%. The estimated amount of withdrawal liability for Hyde Housing Association Limited is £12.7m.

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

	% pa
Valuation Discount Rates:	
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 for three years then RPI + 1.5
Price Inflation – RPI	2.9
Price Inflation – CPI	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate. On 31 March 2013, 12 (2012: 16) current employees of Hyde Housing Association Limited participated in the Social Housing Pension Scheme.

Hyde Housing Association Limited Defined Contribution Pension Scheme (HHADCPS)
Since 1 July 2004 all new employees are able to join the HHADCPS. On 31 March 2013 there were 434 (2012: 358) current employees in total who were members of the HHADCPS made up of 367 current employees of Hyde Housing Association Limited and 67 current employees of Martlet Homes Limited. There were also 200 (2012: 175) deferred pensioners and no active pensioners.

The employer contribution rate payable is dependent on the contribution by the employee as follows:

Employee Contributes	**Employer Contributes**
3%	6%
4%	8%
5%	10%

36. Pension Schemes (continued)

Pension contributions have been made to the Hyde Group pension schemes as follows:

	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Contributions made:				
HHADBPS	827	965	827	965
LBLPF	141	136	141	136
WSCCPF	680	725	–	–
SHPS	235	126	235	65
HHADCPS	1,285	1,361	1,157	885
	3,168	**3,313**	**2,360**	**2,051**

	GROUP		ASSOCIATION	
	2013	**2012**	**2013**	**2012**
	£'000	**£'000**	**£'000**	**£'000**
Contributions outstanding:				
HHADBPS	57	192	57	192
LBLPF	13	12	13	12
WSCCPF	77	79	77	79
SHPS	146	15	146	15
HHADCPS	185	30	185	30
	478	**328**	**478**	**328**

36. Pension Schemes (continued)

A summary of the movement in pension assets and liabilities for the Group's defined benefit pension funds is shown below:

	HHADBPS £'000	LBLPF £'000	WSCCPF £'000	TOTAL £'000
Year to 31 March 2013				
Present value of defined benefit obligation	(71,614)	(4,322)	(29,573)	(105,509)
Fair value of fund assets	64,449	3,209	26,456	94,114
Net liability in the balance sheet at 31 March 2013	**(7,165)**	**(1,113)**	**(3,117)**	**(11,395)**
Movements in present value of defined benefit obligation				
Opening defined benefit obligation as at 1 April 2012	59,612	3,686	24,360	87,658
Current service cost	915	44	705	1,664
Interest cost	2,743	177	1,181	4,101
Contributions by members	276	12	233	521
Actuarial losses	9,722	474	3,553	13,749
Losses on curtailments	–	–	26	26
Estimated unfunded benefit paid	–	–	(1)	(1)
Benefits paid	(1,654)	(71)	(484)	(2,209)
Closing defined benefit obligation as at 31 March 2013	**71,614**	**4,322**	**29,573**	**105,509**
Movements in fair value of fund assets				
Opening fair value of employer assets as at 1 April 2012	58,390	2,729	22,641	83,760
Expected return on assets	3,073	150	1,325	4,548
Contributions by members	276	12	233	521
Contributions by employer	827	141	680	1,648
Contributions in respect of unfunded benefits	–	–	1	1
Actuarial gains (actual return on assets less expected return on assets)	3,613	248	2,061	5,922
Unfunded benefit paid	–	–	(1)	(1)
Benefits paid	(1,730)	(71)	(484)	(2,285)
Closing fair value of scheme assets as at 31 March 2013	**64,449**	**3,209**	**26,456**	**94,114**

