

Company Registration No. 08626006 (England and Wales)

PENDLETON TOGETHER HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

PENDLETON TOGETHER HOLDINGS LIMITED

COMPANY INFORMATION

Directors	Mr P Emsden Mr T Miskell Mr M Dunford
Secretary	Mr P Emsden
Company number	08626006
Registered office	Brotherton House 1 Loganberry Avenue Salford M6 5UX
Auditor	Grant Thornton UK LLP Chartered Accountants & Registered Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

PENDLETON TOGETHER HOLDINGS LIMITED

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PENDLETON TOGETHER HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present the strategic report for the year ended 31 March 2017.

Review of the business

The directors consider the results for the period and the financial position as at the period end to be satisfactory with the results being within the Financial Close Model numbers.

All the covenants contained within the Credit Agreement, both informational and financial, were met and no Trigger Events or Events of Default occurred during the period.

On the 24th February 2017, Keepmoat completed the refurbishment contract. From this date, Pendleton Together Operating Limited ("PTOL"), the company's trading subsidiary, is fully operational and as a result, Together Housing Association Limited guarantees the performance of PTOL in relation to their contractual obligations. Any underperformance of this contract will be met by The Together Housing Association Limited.

Principal risks and uncertainties

The Company is not the operational company but the holding company. The principal risks and uncertainties of the operational company (PTOL) are detailed below;

PTOL is not subject to traditional non Concession business risks. PTOL is a legal conduit managing contracts and contractors on behalf of the lenders and equity holders. Notwithstanding this, the company has exposure to a variety of risks which have been contracted out with the purpose of minimising any potential adverse effect on the company's performance. The risks have been summarised below:

Price risk

The Company does not have any significant exposure to price risk as all revenue is from a contracted Unitary Charge.

Interest Rate Risk

The company is affected by an increase in the LIBOR rate.

Mitigation:-The senior and subordinated debt interests have been fixed through the Concession. There is no swap counterparty.

Cashflow & Liquidity Risk

The company cannot continue to meet its financial obligations.

Mitigation:- Cashflow & Liquidity is governed by the Concession. A Cash Waterfall model is in operation whereby the contracted Unitary Charge from Salford City Council is in uniform with the Waterfall criteria. This is monitored by the lenders on a semi annual basis.

Inflation Risk

Operational costs increase over and above inflation.

Mitigation:-Project revenue and non interest costs are contractually linked to pre agreed Inflation benchmark for annual adjustments.

PENDLETON TOGETHER HOLDINGS LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Counterparty Credit Risk

Revenue is derived from Salford City Council which in turn has the implicit support from the UK Treasury. Construction and Service providers are subject to minimum net worth, penalties for poor performance and cancellation. Bank deposits are subject to funding covenants with restrictions on exposure and minimal credit ratings.

Maintenance Risk

The company takes no maintenance risk as it's passed down to the sub contractors and retention is applied.

Changes in Law

The risks associated with any changes in law are shared between the company and Salford City Council as per Clause 52 of the Project Agreement.

Corporate Governance

As at 31st March 2017, PTOL had received external confirmation that the assets owned by Salford City Council and refurbished by Keepmoat complied with fire safety regulations. However, as detailed in the fire safety section below, following the Grenfell Tower fire, six blocks have subsequently failed the fire safety test for cladding. Salford City Council has arranged finance to cover the cost of replacement cladding, however, ultimate responsibility for who will pay this cost is still being agreed. PTOL have not made any provision for the potential loss of investment or the potential cost of replacement cladding as it believes that at the year end date conditions to recognise a liability did not exist in relation to this fire safety issue. The Company therefore believes this to be a non adjusting post balance sheet event.

Fire Safety

Following the tragic events of Grenfell Tower, further work is being undertaken within the Company to understand any potential issues with the high rise blocks. Six blocks in Salford which are owned by Salford City Council but have been renovated through a PFI arrangement also failed cladding testing. An independent arbiter has been appointed to determine who should be responsible for each element of work. Until the full extent of works has been ascertained and agreed, together with agreement on the products proposed to be used quantifying then no cost proposals are available.

Key performance indicators

The Key Performance Indicators for the company are ensuring that it's consistent with the Financial Close Model.

There are 49 KPIs which PTOL is subject to under the Project Agreement. These have been fully passed on to The Together Housing Association Limited on a contractual basis. Due to this, Key Performance Indicators are published in the The Together Housing Association Limited Annual Report and Financial Statements. Any failure of a KPI is deducted from the concurrent contracted payments to the The Together Housing Association Limited.

