



**Audited Consolidated Financial Statements**  
**31 March 2017**

South Staffordshire Housing Association Limited,  
Acton Court, Acton Gate, Stafford, ST18 9AP

Registration No. 28312R

*A member of The Housing Plus Group Limited*

## CONTENTS:

BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS .....	3
STRATEGIC REPORT .....	5
STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES .....	7
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH STAFFORDSHIRE HOUSING ASSOCIATION LIMITED .....	9
STATEMENT OF COMPREHENSIVE INCOME.....	11
STATEMENT OF CHANGES IN EQUITY .....	12
STATEMENT OF FINANCIAL POSITION .....	13
STATEMENT OF CASH FLOWS .....	14
NOTES TO THE FINANCIAL STATEMENTS .....	15

**BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS, ADVISORS AND BANKERS**

<b>Registered Office</b>	Acton Court, Acton Gate, Stafford, ST18 9AP
<b>South Staffordshire Housing Association Limited</b>	Registered Community Benefit Society No: 28312R Registered by the Homes and Community Agency No: LH4121
<b>Internal Auditors</b>	<b>Mazars LLP,</b> The Broadway, Dudley, West Midlands, DY1 4PY
<b>External Independent Auditors</b>	<b>BDO LLP,</b> Chartered Accountants and Statutory Auditors, Two Snowhill, Birmingham, B4 6GA
<b>Legal Advisors</b>	<b>Trowers &amp; Hamlins LLP</b> 55 Princess Street Manchester, M2 4EW <b>Anthony Collins</b> 134 Edmund Street Birmingham, B3 2ES
<b>Funders</b>	<b>Nationwide Building Society,</b> Kings Park Road, Moulton Park, Northampton, NN3 6NW <b>BAE Systems Pension Funds Investment Management Ltd</b> Burwood House, 14/16 Caxton Street London, SW1H 0QT
<b>Bankers</b>	<b>Barclays Bank PLC,</b> One Snowhill, Birmingham, B3 2WN
<b>Board of Management</b>	Mr Rolf Levesley (Chair) Resigned October 2016 Mr Paul Smith (Chair) Appointed October 2016 Mr Tony Pate Mr Peter Bell Mr Philip Ingle – Appointed October 2016 Ms Alyson Lanning – Appointed October 2016 Mr Rory O’Byrne – Appointed October 2016 Mr Malcolm Price – Appointed October 2016 Mrs Caroline Bishop – Resigned October 2016 Mrs Jasvinder Hewitt - Resigned October 2016 Mrs Monica Shafaq – Resigned October 2016 Mrs Carol Hurley – Resigned October 2016
<b>Chief Executive</b>	Mrs Debbie Griffiths (Resigned 31 September 2016) Mrs Sarah Boden (from 1 October 2016)
<b>Executive Directors</b>	
Finance Director and Deputy Chief Executive	Mr Philip Ingle
Property Director	Mr Stephen Collins
Neighbourhoods Director	Mrs Jan Goode

Care and Support Director  
Commercial Director  
Interim People & Transformation  
Director

Mr Les Clarke  
Mr Peter Donovan (from October 2016)  
Mr Doug Fuller

---

## STRATEGIC REPORT

South Staffordshire Housing Association Limited (SSHA) started to trade in March 1997 (28312R) following the large scale voluntary transfer of over 5,000 properties from South Staffordshire Council. Its principal activities are the development and management of affordable housing for people in housing need together with appropriate support services in the West Midlands.

Since 1<sup>st</sup> October 2008, SSHA has been registered as an exempt charity and is also registered with the Homes and Communities Agency (HCA - LH4121), and operates four key business streams:

- housing for rent, primarily for customers who are unable to rent or buy at open market rates;
- supported housing for people who need additional housing-related support;
- care housing for older people; and
- low cost home ownership, primarily shared ownership.

SSHA owns the entire issued share capital of SSHA Developments Limited (was Acton Gate Limited) whose original primary trading function in 1998 was to lease and licence back SSHA headquarters. This was expected to be for a period up to 2018 but was cancelled in 2008. Since the financial year 2012/13 the company has generated income from installation of photovoltaic (PV) panels. The results of SSHA Developments Limited are consolidated into the ultimate controlling party the Housing Plus Group Limited (Housing Plus).

SSHA is the founding member of The Housing Plus Group (Housing Plus). Housing Plus, SSHA's ultimate controlling party, is a non-housing assets holding company which provides the central services for SSHA such as finance, human resource advice, information technology, development advice and management, property care services, legal services, health and safety advice and corporate publicity.

Housing Plus has prepared a Group Strategic Report to accompany the consolidated financial statements. SSHA has taken the exemption not to provide a full strategic report within its own financial statements in line with the Statement of Recommended Practice for registered social housing providers 2014. The Statement of Compliance with regulatory policies is available in the Group Strategic Report.

### Board Members and Executive Officers

SSHA is governed by a Board of Management composed of six non-executive members and one executive member. SSHA is managed by a senior management team headed by the Chief Executive and supported by the Finance Director/Deputy Chief Executive, Property Director, Neighbourhoods Director, Commercial Director, the Care and Support Director and interim People and Transformation Director. The Executive Management Team attends Board meetings.

Each member of the Board save for the Executive member holds one share of £1 in the Association. The Executive Officers of SSHA hold no interest in the Association's share capital and, although they do not have legal status of Directors they act as Executive Officers within the authority delegated to them by the Board and are termed Directors. Housing Plus has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of Housing Plus and SSHA. Members of the Board receive remuneration. The remuneration of the Board, the Chief Executive and the other Executive Officers is determined by the Housing Plus

Board. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar companies and the market place.

Full details of the remuneration of each Board Member and Executive Team Member are provided in note 10 of the financial statements.

### **Governance**

SSHA and its subsidiaries comply with the HCA's Governance and Financial Viability Standard. In April 2015 Housing Plus adopted the National Housing Federation (NHF) Excellence in Governance as its approved Code of Governance. SSHA complies with the Code.

### **Statement of Compliance**

The Board confirms that the Housing Plus Group Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice for registered social housing providers 2014.

The Board confirms that the Housing Plus Group has complied with all relevant regulatory and legal requirements. The Board confirms this for the Housing Plus Group and its subsidiaries through appropriate policies and procedures and a strong control framework (described in the Housing Plus Statement of Internal Controls). The Board also reviews the effectiveness of the control framework and the assurance received from it including receiving external reviews from the Internal Auditor.



## **STATEMENT OF THE BOARD OF MANAGEMENT'S RESPONSIBILITIES**

The Board is responsible for preparing the Board's Report and Financial Statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with FRS102 (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Societies Act 2014 the Board must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of SSHA and Housing Plus Group for that period.

In preparing these Financial Statements, the Board is required to:

- Select suitable accounting policies and then apply them consistently.
- Make judgments and accounting estimates that are reasonable and prudent.
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice: For Registered Social Housing Providers 2014 (SORP), 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 Association 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 Housing Plus Group and SSHA and enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

It is also responsible for safeguarding the assets of SSHA and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the SSHA's and Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In so far as each of the Board members is aware:

- There is no relevant information needed by the SSHA auditors in connection with preparing their report of which SSHAs's auditors are unaware.
- The Board members have taken all the steps that they ought to have taken to make themselves aware of any relevant information and to establish that SSHAs's auditors are aware of that information.