36. Pension Schemes (continued)

	HHADBPS £'000	LBLPF £'000	WSCCPF £'000	TOTAL £'000
Year to 31 March 2012				
Present value of defined benefit obligation	(59,612)	(3,686)	(24,360)	(87,658)
Fair value of fund assets	58,390	2,729	22,641	83,760
Net liability in the balance sheet at 31 March 2012	**(1,222)**	**(957)**	**(1,719)**	**(3,898)**
Movements in present value of defined benefit obligation				
Opening defined benefit obligation as at 1 April 2011	64,551	3,313	21,651	89,515
Current service cost	1,181	42	734	1,957
Interest cost	3,555	182	1,205	4,942
Contributions by members	347	11	263	621
Actuarial gains	(8,669)	207	953	(7,509)
Estimated unfunded benefit paid	–	–	(1)	(1)
Benefits paid	(1,353)	(69)	(445)	(1,867)
Closing defined benefit obligation as at 31 March 2012	**59,612**	**3,686**	**24,360**	**87,658**
Movements in fair value of fund assets				
Opening fair value of employer assets as at 1 April 2011	55,871	2,479	21,366	79,716
Expected return on assets	3,675	159	1,493	5,327
Contributions by members	347	11	263	621
Contributions by employer	965	136	725	1,826
Contributions in respect of unfunded benefits	–	–	1	1
Actuarial gains/(losses) (actual return on assets less expected return on assets)	(1,115)	13	(761)	(1,863)
Unfunded benefit paid	–	–	(1)	(1)
Benefits paid	(1,353)	(69)	(445)	(1,867)
Closing fair value of scheme assets as at 31 March 2012	**58,390**	**2,729**	**22,641**	**83,760**
Year to 31 March 2013				
Current service cost	915	44	705	1,664
Interest cost	2,743	177	1,181	4,101
Expected return on employer assets	(3,073)	(150)	(1,325)	(4,548)
Losses on curtailments	–	–	26	26
Total	**585**	**71**	**587**	**1,243**
Year to 31 March 2012				
Current service cost	1,181	42	734	1,957
Interest cost	3,555	182	1,205	4,942
Expected return on employer assets	(3,675)	(159)	(1,493)	(5,327)
Total	**1,061**	**65**	**446**	**1,572**

36. Pension Schemes (continued)

History of Schemes

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
HHADBPS					
Present value of scheme liabilities	(71,614)	(59,612)	(64,551)	(63,301)	(36,412)
Present value of scheme assets	64,449	58,390	55,871	51,774	37,236
(Deficit)/surplus	**(7,165)**	**(1,222)**	**(8,680)**	**(11,527)**	**824**
Experience (losses)/gains on assets	3,613	(1,115)	973	11,437	(11,103)
Experience gains/(losses) on liabilities	(1,973)	10,800	–	(425)	(2,737)
Expected return on assets	3,073	3,675	3,420	2,389	3,007
Actual return on assets	6,686	2,560	4,393	13,826	(8,096)
LBLPF					
Present value of scheme liabilities	(4,322)	(3,686)	(3,313)	(4,366)	(2,622)
Present value of scheme assets	3,209	2,729	2,479	2,685	1,909
Deficit	**(1,113)**	**(957)**	**(834)**	**(1,681)**	**(713)**
Experience gains/(losses) on assets	248	13	(349)	654	(726)
Experience gains/(losses) on liabilities	7	(56)	390	–	–
Expected return on assets	150	159	189	128	177
Actual return on assets	399	172	(160)	782	(551)
WSCCPF					
Present value of scheme liabilities	(29,573)	(24,360)	(21,651)	(28,118)	(15,306)
Present value of scheme assets	26,456	22,641	21,366	19,545	13,048
Deficit	**(3,117)**	**(1,719)**	**(285)**	**(8,573)**	**(2,258)**
Experience gains/(losses) on assets	2,061	(761)	(213)	4,588	(4,459)
Experience gains/(losses) on liabilities	34	(263)	2,993	–	(40)
Expected return on assets	1,325	1,493	1,428	868	1,136
Actual return on assets	3,390	732	1,215	5,461	3,331

36. Pension Schemes (continued)

	2013 £'000	2012 £'000
HHADBPS		
Actuarial (loss)/gain for the year recognised in STRSD	(6,109)	7,554
Cumulative actuarial loss	(15,762)	(9,653)
Cumulative actuarial loss as a % of scheme liabilities	**(22.01%)**	**(16.19%)**
LBLPF		
Actuarial loss for the year recognised in STRSD	(226)	(194)
Cumulative actuarial (loss)/gain for the year	(67)	159
Cumulative actuarial (loss)/gain as a % of scheme liabilities	**(1.55%)**	**4.31%**
WSCCPF		
Actuarial loss for the year recognised in STRSD	(1,492)	(1,714)
Cumulative actuarial loss	(4,063)	(2,571)
Cumulative actuarial loss as a % of scheme liabilities	**(13.74%)**	**(10.55%)**