This report was approved by the board and signed on its behalf



M.P. Emsden

Director

26-09-17

PENDLETON TOGETHER HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors present their annual report and financial statements for the year ended 31 March 2016.

Principal activities

The principal activity of the company continued to be that of a holding company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr P Emsden

Mr T Miskell

Mr M Dunford

Mr P Hayes

(Resigned 31 July 2017)

Results and dividends

The results for the year are set out on page 7.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Future developments

The Directors of the Company are not aware of any circumstances by which the principal activities of the Company would alter or cease.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Information set out in the strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report.

PENDLETON TOGETHER HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

This report was approved by the Board and signed on its behalf.



Mr P Emsden

Director

26-09-17

PENDLETON TOGETHER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENDLETON TOGETHER HOLDINGS LIMITED

We have audited the financial statements of Pendleton Together Holdings Limited for the period ended 31 March 2016 which comprise the income statement, the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on pages 3 and 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

PENDLETON TOGETHER HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PENDLETON TOGETHER HOLDINGS LIMITED

Matters on which we are required to report by exception

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

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



Michael Frankish
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor
Chartered Accountants
4 Hardman Square
Spinningfields
Manchester
M3 3EB

26 September 2017

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PENDLETON TOGETHER HOLDINGS LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 £ 000's	2016 £ 000's
Interest receivable and similar income	4	1,501	1,501
Interest payable and similar expenses	5	(1,501)	(1,501)
Profit before taxation		-	-
Taxation	6	-	-
Profit for the financial year		-	-

The accompanying notes form part of the financial statements.

PENDLETON TOGETHER HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

	2017 £ 000's	2016 £ 000's
Loss for the year	-	-
Other comprehensive income	-	-
Total comprehensive income for the year	- <u> </u>	- <u> </u>

The accompanying notes form part of the financial statements.

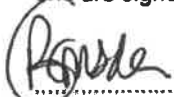
PENDLETON TOGETHER HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2017

	Notes	2017 £ 000's	2016 £ 000's
Fixed assets			
Investments	7	12,518	12,518
Creditors: amounts falling due after more than one year		(12,517)	(12,517)
Net assets		<u>1</u>	<u>1</u>
Capital and reserves			
Called up share capital	10	<u>1</u>	<u>1</u>

The financial statements were approved by the board of directors and authorised for issue on 26-09-17 and are signed on its behalf by:


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Mr P Emsden
Director

Company Registration No. 08626006

The accompanying notes form part of the financial statements.

PENDLETON TOGETHER HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital £ 000's
Balance at 1 April 2015	1
Year ended 31 March 2016:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2016	1
Year ended 31 March 2017:	
Profit and total comprehensive income for the year	-
	<hr/>
Balance at 31 March 2017	<u>1</u>

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

Company information

Pendleton Together Holdings Limited is a private company limited by shares incorporated in England and Wales. The registered office is Brotherton House, 1 Loganberry Avenue, Salford, M6 5UX.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £ 000's.

The principal accounting policies adopted are set out below.

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the company are consolidated in the financial statements of Together Housing Group Limited. These consolidated financial statements are available from its registered office, Bull Green House, Bull Green, Halifax, HX1 2EB.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

1.4 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.5 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. 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. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.6 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

1 Accounting policies

(Continued)

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.8 Group accounts

The Company is exempt from preparing group accounts under section 400 of the Companies Act 2006. The financial statements present information about the undertaking as an individual undertaking and not about its group.

1.9 Interest receivable and payable

Interest is recognised on an accruals basis, using the effective interest rate method and recognised in the profit and loss account over the life of the financial instrument.

2 Auditor's remuneration

	2017	2016
	£ 000's	£ 000's
Fees payable to the company's auditor and associates:		
For audit services	-	-

The auditors remuneration is borne by the subsidiary company, Pendleton Together Operating Limited.

3 Employees

The company did not employ any staff during the current year (2016: none)

None of the directors received any remuneration during the financial year in respect of their services as directors of the Company (2016: none)

4 Interest receivable and similar income

	2017	2016
	£ 000's	£ 000's
Interest income		
Interest receivable from group companies	1,501	1,501

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

5 Interest payable and similar expenses

	2017 £ 000's	2016 £ 000's
Interest payable to group undertakings	1,501	1,501

6 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2017 £ 000's	2016 £ 000's
Profit before taxation	-	-
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2016: 20.00%)	-	-
Taxation charge in the financial statements	-	-

7 Fixed asset investments

	Notes	2017 £ 000's	2016 £ 000's
Investments in subsidiaries	8	12,518	12,518

Fixed asset investments not carried at market value

Interests in subsidiaries are measured at historical cost.