### **Provision of information to Auditors**

The Board Members who held office at the date of approval of this Board report confirm that, so far as they are each aware, there is no relevant audit information of which SSHA's auditors are unaware; the Board Members have taken all the steps that they ought to have taken as directors

in order to make themselves aware of any relevant audit information and to establish that SSHA auditors are aware of that information.

### **Independent Auditors**

A resolution to appoint External Auditors will be proposed at the next Annual General Meeting.

**By Order of the Board**

**Dated 27 July 2017**



**Paul Smith**  
Chair



**Philip Ingle**  
Director



**Irene Molyneux**  
Company Secretary



## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOUTH STAFFORDSHIRE HOUSING ASSOCIATION LIMITED**

We have audited the financial statements of South Staffordshire Housing Association for the year ended 31 March 2017 which comprise the association statement of comprehensive income, the association statement of financial position, the association statement of changes in equity, the cash flow statement 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).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association'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 association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

### ***Respective responsibilities of the board and auditors***

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### ***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2017 and of the association's surplus 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 Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

### ***Matters on which we are required to report by exception***

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the association; or
- a satisfactory system of control has not been maintained over transactions; or
- the association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

BDO LLP

*BDO LLP, statutory auditor*

*Birmingham*

*United Kingdom*

*Date 4 August 2017*

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

## STATEMENT OF COMPREHENSIVE INCOME

	Note	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
Turnover	3	30,483	30,304
Cost of Sales	3	(431)	(542)
Operating Expenditure	3	(20,995)	(21,507)
<b>Operating Surplus</b>		<b>9,057</b>	<b>8,255</b>
Surplus on Disposal of Housing Properties	4	464	383
Surplus on Disposal of Other Tangible Fixed Assets	4	25	-
Interest Receivable	5	25	32
Interest Payable and Financing Costs	6	(6,990)	(7,071)
<b>Surplus/(Deficit) Before Taxation</b>	7	<b>2,581</b>	<b>1,599</b>
Taxation	8	-	-
<b>Surplus/(Deficit) for the Year</b>		<b>2,581</b>	<b>1,599</b>
Actuarial Gain/(Loss) in respect of Pension Schemes	20	(1,186)	759
<b>Total Comprehensive Income for the Year</b>		<b>1,395</b>	<b>2,358</b>

The accompanying notes form part of these financial statements.

All the Group and Association (SSHA) turnover and surplus disclosed above are derived from continuing activities. The above surplus is based on historic costs.

## STATEMENT OF CHANGES IN EQUITY

	Year ended 31 March 2017		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
<b>Balance at 1 April 2016</b>	<b>11,881</b>	<b>801</b>	<b>12,682</b>
Adjustment to Reserves	7	-	7
<b>Total surplus from Statement of Comprehensive Income</b>	<b>2,173</b>	<b>408</b>	<b>2,581</b>
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	(1,186)	-	(1,186)
<b>Other Comprehensive Income for the year</b>	<b>(1,186)</b>	<b>-</b>	<b>(1,186)</b>
Capital spend in year	-	(302)	(302)
<b>Balance at 31 March 2017</b>	<b>12,875</b>	<b>907</b>	<b>13,782</b>

  

	Year ended 31 March 2016		
	Income and Expenditure Reserve	Restricted Reserve	Total Reserves
	£'000	£'000	£'000
<b>Balance at 1 April 2015</b>	<b>9,775</b>	<b>938</b>	<b>10,713</b>
<b>Total surplus from Statement of Comprehensive Income</b>	<b>1,346</b>	<b>253</b>	<b>1,599</b>
Actuarial Gains/(Losses) on Defined Benefit Pension Scheme	759	-	759
<b>Other Comprehensive Income for the year</b>	<b>759</b>	<b>-</b>	<b>759</b>
Capital spend in year	-	(390)	(390)
<b>Balance at 31 March 2016</b>	<b>11,881</b>	<b>801</b>	<b>12,682</b>

## STATEMENT OF FINANCIAL POSITION

	Note	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
<b>Long Term Assets</b>			
Intangible Assets and Goodwill	11	-	-
<b>Tangible Fixed Assets</b>	12		
Housing Properties		185,404	182,540
Other Tangible Fixed Assets		1,942	1,942
		<b>187,346</b>	<b>184,482</b>
<b>Current Assets</b>			
Stocks	12C	533	550
Trade and Other Debtors	13	3,705	1,056
Investments		7	7
Cash and Cash Equivalents		2,052	5,836
<b>Less: Creditors: Amounts Falling due within one year</b>	14	<b>(4,288)</b>	<b>(4,971)</b>
<b>Net Current Assets/(Liabilities)</b>		<b>2,009</b>	<b>2,478</b>
<b>Total Assets Less Current Liabilities</b>		<b>189,355</b>	<b>186,960</b>
<b>Creditors: Amounts falling due after more than one year</b>	15	<b>(168,679)</b>	<b>(167,587)</b>
Pension Provision	21	(6,894)	(6,691)
<b>Total Net Assets</b>		<b>13,782</b>	<b>12,682</b>
<b>Reserves</b>	17		
Income and Expenditure Reserve		12,875	11,881
Restricted Reserve		907	801
<b>Total Reserves</b>		<b>13,782</b>	<b>12,682</b>

The financial statements on pages 10 to 44 were approved by the Board and authorised for issue and are signed on its behalf by:



Paul Smith  
Chair



Philip Ingle  
Director



Irene Molyneux  
Company Secretary

Date : 27 July 2017

## STATEMENT OF CASH FLOWS

	Note	Year Ended 31 March 2017		Year Ended 31 March 2016	
		£'000	£'000	£'000	£'000
<b>Net cash generated from operating activities</b>	23		<b>11,498</b>		<b>12,406</b>
<b>Cash flow from investing activities</b>					
Purchase of property, plant and equipment		(9,552)		(10,713)	
Proceeds from sale of property, plant and equipment		876		726	
Grants received		328		1,457	
Interest received		23		32	
			<b>(8,325)</b>		<b>(8,498)</b>
<b>Cash flow from financing activities</b>					
Interest paid		(6,957)		(7,035)	
Loan drawdown/new loans		-		2,000	
Repayments of borrowings		-		-	
Withdrawal/(Transfer) from/to deposits		-		1,998	
			<b>(6,957)</b>		<b>(3,037)</b>
<b>Net change in cash and cash equivalents</b>		<b>(3,784)</b>		<b>871</b>	
<b>Cash and cash equivalents at beginning of the year</b>		<b>5,836</b>		<b>4,965</b>	
<b>Cash and cash equivalents at the end of the year</b>	25		<b>2,052</b>		<b>5,836</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Legal Status

SSHA is an exempt charity, registered as a Community Benefit Society and it is registered also with the Homes and Communities Agency (HCA - LH4121), the Regulator of Social Housing, under the Housing Association Act 1985, as a social landlord. SSHA is a public benefit entity as described by FRS102.

### 2. Accounting Policies

#### a. Basis of Accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (FRS102), and the Statement of Recommended Practice for registered social housing providers update 2014. The financial statements comply with the Housing Act 1996 and the Accounting Direction for Registered Providers of Social Housing 2015.

The financial statements have been prepared under the historic cost convention except for investment properties which are stated at their fair value.

The Directors have prepared trading and cash flow forecasts for the Group and based on this, appropriate sensitivities, current trading and available facilities have a reasonable expectation that the Group has adequate resources to continue trading for at least one year from the date of signing these financial statements. The Group has therefore prepared its financial statements with Group and subsidiaries continuing as going concern.