The fair value of assets and the present value of liabilities in the schemes at each balance sheet date, along with the principal actuarial assumptions used were:

	HHADBPS £'000	LBLPF £'000	WSCCPF £'000	TOTAL £'000
As at 31 March 2013				
The fair value of the assets:				
Equities	37,108	1,828	20,371	59,307
Corporate Bonds	8,707	-	-	8,707
Bonds	9,941	899	3,704	14,544
Property	8,692	289	2,116	11,097
Cash	1	193	265	459
Total market value of assets	**64,449**	**3,209**	**26,456**	**94,114**
Actuarial value of liabilities	(71,614)	(4,322)	(29,573)	(105,509)
Deficit	**(7,165)**	**(1,113)**	**(3,117)**	**(11,395)**

36. Pension Schemes (continued)

	HHADBPS £'000	LBLPF £'000	WSCCPF £'000	TOTAL £'000
As at 31 March 2012				
The fair value of the assets:				
Equities	32,516	1,474	17,207	51,197
Corporate Bonds	8,111	-	-	8,111
Bonds	9,210	737	3,170	13,117
Property	8,485	300	2,038	10,823
Cash	68	218	226	512
Total market value of assets	**58,390**	**2,729**	**22,641**	**83,760**
Actuarial value of liabilities	(59,612)	(3,686)	(24,360)	(87,658)
Deficit	**(1,222)**	**(957)**	**(1,719)**	**(3,898)**

Principal actuarial assumptions:	HHADBPS	LBLPF	WSCCPF
As at 31 March 2013			
Inflation	3.10%	2.80%	2.80%
Salary increases	4.10%	5.10%	5.10%
Pension increases in payment	2.85%	2.80%	2.80%
Discount rate	4.10%	4.50%	4.50%
Expected return on equities	6.00%	5.70%	5.70%
Expected return on corporate bonds	4.10%	N/A	N/A
Expected return on bonds	3.00%	4.10%	3.50%
Expected return on property	5.00%	3.90%	3.90%
Expected return on cash	0.50%	3.00%	3.00%

Principal actuarial assumptions:	HHADBPS	LBLPF	WSCCPF
As at 31 March 2012			
Inflation	3.10%	2.50%	2.50%
Salary increases	4.10%	4.80%	4.80%
Pension increases in payment	2.85%	2.50%	2.50%
Discount rate	4.60%	4.80%	4.80%
Expected return on equities	6.10%	6.30%	6.20%
Expected return on corporate bonds	4.60%	N/A	N/A
Expected return on bonds	3.10%	4.60%	4.30%
Expected return on property	5.10%	4.40%	4.40%
Expected return on cash	0.50%	3.50%	3.50%

36. Pension Schemes (continued)

Mortality assumptions:
In compiling the FRS 17 disclosures the actuaries have used the following mortality assumptions:

Hyde Housing Association Limited Defined Benefit Scheme
Life expectancy is based on 115% PNFAOO and 125% PNMAOO tables, using individuals' date of birth and allowing for future mortality improvements based on the medium cohort and a 1.5% underpin. Based on these assumptions, the average future life expectancies based on a current pensioner aged 65 at the valuation date and a future pensioner from age 65, but aged 45 at the valuation date are summarised below:

	Males	Females
Current pensioners	21.30 years	24.60 years
Future pensioners	24.10 years	27.40 years

London Borough of Lambeth Defined Benefit Scheme
Life expectancy is based on the SAPS year of birth tables, with improvements from 2007 in line with the medium cohort and a 1% per annum underpin. Mortality loadings were applied to the SAPS tables based on membership class. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	20.10 years	22.90 years
Future pensioners	22.00 years	24.80 years

West Sussex County Council Defined Benefit Scheme
Life expectancy is based on the Fund's VitaCurves with improvements in line with 80% of CMIB's Medium Cohort subject to a 10 year lag with minimum improvements of 1% p.a. from 2010. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	22.70 years	24.20 years
Future pensioners	24.30 years	26.40 years

37. Financial Instruments and Risk Management

TThe Group's Treasury function is responsible for the management of financing activities and control of the associated risks. Other areas of financial risk such as tenant arrears are the responsibility of the relevant departments within the Group's Housing Services function.

