

PENDLETON TOGETHER OPERATING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

PENDLETON TOGETHER OPERATING LIMITED

COMPANY INFORMATION

Directors	Mr MI Dunford Mr TM Miskell Mr P Emsden Mr P Hayes
Secretary	Mr P Emsden
Company number	08626238
Registered office	Bull Green House Bull Green Halifax HX1 2EB
Auditor	Grant Thornton UK LLP Chartered Accountants & Registered Auditor 4 Hardman Square Spinningfields Manchester M3 3EB

PENDLETON TOGETHER OPERATING LIMITED

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PENDLETON TOGETHER OPERATING LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2016

The directors present the strategic report for the year ended 31 March 2016.

Fair 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.

Principal risks and uncertainties

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:

Revenue risk

The Company takes no market risk. All revenue is from a contracted Unitary Charge.

Interest Rate Risk

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

Inflation Risk

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

Counterparty Credit Risk

Revenue is derived from Salford County 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.

PENDLETON TOGETHER OPERATING LIMITED

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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 the company is subject to under the Project Agreement. These have been fully passed on to Together Housing Association on a contractual basis.

On behalf of the board



Mr P Emsden

Director

26 September 2016

PENDLETON TOGETHER OPERATING LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2016

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

Principal activities

Pendleton Together Operating Limited (the "Company") is 100% owned by Pendleton Together Holdings Limited. Pendleton Together Holdings Limited is 100% owned by Together Housing Association Limited. Together Housing Association Limited is 100% owned by Together Housing Group.

The principal activity for the company in the period under review was being a Special Purpose Vehicle for the Salford PFI project which commenced on the 17th September 2013. All cash flows of the company are driven by concession requirements.

Directors

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

Mr MI Dunford
Mr TM Miskell
Mr P Emsden
Mr P Hayes

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.

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointed in accordance with section 485 of the Companies Act 2006.

Statement of directors' responsibilities

The directors are responsible for preparing the Statagic report, 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 laws, including FRS102 "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.

PENDLETON TOGETHER OPERATING LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

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.

On behalf of the board



Mr P Emsden

Director

26 September 2016

PENDLETON TOGETHER OPERATING LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PENDLETON TOGETHER OPERATING LIMITED

We have audited the financial statements of Pendleton Together Operating Limited for the period ended 31 March 2016 which comprise the statement of financial position, the income statement, the statement of comprehensive income, 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 FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the 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's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion 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.

PENDLETON TOGETHER OPERATING LIMITED

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF PENDLETON TOGETHER OPERATING 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.



Joanne Love (Senior Statutory Auditor)
for and on behalf of Grant Thornton UK LLP

26 September 2016

Chartered Accountants
Statutory Auditor

Chartered Accountants & Registered
Auditor
4 Hardman Square
Spinningfields
Manchester
M3 3EB

PENDLETON TOGETHER OPERATING LIMITED

INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	2016 £ 000's	2015 £ 000's
Revenue	3	41,551	41,076
Cost of sales		(35,949)	(35,471)
Gross profit		<u>5,602</u>	<u>5,605</u>
Investment income	6	147	373
Finance costs	7	(6,342)	(6,343)
Loss before taxation		<u>(593)</u>	<u>(365)</u>
Taxation	8	-	-
Loss for the financial year		<u>(593)</u>	<u>(365)</u>

The accompanying notes form part of the financial statements.

PENDLETON TOGETHER OPERATING LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2016

	2016 £ 000's	2015 £ 000's
Loss for the year	(593)	(365)
Other comprehensive income	-	-
Total comprehensive income for the year	<u>(593)</u>	<u>(365)</u>

The accompanying notes form part of the financial statements.


PENDLETON TOGETHER OPERATING LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2016

	Notes	2016 £ 000's	2015 £ 000's	2015 £ 000's
Current assets				
Trade and other receivables falling due after one year	9	86,237	58,077	
Trade and other receivables falling due within one year	9	1,895	282	
Investments	10	6,400	36,900	
Cash at bank and in hand		8,897	9,639	
		<u>103,429</u>	<u>104,898</u>	
Current liabilities	11	<u>(2,499)</u>	<u>(4,156)</u>	
Net current assets			100,930	100,742
Non-current liabilities	12		(102,208)	(101,427)
Net liabilities			<u>(1,278)</u>	<u>(685)</u>
Equity				
Called up share capital	14		1	1
Retained earnings			<u>(1,279)</u>	<u>(686)</u>
Total equity			<u>(1,278)</u>	<u>(685)</u>

The financial statements were approved by the board of directors and authorised for issue on 26 September 2016 and are signed on its behalf by:



Mr P Emsden
Director



Mr P Hayes
Director

Company Registration No. 08626238

The accompanying notes form part of the financial statements.