#### b. Basis of Consolidation

The Group financial statements consolidate the financial statements of Housing Plus Parent entity, and its wholly owned subsidiaries i.e. South Staffordshire Housing Association (SSHA), Severnside Housing, Severn Homes, Care Plus Staffordshire Limited, SSHA Developments Limited, A Walters Electrical Limited and Property Plus (Midlands) Limited at 31 March 2017.

A summary of the key accounting policies, which have been applied consistently across all entities, is set out below with intercompany transactions and balances being eliminated in full.

#### c. Turnover

Turnover represents rental and service charge income receivable net of voids, sales of first tranche shared ownership properties, grant amortisation and care services income for the year. Turnover (representing those items listed above) in the financial statements notes are analysed to identify General Needs, Supported Housing, Care Housing and Shared Ownership properties.

SSHA recognises the revenue as per section 23 of FRS102 'Revenue'.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from Low Cost Home Ownership sales and sales of properties built for sale is recognised at the point of legal completion of the sale.



Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Service charges, Supporting People Income and care services are recognised when the service has been performed and expenditure incurred.

#### **d. Value Added Tax (VAT)**

SSHA's main income stream, being rent, is exempt for value added tax (VAT) purposes. The majority of expenditure is subject to VAT, which the Group and subsidiaries are unable to reclaim – this expenditure is therefore shown inclusive of VAT.

VAT can be reclaimed under the partial exemption method for certain other activities. The balance of VAT payable to or recoverable at the year end is included in the financial statements as a current liability or asset

#### **e. Interest and Financial Costs**

Interest and financial costs represents the cost of financing the purchase of those properties transferred and property acquisitions as well as new development. Loans are secured on the majority of SSHA and Severnside housing assets.

Interest and financial costs are charged to the Statement of Comprehensive Income in the year in which it is incurred.

#### **f. Pensions**

SSHA participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Local Government Pension Scheme (Staffordshire LGPS). The assets of the funds are kept separately from those of the Group being invested in independently managed superannuation funds.

The Group has accounted for the LGPS as a defined benefit scheme and SHPS as a defined contribution scheme as the assets and liabilities cannot be separately identified for the Group. A liability for the contributions payable in relation to the deficit for SHPS has been included in the Statement of Financial Position.

#### **g. Holiday Pay Accrual**

A current liability is recognised for any unused holiday pay entitlement which has accrued at the Statement of Financial Position date. This is measured at the undiscounted salary cost of the future holiday entitlement at the Statement of Financial position date.

#### **h. Housing Properties**

Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and accumulated impairment losses. The cost includes costs of acquiring land and buildings, development costs incurred during the development period and other directly attributable costs. Housing properties under construction are stated at cost less accumulated impairment losses.

Completed housing for lettings and low cost shared ownership properties are also stated in notes of financial statements at the Existing Use Value for Social Housing (EUV-SH) for comparison each year. Full revaluations of the properties are undertaken every three years and interim valuations are carried out where there are indications of a significant change in value.

Completed housing properties are split between their land and structure costs. Freehold land is not depreciated. Housing properties are depreciated on a straight line basis over the useful economic life of the assets. The depreciable amount is arrived at on the basis of original cost.

SSHA's housing assets are depreciated as follows:

- Depreciation is charged from the date of acquisition or practical completion of works.
- Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.
- Major components are treated as separable assets and depreciated over their expected useful economic lives or the lives of the structure to which they relate, if shorter, at the following annual rates:

• Structure	50-120 years
• Roof	60 years
• Kitchens	20 years
• Bathrooms	30 years
• Heating System/Boilers	15 years
• Wiring System	30 years
• Lifts	30 years
• UPVC External Doors	30 years
• UPVC Windows	30 years
• Porches	30 years
• Solar Panels	30 years

#### **i. Capitalisation**

Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

Major improvements and renovation of tangible fixed assets which extend the life of the asset, increase the rent or considerably reduce the future routine maintenance are capitalised and depreciated over the useful economic life of the asset.

Staff and other costs that are directly attributable to bringing housing properties to practical completion are capitalised. Development costs not capitalised are shown as other activities in the financial statement for the year.

Interest costs relating to new development are capitalised. The interest charged reflects the net interest paid over the period of the developments.

#### **j. Accounting for Grants**

SSHA receives Social Housing Grant and grants from Local Authorities. Any grants provided to reduce the capital cost of housing properties held at cost or specific components of housing properties, are recognised by SSHA using the accrual model. It means that grants are released to the Statement of Comprehensive Income, on a systematic basis over the expected useful life of the housing property structure or if a Disabled Facilities Grant over the expected useful life of the bathroom.

If an asset (housing property or its component) is disposed of, for which grant was received, and there is no obligation to repay the grant, any grant remaining within liabilities on the Statement

of Financial Position is released to the Statement of Comprehensive Income. If the grant is available to be recycled it is credited to a Recycled Capital Grant Fund and included as a liability in the Statement of Financial Position.

Any grants received in respect of revenue expenditure are recognised in the Statement of Comprehensive Income as they become receivable.

Donations of land or other tangible assets acquired below market value from a government source are treated as a non-monetary grant. The difference between the fair value of the tangible asset donated or acquired and the consideration paid is recognised as a liability in the Statement of Financial Position. Once the terms of the donation have been met it is released to the income, to the Statement of Comprehensive Income.

#### **k. Sale of Housing Property**

Under shared ownership arrangements, SSHA sells a long term leasehold interest of Shared Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 100% of open Market Value. Proceeds of sale of first tranches are accounted for as turnover in the Statement of Comprehensive Income. The total property cost is apportioned between the shared ownership element and the element remaining in SSHA's ownership based on the percentage tranche sold or estimated to be sold. The estimated first tranche value of properties that are developed for sale and are either unsold or work in progress are included in current assets. Subsequent tranches ('Staircasing') are accounted for as disposals. The remaining unsold element remains on the Statement of Financial Position as a fixed asset and is subject to an annual impairment review.

Under Right to Buy and Right to Acquire arrangements SSHA sells properties to qualifying tenants. Due to the nature of the transfer with South Staffordshire Council it is not possible to separately identify the value of each property sold. An average value is eliminated from the property assets following each sale and charged to the Statement of Comprehensive Income. Receipts from Right to Acquire sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipt less eligible expenses are held in a disposal proceeds fund, which is held in creditors (either current or long term dependent on when it is anticipated to be used).

#### **l. Intangible Assets**

Intangible assets are identifiable non-monetary assets without physical substance. These are stated at cost less accumulated amortisation and any accumulated impairment losses. The cost includes cost of asset purchase and other directly attributable costs.

Intangible assets are amortised on a straight line basis over the useful economic life of the assets as follows:

- Software Warranties & Licences 4 years (25.00% per annum)

#### **m. Other Tangible Fixed Assets**

Other tangible assets are depreciated on a straight-line basis over the useful economic life of the asset as follows:

• Office Structure	60 years
• Vehicles	4 years
• Furniture & Equipment	5 years
• Photocopiers	3 years
• IT Hardware	2 years

The threshold for capitalisation is £500 for a single asset or group of assets.

#### **n. Impairment**

SSHA carries out an annual impairment review of individual tangible fixed assets and cash generating units. The review takes into account internal and external indicators of impairment including obsolescence, physical damage, expected cashflows, replacement values, market factors and government policy. SSHA considers cash generating units to be schemes or geographical areas depending on size.