The Group's financing activities are governed in accordance with Group Board approved policies and the management of other areas of financial risk are reviewed and approved by the Group Audit Committee. The Treasury function does not operate as a profit centre.

There is further explanation of the Group's approach to financial risk management in the Group Statement of Internal Controls and the Report of the Board and Operating and Financial Review.
The Group has adopted the amendment to Financial Reporting Standard 29 for financial instruments that are measured in the Balance Sheet at fair value. This requires disclosure of fair value measurements in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices);
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Group's financial instruments that are measured and recognised at fair value include:

Financial assets
As at 31 March, the Group's financial asset balances were as follows:

	GROUP	
Financial assets at fair value through Income and Expenditure	**2013 £'000**	**2012 £'000**
Derivative financial instruments (note 16)	13,638	12,286
	13,638	**12,286**

The valuation techniques used to value the above derivative financial instruments maximise the use of market data where it is available and rely as little as possible on estimates made by the Group. All significant inputs required to value the above investments are observable and as such the Group has classified them as Level 2.

	GROUP	
Loans and receivables	**2013 £'000**	**2012 £'000**
Investments (unlisted)	1,564	1,700
Debtors due in greater than one year:		
Service charge debtors	6,172	3,287
Debtors due in less than one year:		
Rental debtors	8,306	7,080
Other debtors	6,825	13,115
Social housing grant receivable	11,698	2,044
	26,829	22,239
Cash at bank and in hand	41,652	22,643
	76,217	**49,869**

Investments in the Group Balance Sheet were £12.9m at 31 March 2013 (2012: £4.0m). Of this value, £11.3m (2012: £2.3m) was classified as available for sale and £1.6m (2012: £1.7m) were classified as loans and receivables.

Of the above loans and receivables balances, rental debtors and other debtors totalling £26.8m (2012: £22.2m) derive from debtors due within one year on the Balance Sheet. Debtors due within one year totalled £29.2m as at 31 March 2013 (2012: £24.2m). The remaining balances of £2.4m (2012: £2.0m) are not considered to fall within the definition of a financial asset. Debtors due greater than one year totalled £17.3m as at 31 March 2013 (2012: £15.1m) of which £6.2m (2012: £3.3m) are classified as financial assets.

	GROUP	
Available for sale assets	**2013 £'000**	**2012 £'000**
Investments	11,327	2,328
Sinking fund investment offset of loan	10,433	9,785
	21,760	**12,113**

37. Financial Instruments and Risk Management (continued)

Financial liabilities
As at 31 March, the Group's financial liability balances were as follows:

	GROUP	
	2013	**2012**
Other financial liabilities	**£'000**	**£'000**
Creditors due in less than one year:		
Housing loans	10,328	5,756
Rent in advance	7,749	7,148
Amounts due to contractors	2,039	7,567
Trade creditors	3,388	3,584
Social housing grant in advance	883	185
Other creditors and accruals	33,954	41,506
	58,341	65,746
Creditors due in greater than one year:		
Loans	1,222,692	1,125,338
Other long term creditors	22,647	21,038
	1,245,339	1,146,376
	1,303,680	**1,212,122**

Creditors due within one year as disclosed in the Balance Sheet totalled £59.9m (2012: £70.4m). The difference between the Balance Sheet and the amounts disclosed above of £1.1m (2012: £4.7m), relates to balances that do not fall within the definition of a financial liability.

Creditors due greater than one year as disclosed in the Balance Sheet totalled £1,228.4m (2012: £1,133.0m). Included within this is the offset of the debt reserve of £10.4m (2012: £9.8m). The difference between the Balance Sheet and the amounts disclosed above of £16.9m (2012: £13.3m), relates to balances that do not fall within the definition of a financial liability.

	GROUP	
Other financial liabilities due in more than one year	**2013 £'000**	**2012 £'000**
Derivative financial instruments	142,818	112,313
	142,818	**112,313**

All significant inputs required to value the above investments are observable and as such the Group has classified them as Level 2.