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

7 Fixed asset investments (Continued)

Movements in fixed asset investments

	Investment in subsidiary £ 000's
Cost or valuation	
At 1 April 2016 & 31 March 2017	12,518
Carrying amount	
At 31 March 2017	12,518
At 31 March 2016	12,518

As at 31st March 2017, the Company had lent £12,516,548 to Pendleton Together Operating Limited. The credit risk is that Pendleton Together Operating Limited fails to reimburse the Company. The Directors consider the credit risk to be very low, owing to the fact that Pendleton Together Operating Limited has a 30 year contract with Salford County Council under which they will receive a unitary monthly payment sufficient to pay bond debt, to include interest and amortisation. Pendleton Together Operating Limited is also monitored by the lenders on a monthly basis to ensure the financial viability of the business.

Loans to Pendleton Together Operating Limited are measured at historical cost less any accumulated impairment losses. They are secured on certain housing property assets owned by the Together Housing Association.

The maximum credit risk currently faced by the company is £12,516,548 being the total amount of funds raised from the Together Housing Association.

The Directors have reviewed the presentation of loans due to group undertakings and have reclassified these as fixed asset investment as they are intended for use on a continuing basis in the business. The Directors consider such loans are held for the long term over the life of the related asset.

8 Subsidiaries

Details of the company's subsidiaries at 31 March 2017 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held	
				Direct	Indirect
Pendleton Together Operating Limited	England & Wales	Refurbishment and management of council properties	Ordinary	100.00	

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss) £ 000's	Capital and Reserves £ 000's
Pendleton Together Operating Limited	(553)	(1,831)

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

8 Subsidiaries

(Continued)

This investment represents the company's 100% ownership of £1 ordinary shares in Pendleton Together Operating Limited, which is registered in England and Wales. Pendleton Together Operating Limited is involved in the refurbishment and management of a number of Salford City Council properties under a private finance initiative (PFI) with the Council.

9 Loans and overdrafts

	2017 £ 000's	2016 £ 000's
Preference shares	12,517	12,517
Payable after one year	12,517	12,517

10 Share capital

	2017 £ 000's	2016 £ 000's
Ordinary share capital Issued and fully paid		
1000 Ordinary shares of £1 each	1	1

Together Housing Association Limited holds 1,000 £1 Ordinary shares in the Company.

Shares classified as debt

Allotted, called up and fully paid

12,516,548 variable rate redeemable Preference shares of £1 each

The redeemable preference shares do not carry voting rights. The redeemable preference shares are entitled to payment of a dividend at a rate of up to 12.5% per annum in priority to any other class of shares.

The payment of interest on a semi annual basis from PTHL is borne by the subsidiary company, Pendleton Together Operating Limited.

In accordance with FRS 102 the 12,516,548 variable rate redeemable preference shares of £1 each are presented as a liability in the balance sheet and are due to be repaid in 2040 - 43.

11 Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 102 'related party disclosures' not to disclose transactions with wholly owned members of the group headed by Together Housing Group Limited.

PENDLETON TOGETHER HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2017

12 Controlling party

The ultimate parent company is Together Housing Group Limited, an Association incorporated in England. Copies of the Associations accounts may be obtained from the Association Secretary, Bull Green House, Bull Green, Halifax, HX1 2EB.

The immediate parent company is Together Housing Association Limited, which is a member of Together Housing Group.

13 Post balance sheet events

As at 31st March 2017, PTOL had received external confirmation that the assets owned by Salford City Council and refurbished by Keepmoat complied with fire safety regulations. However, as detailed below, following the Grenfell Tower fire, six blocks have subsequently failed the fire safety test for cladding. Salford City Council has arranged finance to cover the cost of replacement cladding, however, ultimate responsibility for who will pay this cost is still being agreed. PTOL have not made any provision for the potential loss of investment or the potential cost of replacement cladding as it believes that at the year end date conditions did not exist to recognise a liability in relation to this fire safety issue. The Company therefore believes this to be a non adjusting post balance sheet event.

Following the tragic events of Grenfell Tower, further work is being undertaken within the Company to understand any potential issues with the high rise blocks. Six blocks in Salford which are owned by Salford City Council but have been renovated through a PFI arrangement also failed cladding testing. An independent arbiter has been appointed to determine who should be responsible for each element of work. Until the full extent of works has been ascertained and agreed, together with agreement on the products proposed to be used quantifying then no cost proposals are available. At this stage, the company is unable to estimate the financial effect in relation to the non - adjusting post balance sheet event.