Where an indicator of impairment exists an impairment assessment is performed where the carrying amount is compared to the recoverable amount. If the carrying amount of an asset or cash generating unit exceeds the recoverable amount then the loss is charged to the Statement of Comprehensive Income as expenditure and as a separate line within operating expenditure where it is considered to be material.

#### **o. Leased Assets**

SSHA has no obligations under Finance Leases. Any assets held under finance leases are included in the Statement of Financial Position and depreciated in accordance with the Group's normal accounting policies. The present value of future rentals is shown as a liability.

The interest element of rental obligations is charged to the Statement of Comprehensive Income over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the lease term.

#### **p. Debtors and Creditors**

Debtors and creditors receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenditure.

#### **q. Financial Instruments**

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability of another entity. The Group accounts for its financial instruments using sections 11 'Basic Financial Instruments' and 12 'Other Financial Instruments Issues' of FRS102.

SSHA's financial instruments are all currently classified as basic and include rent receivable, trade creditors, cash and loans.

Basic financial instruments are initially recognised at transaction price and in subsequent years at amortised cost. Financial assets are derecognised when the rights to the cash flows from the asset expire or are settled. Financial liabilities are derecognised when the obligation is discharged, cancelled or expired. Any difference between the consideration paid or received and the amounts derecognised are recognised in the Statement of Comprehensive Income.

#### **r. Cash and cash Equivalents**

Cash and cash equivalents consists of cash at bank, cash in hand, deposits and short term investments with an original maturity of three months or less.

#### **s. Taxation**

SSHA is an exempt charity for corporation tax.

#### **t. Provisions**

The Group only provides for when:

- there is a present legal or constructive obligation, resulting from a past event, at the Statement of Financial Position date;
- it is probable that a transfer of economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the Statement of Financial Position date.

SSHA sets a provision against rent arrears of current and former tenants based upon historic trends relating to write offs. All other receivables including trade receivables are provided for on a case by case basis.

#### **u. Contingent Liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably.

The Group does not recognise a contingent liability but discloses its existence in the financial statements.

#### **v. Reserves**

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds.

#### **w. Key Estimates and Judgements**

The preparation of the financial statements requires the use of certain accounting estimates and judgements concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

#### *i). Impairment of assets*

The Group assesses whether there is any indicator of impairment. Where an indication of impairment exists then an estimate must be made of the recoverable amount of the cash generating unit (CGU). This can require estimation of future cash flows from the CGU or costs of constructing/replacing the CGU if it is not held solely for its cash flows but for its service potential. Estimations are also made in relation to the selection of appropriate discount rates in order to calculate the net present value of those cash flows or costs.

#### *ii). Defined benefit pension scheme*

The Group has obligations to pay pension benefits to certain employees. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, asset valuations and the discount rate on corporate bonds. Management relies on the estimates made by actuaries and the pension fund in these areas.

During the year ended 31 March 2017 the assumptions relied upon from the actuary are detailed in Note 20.

#### *iii). Classification of Financial Instruments*

The Group must make judgements over the classification of Financial Instruments as either basic or other. The implication of this is that if treated as 'other', the loan would have to be shown at fair value with any movements in fair value reflected in the Statement of Comprehensive Income. All of these adjustments are non-cash and would have no impact on the Group's loan covenants.

The Group's financial instruments are all currently classified as basic and measured at amortised cost. FRS102 does not specify how fixed rate debt with two-way break clauses specified in the loan agreement should be classified. The Group has £40m of fixed rate debt with Nationwide which has two way break clauses and has judged these to be basic.

The judgement that management has made is based upon section 11.9 (b) and 11.9 (c) of FRS102.

Section 11.9(b) states '*There is no contractual provision that could, by its terms, result in the holder (the lender) losing the principal amount or any interest attributable to the current or prior periods*'. Since breakage costs are paid in respect of future interest payments, 11.9 (b) would not be failed.

Section 11.9 (c) provides further grounding for this judgement which suggests that compensation on early termination should not be a breach.

#### *iv). Merger Accounting*

The Group have made a judgement that the creation of the new Group on 1<sup>st</sup> October should be accounted for using merger accounting as it meets the definition of a merger per FRS102:

- No party to the combination is portrayed as either acquirer or acquiree, either by its own board or management or by that of another party to the combination

- There is no significant change to the classes of beneficiaries of the combining entities or the purpose of the benefits provided as a result of the combination
- All parties to the combination, as represented by the members of the board, participate in establishing the management structure of the combined entity and in selecting the management personnel, and such decisions are made on the basis of a consensus between the parties to the combination rather than purely by exercise of voting rights



## NOTES TO THE FINANCIAL STATEMENTS

### 3. Particulars of turnover, cost of sales, operating expenditure and operating surplus

	Note	Year Ended 31 March 2017			Year Ended 31 March 2016				
		Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000	Turnover £'000	Cost of Sales £'000	Operating Expenditure £'000	Operating Surplus/ (Deficit) £'000
<b>Social housing lettings</b>									
Income and expenditure from social housing lettings	3a	29,597	-	(16,605)	12,992	-	(16,600)	12,614	
<b>Other social housing activities</b>									
1 <sup>st</sup> Tranche LCHO sales		425	(431)	(17)	(23)	(542)	(42)	64	
Leaseholders		64	-	(2)	62	-	(14)	27	
Tenant Garages		100	-	(1)	99	-	3	109	
Charges for support services		-	-	(3,495)	(3,495)	-	(3,861)	(3,861)	
External Activities		-	-	-	-	-	-	-	
Office Impairment		-	-	-	-	-	(77)	(77)	
Other Activities		87	-	-	87	-	(7)	65	
Intra Group		-	-	(874)	(874)	-	(904)	(904)	
		676	(431)	(4,389)	(4,144)	(542)	(4,902)	(4,577)	
<b>Activities other than social</b>									
Shops		18	-	-	18	-	-	20	
Private Garages		192	-	(1)	191	-	(5)	199	
		210	-	(1)	209	-	(5)	219	
<b>Total</b>		<b>30,483</b>	<b>(431)</b>	<b>(20,995)</b>	<b>9,057</b>	<b>(542)</b>	<b>(21,507)</b>	<b>8,255</b>	

**NOTES TO THE FINANCIAL STATEMENTS**

**3a. Income and Expenditure from social housing activities**

	Year Ended 31 March 2017					Year Ended 31 March 2016	
	General Housing	Supported Housing	Low Cost Home Ownership		Care Housing		Total
			£'000	£'000			
Rent Receivable net of identifiable service charges	22,061	2,287	498	1,014	25,860	25,771	
Service Charges Income	170	876	157	1,723	2,926	2,643	
Amortised government grants	423	102	62	224	811	799	
<b>Turnover from Social Housing Lettings</b>	<b>22,654</b>	<b>3,265</b>	<b>717</b>	<b>2,961</b>	<b>29,597</b>	<b>29,213</b>	
Management	(2,191)	(281)	(48)	(377)	(2,897)	(3,175)	
Service Charge Costs	-	(755)	(23)	(1,422)	(2,200)	(1,996)	
Routine Maintenance	(1,506)	(245)	(21)	(71)	(1,843)	(2,028)	
Planned Maintenance	(3,911)	(442)	(24)	(250)	(4,627)	(4,320)	
Major Repairs Expenditure	-	-	-	-	-	-	
Bad Debts	(61)	(3)	-	(6)	(70)	(104)	
Depreciation of Housing Properties	(3,455)	(431)	(207)	(813)	(4,906)	(4,976)	
Impairment of Housing Properties	-	-	(62)	-	(62)	-	
<b>Operating Expenditure on Social Housing Lettings</b>	<b>(11,124)</b>	<b>(2,157)</b>	<b>(385)</b>	<b>(2,939)</b>	<b>(16,605)</b>	<b>(16,600)</b>	
<b>Operating Surplus on Social Housing Lettings</b>	<b>11,530</b>	<b>1,108</b>	<b>332</b>	<b>22</b>	<b>12,992</b>	<b>12,614</b>	
Void Losses	(96)	(64)	5	(8)	(163)	(465)	