Derivative instruments

Further analysis of financial instruments is as follows:

	2013		2012	
Other financial liabilities due in more than one year	**Assets £'000**	**Liabilities £'000**	**Assets £'000**	**Liabilities £'000**
Derivatives not designated as accounting hedges:				
Interest rate swaps – fixed to float	13,225	–	–	–
Interest rate swaps – float to fixed	–	132,006	11,383	102,665
	13,225	132,006	11,383	102,665
Derivatives designated as accounting hedges:				
Fair value hedges – on interest rate swaps – fixed to float	413	–	903	–
Cash flow hedges- on interest rate swaps – float to fixed	–	10,811	–	9,648
	13,638	**142,817**	**12,286**	**112,313**

37. Financial Instruments and Risk Management (continued)

Valuation
Balances are valued in accordance with Note 1: Accounting Policies – Financial Instruments. Fair value equates to book value except in the following cases.

Derivative financial instruments are measured at fair value. The fair value of the derivative financial instruments is determined using the discounted future cash flows methodology. The swap rate data used for discounting the flows is provided to the Group by external advisors.

Valuations for derivative financial instruments are based on internal valuations using external valuation products and counterparty valuations.

Listed investments are measured at fair value. The fair value equates to the market value of these listed investments at the balance sheet date.

	2013		2012	
GROUP	**Book value £'000**	**Fair value £'000**	**Book value £'000**	**Fair value £'000**
Fixed assets, derivative assets and investments				
Derivative financial instruments (note 16)	13,638	13,638	12,286	12,286
Investments (note 17)	10,702	12,891	2,722	4,028
Debtors due greater than one year (note 18)	17,283	17,283	15,134	15,134
Current assets				
Debtors (note 20)	29,183	29,183	24,209	24,209
Cash at bank and in hand (note 21)	41,652	41,652	22,643	22,643
Creditors (note 22)	(59,852)	(59,852)	(70,436)	(70,436)
Creditors: amounts falling due after more than one year				
Bond (note 23)	(314,618)	(314,618)	(315,410)	(315,410)
Bank loans and mortgages (note 23)	(884,906)	(885,336)	(787,376)	(788,282)
Other creditors (note 23)	(28,439)	(28,439)	(29,345)	(29,345)
Derivative financial instruments (note 24)	–	(142,818)	–	(112,313)
Recycled capital grant fund (note 25)	(9,445)	(9,445)	(9,599)	(9,599)
Disposal proceeds fund (note 26)	(298)	(298)	(712)	(712)

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above:
(i) The book value of loans with a maturity of less than one year is assumed to equate to their carrying value as these are floating rate borrowings where interest rates are set to market rates.
(ii) The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.
(iii) The fair value of balances shown above at a variable rate of interest is assumed to approximate to their book value.

37. Financial Instruments and Risk Management (continued)

Interest Rate Risk

IInterest rate risk is the risk that interest rate changes in the future may materially affect the Group's assets, liabilities and cash flows.

The Group considers the management of its exposure and the exposure of its borrowing subsidiaries to interest rate risk to be a critical element in achieving its business objectives. The Group is able to manage its exposure to interest rate risk through the medium of its loan agreements and the embedded hedging instruments contained therein and by arranging hedging with approved counterparties governed by ISDA agreements. The Group has determined to adopt a strategy of putting into place a portfolio of hedges incorporating a mix of styles and maturities that will provide it with (i) substantial protection against the effects of adverse movements in interest rates, and (ii) an appropriate spread of risks. The Group's treasury department maintains sufficient cash and readily available committed credit facilities to fund the Group's investment programmes and contracted commitments in the short to medium term.

The Group's interest rate risk management policy sets minimum and maximum thresholds for its fixed to floating rate debt ratio within the Board approved annual treasury strategy review. The current approved range for fixed rate debt is 70 – 95 %. The current Group mix is as below:

	2013 % Total debt	**2013 £m**	**2012 % Total debt**	**2012 £m**
Fixed Rate	71%	860	82%	906
Variable Rate	29%	350	18%	203
Total drawn down		**1,210**		**1,109**

The weighted average interest rate of the Group's fixed rate liabilities is 6.6% (2012: 6.6%). The weighted average interest rate of the Group's net financial liabilities is 6.1% (2012: 6.4%). The weighted average life of Group fixed rate liabilities is 20 years (2012: 31 years).