PENDLETON TOGETHER OPERATING LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Share capital £ 000's	Retained earnings £ 000's	Total £ 000's
Balance at 1 April 2014		1	(321)	(320)
Year ended 31 March 2015:				
Loss and total comprehensive income for the year		-	(365)	(365)
Balance at 31 March 2015		1	(686)	(685)
Year ended 31 March 2016:				
Loss and total comprehensive income for the year		-	(593)	(593)
Balance at 31 March 2016		1	(1,279)	(1,278)

The accompanying notes form part of the financial statements.

PENDLETON TOGETHER OPERATING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Company information

Pendleton Together Operating Limited is a company limited by shares incorporated in England and Wales. The registered office is Bull Green House, Bull Green, Halifax, HX1 2EB.

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.

These financial statements for the year ended 31 March 2016 are the first financial statements of Pendleton Together Operating Limited prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

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.

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

1.2 Going concern

The company has in place a long term business plan which demonstrates the ability to operate within the existing debt facilities and to meet the obligations. The lenders monitor the financial position of the company on a monthly basis. The Salford PFI project is a binding contractual arrangement which will end in 2043. Under the terms of the contract, the company will receive a unitary monthly payment sufficient to pay bond debt, to include interest and amortisation, operational costs and to provide for shareholder return. Pendleton Together Operating Limited has contracted out its service obligations to Keepmoat for refurbishments and The Together Housing Association for all housing management and associated affairs.

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 Revenue

During the refurbishment phase of the project, all attributable expenditure, including finance costs for the Subordinated Debt, the Senior Bond and any capitalised construction costs incurred by Keepmoat are independently valued by PTOL's Employer's Agent (Sweett UK) in line with the Building Contract, are included in turnover as they are incurred. Also included in turnover is income for services provided. Turnover excludes Value Added Tax (VAT).

Provision is made for losses on all long term contracts as soon as such losses become apparent.

1.4 Construction contracts

Costs incurred in the refurbishment of properties have been accounted for under Financial Reporting Standard 102. Under the terms of the PFI contract with Salford City Council, substantially all the risks and rewards of ownership of the properties remain with Salford City Council. All refurbishment costs during the construction phase of the project are included in amounts recoverable on contracts and turnover.

Amounts recoverable on contracts are included in trade and other receivables and represent turnover recognised in excess of payments on account.

On practical completion, the amounts outstanding under the contract will be transferred from amounts recoverable on contract to a finance debtor.

1.5 Cash and cash equivalents

Cash and cash equivalents 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.

1.6 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.

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Basic financial assets

Basic financial assets, which include trade and other receivables 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 publically 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.

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.

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

Basic financial liabilities

Basic financial liabilities, including trade and other payables, 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 receipts 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 payables 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 payables 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.

1.7 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.

1.8 Debt issue costs

Costs associated with the issue of debt are capitalised and charged to the income statement using the effective interest rate method over the period that the relevant debt is held.

1.9 Interest receivable and payable

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

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

1 Accounting policies

1.10 Deferred tax

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

The recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable surpluses in the future to absorb the reversal of the underlying timing differences. In accordance with FRS 102, deferred tax is not provided for gains on the sale of non - monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Construction contracts

As described in note 9 to the financial statements, amounts recoverable on contracts are stated at fair value based on the valuation performed by an independent professional valuer Sweett UK. The contract is due to last until 2043. Pendleton Together Operating Limited has fully contracted out to third parties contractual obligations. In a case where the contracted party is underperforming, judgements will be used to ascertain the cause and judgements will be used to seek operational mitigation actions prior to enforcing permitted contracted actions. Underperformance of these contracts are met respectively by Keepmoat and The Together Housing Association.

3 Revenue

An analysis of the company's revenue is as follows:

	2016 £ 000's	2015 £ 000's
Turnover		
Sale of services	41,551	41,076

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

3 Revenue

Other significant revenue

Interest income	147	373
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Revenue analysed by geographical market

	2016 £ 000's	2015 £ 000's
UK	41,551	41,076

4 Auditor's remuneration

Fees payable to the company's auditor and associates:	2016 £ 000's	2015 £ 000's
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For audit services

Audit of the company's financial statements	8	8
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For other services

All other non-audit services	2	-
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5 Employees

There were no employees or directors employed by the company during the year.

The company does not employ staff directly as per the Bond Note Credit Agreement. Operational staff and accounting staff are provided through a management company.