## NOTES TO THE FINANCIAL STATEMENTS

### 3b. Classes of Accommodation in management and development

	Year Ended 31 March 2017	Year Ended 31 March 2016
	Units	Units
General Housing		
- Social Rent	4,727	4,740
- Affordable Rent	47	23
Supported Housing and Housing for Older People	558	558
Low Cost Home Ownership	223	225
Care Housing		
- Social Rent	198	198
- Affordable Rent	50	50
Leasehold	241	238
<b>Total</b>	<b>6,044</b>	<b>6,032</b>
Accommodation managed on behalf of others	-	-
<b>Total Managed</b>	<b>6,044</b>	<b>6,032</b>
Accommodation in development at the year end	58	65

### 4. Surplus/Deficit on Disposal of Tangible Fixed Assets

Housing Properties	Year Ended 31 March 2017				Year Ended 31 March 2016
	LCHO	RTB	Other Properties	Total	
	£'000	£'000	£'000	£'000	£'000
Disposal Proceeds	109	677	65	851	734
Cost of Sales	(101)	(260)	(15)	(376)	(340)
Selling Costs	(1)	(9)	(1)	(11)	(11)
<b>Net surplus on disposal of housing properties</b>	<b>7</b>	<b>408</b>	<b>49</b>	<b>464</b>	<b>383</b>

Other Tangible Fixed Assets	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Disposal Proceeds	25	-
Cost of Sales	-	-
<b>Net surplus on disposal of other tangible fixed assets</b>	<b>25</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Interest receivable and other income

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Interest received from temporary investments	21	32
Interest received from an Intra Group Loan: - Housing Plus	4	-
<b>Interest receivable and other income</b>	<b>25</b>	<b>32</b>

### 6. Interest payable and financing costs

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Loan Interest	(6,720)	(6,891)
Loan Commission and valuation fees	(88)	(89)
Renegotiation fees	(74)	10
Capitalised Interest	102	103
Net interest expense (pensions)	(210)	(204)
<b>Interest and financing costs</b>	<b>(6,990)</b>	<b>(7,071)</b>

### 7. Surplus on Ordinary Activities before Taxation

	Note	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
<b>Depreciation:</b>			
Housing Assets		4,906	4,976
Other Fixed Assets		166	196
<b>Grant Amortisation</b>		(811)	(799)
<b>Surplus on Disposal</b>	4	(489)	(383)
<b>Operating lease rentals:</b>	19		
Office Equipment		39	22
<b>External Auditors' Remuneration (incl. expenses, excl. VAT):</b>			
Fees for the audit of the financial statements		13	32
Fees for other services		3	2

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Tax on surplus on ordinary activities

There is no corporate tax charge for the year 2016/17 (2015/16 nil).

### 9. Employees

The average number of persons employed during the financial year was:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	Number	Number
Administration (paid monthly)	50	55
Housing Support and Care (wardens, caretakers, cleaners)	1	2
<b>Total</b>	<b>51</b>	<b>57</b>

The average number of persons employed during the financial year expressed as full-time equivalents (35hours) was:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	Number	Number
Administration (paid monthly)	46	50
Housing Support and Care (wardens, caretakers, cleaners)	-	1
<b>Total</b>	<b>46</b>	<b>51</b>

Employees' costs:

	Note	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
Wages and salaries		1,209	1,258
Social Security costs		104	103
Other pension costs	20	86	89
<b>Total</b>		<b>1,399</b>	<b>1,450</b>

### 10. Directors' Emoluments

The Directors of the Group are its Board Members. Board Members are not members of any Housing Plus pension scheme. Below there are the emoluments paid to the Board Members:

Summary of Board Members Payments	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Pay	19.3	42.6
<b>Total</b>	<b>19.3</b>	<b>42.6</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 10. Directors' Emoluments (continued)



The Executive Directors did not receive any emoluments in respect of their services to the Group (2015/2016 £nil) and none (2015/16 none) of the Executive Directors were a member of SSHA pension schemes. The Executive Directors are all employed and remunerated through the ultimate controlling party, Housing Plus Group Limited.

Details of Board Members Pay	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Mr Rolf Levesley (Chair)	6.2	10.5
Mrs Carol Hurley	2.4	4.6
Mr Caroline Bishop	0.7	4.0
Mr Mohan Sandhar (Vice Chair to 30 <sup>th</sup> Sept 2015)	-	3.4
Mr Tony Pate (Vice Chair from 1 <sup>st</sup> Oct 2015)	3.9	5.4
Mrs Monica Shafaq (from 26 <sup>th</sup> Sept 2014)	0.1	4.0
Mrs Jasvinder Hewitt (from 26 <sup>th</sup> Sept 2014)	2.1	4.0
Mr Peter Bell	3.9	6.7
<b>Total</b>	<b>19.3</b>	<b>42.6</b>

Following the merger the Board members of SSHA became part of a co-terminus Homes Board with Severnside Housing. The Board members of the two landlords were paid from the Housing Plus Group from 1st November 2016.

Staff who received remuneration (including benefits in kind) in excess of £60k are summarised in the following bands:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
More than £60,000 but not more than £70,000	-	-
More than £70,000 but not more than £80,000	-	1
More than £80,000 but not more than £90,000	-	-
More than £90,000 but not more than £100,000	1	-

## 11. Intangible Assets

All Intangible Fixed Assets were reclassified as Tangible Fixed Assets in 2013/14 to reflect current accounting policy where the software is treated as tangible when it is directly attributable to bringing a computer system or other computer-operated machinery into working condition for its intended use within the business. There has been no change to this policy under FRS102.

There were no Intangible Fixed Assets recognised by SSHA for the year ended 31 March 2017.

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Housing Properties at Cost

	Houses for Letting		As at 31 March 2017		As at 31 March 2016		
	Complete for Letting £'000	Under Construction £'000	Complete for Letting £'000	Under Construction £'000	Complete for Letting £'000	Under Construction £'000	Total £'000
<b>COST</b>							
At 1 April	198,991	3,617	15,566	91	218,265		208,632
Additions*	4,190	3,544	5	878	8,617		11,158
Disposals	(767)	-	(101)	-	(868)		(1,079)
Transfers (note 12a)	3,461	(3,518)	(89)	(355)	(501)		(446)
<b>At 31 March</b>	<b>205,875</b>	<b>3,643</b>	<b>15,381</b>	<b>614</b>	<b>225,513</b>		<b>218,265</b>
<b>LESS ACCUMULATED DEPRECIATION</b>							
At 1 April	(34,337)	-	(1,387)	-	(35,724)		(31,423)
Depreciation charge for year	(4,505)	-	(223)	-	(4,728)		(4,681)
Eliminated in respect of Disposals	387	-	18	-	405		380
Impairment (losses)/reversals	-	-	(62)	-	(62)		-
<b>At 31 March</b>	<b>(38,455)</b>	<b>-</b>	<b>(1,654)</b>	<b>-</b>	<b>(40,109)</b>		<b>(35,724)</b>
<b>Net book value</b>							
At 31 March	167,420	3,643	13,727	614	185,404		182,540
At 1 April	164,654	3,617	14,179	91	182,540		177,209

\*The value of additions related to replacement of components for Housing Properties Assets is £4,191,360 (2015/16 was £4,252,416).