37. Financial Instruments and Risk Management (continued)

Currency Rate Risk
Currency rate risk is the risk that foreign currency arrangements that an entity has entered into will be

The Group has not entered into any such arrangements and as such is not exposed to currency rate risk.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to access liquid funds due to
- a lack of available facilities
- a lack of identification of the need to draw on available facilities.

The Treasury function ensures that the above risks are managed by preparing cash forecasts for the short to long term to ensure that all financial commitment requirements are met.

The forecasts identify when existing facilities expire and further facilities are negotiated and secured well in advance of them being needed.

The Treasury function also manages a database of the Group's housing stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value as security value is gained from the Group's housing stock. These systems ensure that facilities are available to the Group which are secured and available to draw on as required.

The Group's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Group to meet its financial obligations.

The Group has not defaulted on any of its loan facilities at any point during the year and is in compliance with all of its financial covenants contained within its loan facilities.

The Group monitors the maturity and duration of its borrowings to ensure an orderly repayment profile, thereby reducing refinancing and liquidity risk. The Treasury function ensures refinancing risk is kept low by ensuring that no more than 15% of the Group loan portfolio matures in any one year.

The Group has a Lenders Option Borrowers Option (LOBO) contract which totals £100m. This is repayable at 5.12% and the first cancellable option is in 2018. After this time there is a 2 year facility where the interest rate is 50 basis points over LIBOR.

37. Financial Instruments and Risk Management (continued)

The following is an analysis of the anticipated contracted cash flows including interest and finance charges payable for the Group's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans and bonds. Interest is calculated based on debt held at 31 March:

Group As 31 March 2013	**Debt £m**	**Interest on debt £m**	**Other liabilities not in net debt £m**	**Interest on Derivative financial instruments £m**	**Total £m**
Contracted cash flows					
Due less than one year	10.3	69.3	60.0	13.9	153.5
Between one and two years	13.2	70.9	25.0	13.9	123.0
Between two and three years	8.5	68.8	–	13.8	91.1
Between three and four years	51.9	67.6	–	13.6	133.1
Between four and five years	32.2	66.4	–	13.2	111.8
Greater than five years	1,094.2	897.6	–	263.0	2,254.8
Gross contractual cash flows	**1,210.3**	**1,240.6**	**85.0**	**331.4**	**2,867.3**

Group As 31 March 2012	**Debt £m**	**Interest on debt £m**	**Other liabilities not in net debt £m**	**Interest on Derivative financial instruments £m**	**Total £m**
Contracted cash flows					
Due less than one year	5.8	78.3	70.5	2.4	157.0
Between one and two years	5.0	85.0	23.7	(0.1)	113.6
Between two and three years	18.0	85.5	–	(1.4)	102.1
Between three and four years	15.6	81.8	–	(1.4)	96.0
Between four and five years	23.3	80.1	–	(1.4)	102.0
Greater than five years	1,041.7	1,071.8	–	(55.7)	2,057.8
Gross contractual cash flows	**1,109.4**	**1,482.5**	**94.2**	**(57.6)**	**2,628.5**

Credit Risk

Credit risk applies to all debtor balances, cash balances and debt finance and falls into two categories, financial and operational:

Financial Credit Risk

The Group manages credit risk by carrying out (at least) monthly credit checks on all counterparties from which the Group either sources funds or places deposits. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties. It is the Group's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Group's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating. The Group only places deposits with counterparties with an A rating or above. No more than £10m can be placed with a single A rated bank and no more than £45m with a single AAA rated bank/fund.

37. Financial Instruments and Risk Management (continued)

List of Counterparties the Group has deposits with

Counterparty	Rating~	Approved Group Limit £'000	2013 £'000	2012 £'000
Abbey National Plc	A	10,000	–	–
Barclays Bank Plc	A	10,000	–	–
Royal Bank of Scotland	A	10,000	–	–
Goldman Sachs	AAA	45,000	326	1,589
RBS Liquidity Fund	AAA	45,000	10,763	480
BlackRock	A1	45,000	–	616
Prime Rate Capital	AAA	45,000	396	517
Lloyds TSB/ HBOS	A	10,000	–	–
Clydesdale Bank	A	10,000	–	–
Nationwide	A1	10,000	–	–
			11,485	**3,202**

~ Rating as at 31 March 2013

Operational Credit Risk
Operational credit risk mainly relates to tenants of the Group. Rental debtors owed are monitored on a weekly basis and the recovery of rental debtors is coordinated through a centralised income team. The Group's policy for providing for bad and doubtful debts is included in Note 1 – Group Accounting Policies. Note 20 provides further detail of the Group's rental debtor position.