6 Investment income

	2016 £ 000's	2015 £ 000's
Interest income		
Other interest income	147	373

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

7 Finance costs

	2016	2015
	£ 000's	£ 000's
Interest payable to group undertakings	1,501	1,501
Interest on other loans	4,810	4,810
Amortisation of issue costs	31	32
	<u>6,342</u>	<u>6,343</u>

8 Taxation

The charge for the year can be reconciled to the loss per the income statement as follows:

	2016	2015
	£ 000's	£ 000's
Loss before taxation	(593)	(365)
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 21.00%)	(119)	(77)
Tax effect of expenses that are not deductible in determining taxable profit	119	77
Tax expense for the year	<u>-</u>	<u>-</u>

9 Trade and other receivables

	2016	2015
	£ 000's	£ 000's
Amounts falling due within one year:		
Trade receivables	1,233	-
Other receivables	662	282
	<u>1,895</u>	<u>282</u>

Amounts falling due after one year:

Other receivables	<u>86,237</u>	<u>58,077</u>
Total debtors	<u>88,132</u>	<u>58,359</u>

The amounts included in other receivables £86,237 (2015:£58,077) relates to amounts recoverable on contract.

Amounts recoverable on contracts represents turnover recognised in excess of payments on account.

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

10	Current asset investments		2016	2015
			£ 000's	£ 000's
	Other investments		6,400	36,900
			<u> </u>	<u> </u>
11	Current liabilities		2016	2015
			£ 000's	£ 000's
	Trade payables		1,746	3,421
	Amounts due to group undertakings		687	717
	Other payables		4	18
	Accruals and deferred income		62	-
			<u> </u>	<u> </u>
			2,499	4,156
			<u> </u>	<u> </u>
12	Non-current liabilities		2016	2015
		Notes	£ 000's	£ 000's
	Other borrowings	13	102,208	101,427
			<u> </u>	<u> </u>

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

13 Borrowings

	2016	2015
	£ 000's	£ 000's
Loan financing	82,601	82,601
Less: issue costs	(361)	(381)
Loan notes (amounts owed to group undertakings)	12,517	12,517
Accrued interest	1,875	1,125
Less: issue costs	(285)	(296)
	<u>96,347</u>	<u>95,566</u>
Amounts owed to group undertakings	3,861	3,861
Retention creditor	2,000	2,000
	<u>102,208</u>	<u>101,427</u>
Analysis of debt		
Between 2 and 5 years	3,784	3,784
In 5 years or more	93,209	92,459
	<u>96,993</u>	<u>96,243</u>
Less: issue costs	(646)	(677)
	<u>96,347</u>	<u>95,566</u>

The unsecured loan notes of £12,516,548, are held by Pendleton Together Holdings Limited, the parent company, and are repayable by installments between March 2040 and September 2043. The annual interest rate on the loan notes is 5.82%.

The loan financing of £82,600,575 is due to FHW Dalmore (Salford Pendleton Housing) as per the Bond Notes Credit Agreement dated on the 17th September 2013, which is repayable by installments between March 2015 and September 2042. The annual interest rate on the Bond is 5.82% with interest paid semi annually. The loan is secured on all present and future assets of the company.

The Directors have reviewed the presentation of loans due to group undertakings and have classified 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.

14 Share capital

	2016	2015
	£ 000's	£ 000's
Ordinary share capital		
Issued and fully paid		
1000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2016

15 Financial commitments

	2016 £ 000'S	2015 £ 000'S
At 31 March 2016 the company had financial commitments as follows:		
Contracted for but not provided in the financial statements:		
Acquisition of property, plant and equipment	8,148	37,529

The above represents the Financial commitments at the end of the financial period in relation to the construction phase of the Salford PFI project.

16 Other financial commitments

Amounts owed to group undertakings includes a cash backed liability, to be repaid in September 2017, of £261,151.98 relating to pre Financial Close pre operating costs.

17 Related party transactions

Transactions with related parties

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

Directors

Emoluments for contracted director services £202k (2015: £103k).

The highest paid director received emoluments of £98k (2015: nil), no pension benefits were accrued, by any director.

Transactions entered into with directors and all related parties connected to directors for accountancy and consultancy services £141k (£114k).

No guarantees have been given or received.

18 Controlling party

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Together Housing Group Limited. Copies of the Together Housing Group Limited consolidated financial statements can be obtained from the Company Secretary at Bull Green House, Bull Green, Halifax, West Yorkshire, HX1 2EB.

PENDLETON TOGETHER OPERATING LIMITED
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 MARCH 2016

PENDLETON TOGETHER OPERATING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2016

	£ 000's	2016 £ 000's	£ 000's	2015 £ 000's
Revenue				
Sales of services		41,551		41,076
Cost of sales				
Direct costs	32,206		31,543	
Spare direct costs	3,743		3,928	
		(35,949)		(35,471)
Gross profit	13.48%	5,602	13.65%	5,605
Investment revenues				
Other interest received on financial instruments	147		373	
		147		373
Finance costs				
Interest payable - not financial liabilities	31		32	
Non bank interest on loans	4,810		4,810	
Interest payable to group companies	1,501		1,501	
		(6,342)		(6,343)
Loss before taxation	1.43%	(593)	0.89%	(365)