Note: Included within 'Eliminated in respect of disposals' is accelerated depreciation of £178k



## NOTES TO THE FINANCIAL STATEMENTS

### 12a Housing Properties at Cost

	As at					As at
	31 March 2017				Total	31 March
	Houses for Letting Complete for Letting	Under Construction	Low Cost Home Ownership Complete for Letting	Under Construction		2016
£'000	£'000	£'000	£'000	£'000	£'000	
Complete Properties	3,429	(3,429)	8	(8)	-	-
Stair-casing sale	32	-	(32)	-	-	-
Write-off to Income & Expenditure (Aborted Schemes)	-	(89)	-	-	(89)	(19)
Transfer to Current Assets	-	-	(65)	(347)	(412)	(427)
<b>Transfers</b>	<b>3,461</b>	<b>(3,518)</b>	<b>(89)</b>	<b>(355)</b>	<b>(501)</b>	<b>(446)</b>

SSHA and Severnside hold all housing assets within the Group. The ultimate controlling party – Housing Plus is a non-housing assets holding company.

There is an annual valuation of SSHA properties using the Existing Use Value as Social Housing method (EUV.SH), which assumes a sale approved by the HCA to another Registered Social Landlord who will manage the property in accordance with the HCA and SSHA tenancy guarantees.

The cash generating unit for the impairment review was taken at a scheme level as it was determined that this grouped assets with similar values and rents. The primary technique used to calculate the recoverable amount was EUV-SH. This methodology highlighted that new additions to stock since transfer had a higher carrying value than the EUV-SH valuation. However, these units were developed for social benefit and as such in line with SORP guidance the Group used Value in Use – Service Potential (VIU-SP) as a the basis for the recoverable amount. The calculation of VIU-SP was a depreciated replacement cost.

The review in 2016/17 identified 3 Low Cost Home Ownership properties in SSHA where the carrying value exceeded the calculated Value in Use – Service Potential. The total excess of carrying value over VIU – SP of £61,797 has been recognised under operating expenditure in the Statement of Comprehensive Income. There are no accumulated brought forward impairments.

## NOTES TO THE FINANCIAL STATEMENTS

## 12a Housing Properties at Cost (continued)

### Charges against properties

	As at 31 March 2017	As at 31 March 2016
Number of Properties on which there is a fixed charge	5,444	5,457
Number of Properties not charged	359	337
<b>Total Number of Properties</b>	<b>5,803</b>	<b>5,794</b>

### Social Housing Grant and Other Grants

The Association has received government grants in order to acquire and develop its housing properties. Grants are amortised through the Statement of Comprehensive Income over the useful economic life of the structure of the property. Any unamortised grant is held as deferred income. A breakdown of this grant is shown below:

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Deferred capital grant at 1 April	43,943	42,830
Grants received during the year	340	1,456
Grants recycled from/(to) the recycled capital grant fund	(44)	(19)
Transfers from reserves	302	475
Released to income during the year	(811)	(799)
<b>Deferred capital grant at 31 March</b>	<b>43,730</b>	<b>43,943</b>

### Housing properties book value, net of depreciation

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
Freehold land and buildings	184,838	181,974
Long leasehold land and buildings	566	566
<b>Total</b>	<b>185,404</b>	<b>182,540</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 12b Other Tangible Fixed Assets

	As at 31 March 2017					As at 31 March 2016	
	Fixtures, Fittings, Tools & Equipment Furniture & Equipment £000	Computer Equipment & Telephones £000	Software £000	Land & Buildings £000	Total £000	Total £000	
<b>COST</b>							
At 1 April	1,605	1,636	25	2,266	5,532	5,426	
Additions	156	-	-	10	166	106	
Disposals	-	-	-	-	-	-	
<b>At 31 March</b>	<b>1,761</b>	<b>1,636</b>	<b>25</b>	<b>2,276</b>	<b>5,698</b>	<b>5,532</b>	
<b>Accumulated Depreciation &amp; Impairment</b>							
Depreciation at 1 April	(1,264)	(1,633)	(25)	(668)	(3,590)	(3,317)	
Depreciation charge for year	(128)	(3)	-	(35)	(166)	(196)	
Impairment	-	-	-	-	-	(77)	
<b>At 31 March</b>	<b>(1,392)</b>	<b>(1,636)</b>	<b>(25)</b>	<b>(703)</b>	<b>(3,756)</b>	<b>(3,590)</b>	
<b>Net book value</b>							
At 31 March	369	-	-	1,573	1,942	1,942	
At 1 April	341	3	-	1,598	1,942	2,109	

There is no charge on any of these assets. All land held for other property, plant and equipment is owned freehold.

## NOTES TO THE FINANCIAL STATEMENTS

### 12c. Stocks

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
LCHO Completed Properties	127	492
LCHO Properties Under Construction	406	58
Impairment	-	-
<b>Total Low Cost Home Ownership</b>	<b>533</b>	<b>550</b>
Open Market Properties Under Construction	-	-
<b>Total Inventories</b>	<b>533</b>	<b>550</b>

Inventories are held at the lower of actual cost and estimated selling price less costs to complete and sell. There have been no impairments in the year (2015/16 none).

### 13. Trade and Other Debtors

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
<b>Due within one year</b>		
Rent Receivable	709	905
Service Charges Receivable	-	-
Leaseholders	7	5
Less: Provision for bad and doubtful debts	(71)	(118)
	645	792
Amounts due from Other Group Associations		
Housing Plus	765	13
Sevenside	11	-
Social Housing Grant Receivable	-	100
Other Debtors	117	42
Less: Provision for bad and doubtful debts	(4)	(1)
	889	154
Prepayments & Accrued Income	171	110
<b>Total due within one year</b>	<b>1,705</b>	<b>1,056</b>
Amounts due from Other Group Associations	2,000	-
<b>Total due after more than one year</b>	<b>2,000</b>	<b>-</b>
<b>Total Debtors</b>	<b>3,705</b>	<b>1,056</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 14. Creditors: Amounts falling due within one year

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
Rents and service charges received in advance	(372)	(269)
Loan Interest (Note 15)	(707)	(790)
Trade creditors	(81)	(79)
Fixed Asset accruals	(167)	(414)
Employees	(37)	(31)
SHPS Pension Deficit*	(144)	-
HMRC – VAT	(6)	-
Accruals and Deferred Income	(621)	(781)
Deferred Income - Grant	(1,688)	(1,829)
Intra Group Creditors:		
- Housing Plus	(465)	(777)
- Care Plus	-	(2)
<b>Total Creditors: Amounts falling due within one year</b>	<b>(4,288)</b>	<b>(4,971)</b>

The average number of days for the Association between the invoice date and payment is 16 days (2015/16 23 days).

\* Note – this was included as a provision in the 2015/16 financial statements.