Sales Ledger debtors:
Group gross sales ledger debtors due as at 31 March 2013 totalled £3.3m (2012: £5.4m). The amounts owed were as follows, and no impairment has been recognised for these balances:

	GROUP	
	2013 £'000	**2012 £'000**
Less than 30 days	3,230	5,444
30 to 60 days	53	–
60 to 90 days	22	13
	3,305	**5,457**
Other debtors	3,307	7,366
Total other debtors (note 20)	**6,312**	**12,823**

Price Risk
This risk applies to any listed investments that are held with the Charities Official Investment Fund. Listed investments are exposed to fluctuations in market value that are outside the control of the Group. This risk is mitigated by seeking appropriate investment advice from recognised and reputable investment advisors as to how best to invest these funds.

Capital risk management
The Group derives its capital balances from share capital (note 28) and reserves (note 29). The revaluation reserve balance is entirely governed by market rates for listed investments. The revenue reserve is largely formed of Group surpluses and deficits from each year since the Group's formation.

None of these capital balances have a significant degree of active management, other than in the case of current year income and expenditure that contributes to revenue reserves.

37. Financial Instruments and Risk Management (continued)

Concentration Risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile. Management determines concentrations of risk through its standard risk management procedures, as detailed in the Operating and Financial Review and Internal Controls Assurance.

Management considers the Group's main concentration of risk to be within rent and service charge arrears. The shared characteristic of this concentration is the social demographic of the client base that can, to some extent, be linked to lower credit quality. However, the arrears arise from a number of types of tenancy; rental, sheltered housing, supported housing, care homes, students, commercial customers and shared ownership.
A reduced level of risk is associated with certain tenure types such as shared ownership.

Sensitivity analysis

Financial instruments affected by market risk include borrowings and derivative financial instruments. The following analysis illustrates the sensitivity to changes in the key market variable, being UK interest rates, on our financial instruments.
The sensitivity analysis has been prepared on the basis that the amount of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio are all constant and on the basis of the hedge designations in place at 31 March 2013 and 31 March 2012, respectively. A sensitivity analysis is not prepared in relation to the sinking fund investment that is offset by the loan. A reasonably possible change in prices is unlikely to result in a material change in fair value of equity instruments.
The following assumptions were made in calculating the sensitivity analysis:

- the balance sheet sensitivity to interest rates relates only to derivative financial instruments and available-for-sale investments, as debt and other deposits are carried at amortised cost and so their carrying value does not change as interest rates move;
- the sensitivity of accrued interest to movements in interest rates is calculated on net floating rate exposures on debt, deposits and derivative instruments;
- changes in the carrying value of derivatives from movements in interest rates designated as cash flow hedges are assumed to be recorded fully within equity;
- changes in the carrying value of derivative financial instruments not in hedging relationships only affect the income statement;
- all other changes in the carrying value of derivative financial instruments designated as hedges are fully effective with no impact on the income statement;
- the floating leg of any swap or any floating rate debt is treated as not having any interest rate already set, therefore a change in interest rates affects a full 12 month period for the accrued interest portion of the sensitivity calculations.

Using the above assumptions, the following table shows the illustrative impact on the income and expenditure account and items that are recognised directly in equity that would result from reasonably possible movements in the UK interest rates.

	GROUP	
UK interest rates – 0.50% increases	**2013 £'000**	**2012 £'000**
Deficit in income and expenditure account – floating rate debt	1,751	1,040
Deficit in income and expenditure account – FRS26	13,160	12,424
Deficit in income and expenditure account – total	14,911	13,464
Impact on balance sheet – cash flow hedge reserves	3,062	5,023

The impact to the income and expenditure account and cash flow hedge reserve in the above table is an estimate based on the best information available.

50 basis points is used to assess the sensitivity of financial instruments in line with the Group's policy of assessing volatility of hedging instrument. 50 basis points is deemed reasonable as it is in line with the Group's assessment of the economic climate.

CHAS
CONTRACTORS HEALTH & SAFETY ASSESSMENT SCHEME
Accredited Contractor
www.chas.gov.uk

INVESTORS IN PEOPLE | Silver

POSITIVE ABOUT DISABLED PEOPLE

Stonewall
DIVERSITY CHAMPION

APPROVED EMPLOYER
ACCA
PLATINUM

If you would like this document in another language or format, such as large print, Braille, CD or audio tape, please contact us.

ARABIC:

إذا أردت هذه الوثيقة بلغة أخرى أو بطريقة أخرى، أو إذا كنت
بحاجة إلى خدمات مترجم، فنرجو أن تقوم بالاتصال بنا.

BENGALI:

আপনি যদি এই নথিটিকে অন্য ভাষাতে বা ফরম্যাটে পেতে চান, বা আপনার যদি একজন অনুবাদকারীর প্রয়োজন হয়, অনুগ্রহ করে, আমাদের সাথে যোগাযোগ করুন।

FRENCH: Si vous souhaitez obtenir ce document dans une autre langue ou sous un autre format ou si vous avez besoin des services d'un interprète, veuillez nous contacter.

ITALIAN: Se desidera ricevere questo documento in un'altra lingua o in un formato diverso, oppure se ha bisogno di un interprete, La preghiamo di contattarci.

KURDISH:

ئەگەر دەتەوێ ئەم بەڵگە بە زمان یان شێوازێکی دیکە بۆ تۆ ئامادە بکەین، یان
پێویستت بە وەرگێری زارەکی هەیە، تکایە پەیوەندیمان پێو ە بکە.

LITHUANIAN: Jei pageidaujate šio dokumento kita kalba ar kitokiu formatu arba jeigu prireiktų vertėjo, maloniai prašome kreiptis į mus.

MANDARIN:

如果您需要本文件的其他语言版本或格式，
或者您需要一名翻译，请与我们联系。

POLISH: Jeżeli chcieliby Państwo otrzymać ten dokument w innym języku lub w innym formacie albo jeżeli potrzebna jest pomoc tłumacza, to prosimy o kontakt z nami.

PORTUGUESE: Se gostaria de ter este documento em outro idioma ou formato, ou se necessita de um intérprete, contacte-nos.

PUNJABI:

ਵਿਚ ਚਾਹੀਦਾ ਹੈ, ਜਾਂ ਜੇ ਤੁਹਾਨੂੰ ਗੱਲਬਾਤ ਸਮਝਾਉਣ ਲਈ ਕਿਸੇ ਜੇ ਇਹ ਦਸਤਾਵੇਜ਼ ਤੁਹਾਨੂੰ ਕਿਸੇ ਹੋਰ ਭਾਸ਼ਾ ਵਿਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਰੂਪ ਇੰਟਰਪ੍ਰੇਟਰ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਤੁਸੀਂ ਸਾਨੂੰ ਦੱਸੋ।

SOMALI: Haddii aad dokomantigan ku rabtid luqad ama hab kale, ama haddii aad u baahantahay tarjubaan, fadlan nala soo xiriir.

SPANISH: Póngase en contacto con nosotros si desea obtener este documento en otro idioma o formato, o si necesita los servicios de un intérprete.

TURKISH: Bu belgenin Türkçe'sini veya Türkçe bilen birisinin size yardımcı olmasını istiyorsanız bize başvurabilirsiniz.

VIETNAMESE: Nếu quí vị muốn tài liệu này được ấn hành bằng ngôn ngữ khác hay định dạng khác hoặc nếu quí vị cần người phiên dịch, xin quí vị vui lòng liên hệ với chúng tôi.

For text relay from a text phone add **18001** before the number you want to call or to use Text phone dial **020 8297 7501**

The Hyde Group
Making a lasting difference

If you would like more information about
The Hyde Group, please contact:

The Hyde Group
30 Park Street
London SE1 9EQ
Tel: 020 3207 2600
www.hyde-housing.co.uk