### 15. Creditors: Amounts falling due after more than one year

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
Nationwide Syndications	90,000	90,000
BAE Loan	35,000	35,000
Recycled capital grant and disposal proceeds fund	153	109
Deferred Income - Grants	42,042	42,114
SHPS Pension Deficit*	956	-
Other Designated Funds	528	365
<b>Total Creditors: Amounts falling due after one year</b>	<b>168,679</b>	<b>167,587</b>

\* Note – this was included as a provision in the 2015/16 financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 15. Payables: Amounts falling due after more than one year (continued)

#### SHPS Pension Deficit Contribution

	£'000
<b>At 1 April 2016</b>	<b>1,184</b>
Charged to Income and Expense:	
- Additions	-
- Re-measurement	32
Unwinding of discount	23
Contribution paid	(139)
<b>At 31 March 2017</b>	<b>1,100</b>

#### Movements in recycled Capital Grant Fund

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
<b>Recycled Capital Grant Fund</b>		
Balance as at 1 April	109	90
Recycled Grant Input	75	44
Withdrawals	(31)	(25)
<b>Balance as at 31 March</b>	<b>153</b>	<b>109</b>

#### Movements in Disposal Proceeds Funds

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
<b>Disposal Proceeds Fund</b>		
Balance as at 1 April	-	-
Inputs arising from disposals	-	-
Withdrawals	-	-
<b>Balance as at 31 March</b>	<b>-</b>	<b>-</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 15. Payables: Amounts falling due after more than one year (continued)

#### Loan Repayments

	Bank Loans 2017 £'000	Other Loans 2017 £'000	Finance Leases 2017 £'000	Total 2017 £'000
In one year or less	-	-	-	-
In more than one year but not more than two years	1,300	-	-	1,300
In more than two years but not more than five years	3,900	-	-	3,900
	<b>5,200</b>	<b>-</b>	<b>-</b>	<b>5,200</b>

	Bank Loans 2016 £'000	Other Loans 2016 £'000	Finance Leases 2016 £'000	Total 2016 £'000
In one year or less	-	-	-	-
In more than one year but not more than two years	-	-	-	-
In more than two years but not more than five years	3,900	-	-	3,900
	<b>3,900</b>	<b>-</b>	<b>-</b>	<b>3,900</b>

#### Security, terms of repayment and interest rates

The Nationwide Syndications loan is secured by the properties that SSHA owns. The loan repayments are scheduled to commence from October 2018 until October 2037. £86.1m of the Nationwide syndications are repayable after 5 years. During the loan period decisions are made to fix the rate of interest for periods within the overall loan period. The fixed rates of interest for 2016/17 range between 4.65% and 7.12%. As at 31<sup>st</sup> March 2017 the Association had £16million of loans on RPI or a variable rate (2015/16 £14million).

The BAE loan is secured against properties that SSHA owns. The loan is repaid between August 2038 and August 2042 in equal instalments of £7m. It has a fixed interest rate of 5.0%.

The weighted average interest rate for the year was 5.39%.

At 31 March 2017 the Group had undrawn loan facilities of £15million (2015/16 £15million).



## NOTES TO THE FINANCIAL STATEMENTS

### 16. Financial Instruments

	Note	Year Ended 31 March 2017	Year Ended 31 March 2016
		£'000	£'000
<b>Financial assets that are debt instruments measured at amortised cost</b>			
Rent & Service Charge Receivable	13	716	910
Intra Group	13	2,776	13
Other Debtors	13	117	142
Investments in short term deposits		7	7
Cash and Cash Equivalents		2,052	5,836
		<b>5,668</b>	<b>6,908</b>
<b>Financial liabilities measured at amortised cost</b>			
Loans	15	(125,000)	(125,000)
Trade creditors	14	(81)	(79)
Accruals	14	(1,682)	(2,016)
Intra Group	14	(465)	(779)
		<b>(127,228)</b>	<b>(127,874)</b>

SSHA's financial instruments are all currently classified as basic and measured at amortised cost.

### 17. Called Up Non-Equity Share Capital

Each member of the Board of Management holds one non-equity share of £1 each. These shares carry the right to vote at General Meetings on the basis of one share one vote. The shares are not transferable, non redeemable and carry no right to receive income or capital payments.

	As at 31 March 2017	As at 31 March 2016
Number of Shareholders as at 1 April	38	38
Shares issued during the financial year	-	-
Returned shares during the financial year	(32)	-
<b>Number of Shareholders as at 31 March</b>	<b>6</b>	<b>38</b>

Historically there were other groups of shareholders such as tenants and local people who held non-equity share of £1 each. These shares were returned as part of the merger with Severnside Housing in October 2016.

## NOTES TO THE FINANCIAL STATEMENTS

### 18. Capital Commitments

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
Expenditure contracted but not provided in the financial statements	3,046	5,980
Expenditure authorised by the Board but not contracted	22,980	19,102
<b>Total Capital commitments</b>	<b>26,026</b>	<b>25,082</b>

The expenditure contracted but not provided in the financial statements will be funded by a drawdown from the unused loan facilities the total of which is £15million (2015/16 £15 million).

The following amounts describe the way SSHA funds the development:

	As at 31 March 2017	As at 31 March 2016
<b>Group &amp; Association</b>	<b>£'000</b>	<b>£'000</b>
Net Expenditure	16,749	21,330
SHG	-	435
Other Grant Funding	-	193
Forecast sales	9,277	3,124
<b>Total Gross Expenditure</b>	<b>26,026</b>	<b>25,082</b>

### 19. Leases

#### Operating Leases

The Association held coin operated washing machines and lone working safety devices on cancellable operating leases. At 31 March 2017 the total of future minimum lease payments under non cancellable operating leases for each of the following periods:

	As at 31 March 2017	As at 31 March 2016
	£'000	£'000
<b>Leases for equipment:</b>		
Not later than one year	-	-
Later than one year and not later than five years	7	66
Later than five years	6	-
<b>Total</b>	<b>13</b>	<b>66</b>

The expenditure charged in the Statement of Comprehensive Income during the year in relation to minimum lease payments was £39,323.

#### Finance Leases

The Association as a lessee does not have any leases that have been classified as finance leases.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Pension

#### a) Social Housing Pension Scheme

SSHA participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers.

SSHA has agreed to a deficit funding arrangement and recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost. During the year until 31 March 2017 the present value of the provision has decreased by £84,000; this decrease has a positive impact on the surplus for the year in the Statement of Comprehensive Income.

	31 Mar 2017	31 Mar 2016	31 Mar 2015
	£'000	£'000	£'000
Present Value of Provision	1,100	1,184	892

	31 Mar 2017	31 Mar 2016	31 Mar 2015
Rate of Discount	1.33%	2.06%	1.92%

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Pension (continued)

During the accounting year ended 31 March 2017 SSHA paid no contributions for Defined Benefit Scheme and between 1% and 10% for Defined Contribution Scheme (2015/16 between 1% and 10%). Members' contributions varied between 1% and 7%.

As at the Statement of Financial Position date there were 28 (26 as at 31<sup>st</sup> March 2016) active members of the Scheme employed by SSHA, all in Defined Contribution Scheme (2014/15 all in Defined Contribution Scheme).

#### b) Staffordshire County Council Scheme

SSHA participates in the Local Government Pension Scheme which is a multi employer defined benefit Scheme, is funded and is contracted out of the state scheme.

The funding rate for the employer for the year ended 31 March 2017 was 19.6% (2015/16 19.6%). The number of SSHA employees in the scheme as at 31 March 2017 was 15 (31 March 2016 was 16).

The disclosures necessary in respect of FRS102 are shown in various tables below. The actuary has estimated that the net pension asset/liability as at 31 March 2017 is a liability of £6,894,000 (2015/16 £5,506,000).

Assumptions as at	31 Mar 2017 %p.a.	31 Mar 2016 %p.a.	31 Mar 2015 %p.a.	31 Mar 2014 %p.a.	31 Mar 2013 %p.a.
Salary increases	2.8%	4.1%	4.0%	4.4%	5.1%
Pension increases	2.4%	2.1%	2.1%	2.6%	2.8%
Discount Rate	2.5%	3.4%	3.1%	4.1%	4.5%

The assumptions at the accounting date are consistent with the duration of the employer's past service liabilities. As at 31 March 2017 the weighted average duration of the past service liabilities was 15.7 years. Please note this reflects funded obligations only and does not include the unfunded pensioner liabilities.

The life expectancy is based on the Fund's VitaCurves and based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	22.1 years	24.4 years
Future Pensioners*	24.1 years	26.4 years

\* Figures assume members aged 45 as at the last formal valuation date.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Pension (continued)

Categories of plan assets as a % of total plan assets	Assets at 31 Mar 2017	Assets at 31 Mar 2016	Assets at 31 Mar 2015	Assets at 31 Mar 2014	Assets at 31 Mar 2013
	%	%	%	%	%
Equities	74	75	76	75	79
Bonds	13	11	11	13	12
Property	8	9	8	8	8
Cash	5	5	5	4	1

Net Pension Liability as at	31 Mar 2017	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013
	£'000	£'000	£'000	£'000	£'000
Fair value of Employer Assets	8,315	7,397	7,687	6,996	6,978
Present Value of Funded Obligations	(15,141)	(12,842)	(13,677)	(12,636)	(12,140)
Net (Under) in Funded Plans	(6,826)	(5,445)	(5,990)	(5,640)	(5,162)
Present Value of Unfunded Liabilities	(68)	(61)	(67)	(63)	(59)
<b>Net Pension (Liability)</b>	<b>(6,894)</b>	<b>(5,506)</b>	<b>(6,057)</b>	<b>(5,703)</b>	<b>(5,221)</b>

The estimate of the liability comprises of approximately £989,000 (2015/16 £1,103,000), £5,294,000 (2015/16 £4,363,000) and £8,858,000 (2015/16 £7,376,000) in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2017. The approximation involved in the roll forward model means that the split of scheme liabilities between the three classes of member may not be reliable for certain types of employer. However, the Actuary is satisfied that the approach used leads to reasonable estimates for the aggregate liability figure.

	Year to 31 Mar 2017	Year to 31 Mar 2016
<b>Amount Charged to Operating Surplus</b>	£'000	£'000
Current Service Cost*	(100)	(107)
<b>Total Operating Charge</b>	<b>(100)</b>	<b>(107)</b>
<b>Amount Charged to Financing Costs</b>		
Interest income on plan assets	245	233
Interest cost on defined benefit obligation	(432)	(421)
Losses on curtailments and settlements	(-)	(-)
<b>Total net interest</b>	<b>(187)</b>	<b>(188)</b>
<b>Total defined benefit cost recognised in Surplus/(Deficit for the year)</b>	<b>(287)</b>	<b>(295)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 20. Pension (continued)

\* The Service Cost figures include an allowance for administration expenses of 0.5% (2015/16 0.5%) of payroll.

Re-measurements recognised in Other Comprehensive Income	Year to 31 Mar 2017 £'000	Year to 31 Mar 2016 £'000
Change in Financial Assumptions	(2,483)	653
Change in Demographic Assumptions	149	-
Other Experience	78	262
Return on Assets (excluding amounts included in net interest)	1,070	(156)
<b>Total re-measurements recognised in Other Comprehensive Income</b>	<b>(1,186)</b>	<b>759</b>

Reconciliation of Defined Benefit Obligation	Year to 31 Mar 2017 £'000	Year to 31 Mar 2016 £'000
<b>Opening Defined Benefit Obligation</b>	<b>12,903</b>	<b>13,744</b>
Current Service Cost	100	107
Interest Cost	432	421
Contributions from Members	27	27
Actuarial Losses/(Gains)	2,256	(915)
Past Service Costs / (Gains)	-	-
Result on Curtailments	-	-
Liabilities extinguished on Settlement	-	-
Estimated Unfunded Benefits Paid	(3)	(3)
Estimated Benefits Paid	(506)	(478)
<b>Closing Defined Benefit Obligation</b>	<b>15,209</b>	<b>12,903</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 20. Pension (continued)

Reconciliation of Fair Value of Employer Assets	Year to 31 Mar 2017	Year to 31 Mar 2016
	£'000	£'000
<b>Opening Fair Value of Employer Assets</b>	<b>7,397</b>	<b>7,687</b>
Expected return on Assets	1,070	(156)
Interest Income on Plan Assets	245	233
Contributions from Members	27	27
Contributions from Employer	82	84
Contributions in respect of Unfunded Benefits	3	3
Assets distributed on Settlement	-	-
Unfunded Benefits Paid	(3)	(3)
Benefits Paid	(506)	(478)
<b>Closing Fair Value of Employer Assets</b>	<b>8,315</b>	<b>7,397</b>

History of Gains and Losses	Year to 31/03/17	Year to 31/03/16	Year to 31/03/15	Year to 31/03/14	Year to 31/03/13
	£'000	£'000	£'000	£'000	£'000
Fair Value of Employer Assets	8,315	7,397	7,687	6,996	6,978
Present Value of Defined benefit Obligations	(15,209)	(12,903)	(13,744)	(12,699)	(12,199)
<b>Deficit</b>	<b>(6,894)</b>	<b>(5,506)</b>	<b>(6,057)</b>	<b>(5,703)</b>	<b>(5,221)</b>



## NOTES TO THE FINANCIAL STATEMENTS

### 21. Pension Liability

The Group and Association had the following liabilities during the year:

	Long term employee benefits - LGPS
	£'000
At 1 April 2016	5,506
Additions/(Reductions) dealt within surplus/deficit	15
Additions/(Reductions) dealt within other comprehensive income	1,186
Interest costs	187
Unused amounts reversed to statement of comprehensive income	-
<b>At 31 March 2017</b>	<b>6,894</b>

#### Pension Liability – LGPS

The LGPS pension scheme is a multi employer defined benefit scheme. Each year the actuary values the assets and liabilities of the scheme using a set of assumptions. Changes in assumptions and performance of the assets/liabilities in the year means that the present value of the defined benefit obligation is subject to uncertainty. The weighted average duration of the expected future discounted cash flows is 15.7 years.

### 22. Restricted Reserves

Restricted reserves constitute surpluses accruing from sales of LSVT units under the Right to Buy. The receipts are to be used solely for the provision of new housing or disabled facility grants, subject to approval by the relevant local authority.

## NOTES TO THE FINANCIAL STATEMENTS

### 23. Reconciliation of surplus to net cash flow from operating activities

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
<b>Surplus for the year</b>	<b>2,581</b>	<b>1,599</b>
<b>Adjustments for non cash items:</b>		
Depreciation and Impairment	5,135	5,254
Decrease/(increase) in stock	448	68
Decrease/(increase) in trade and other debtors	(2,604)	497
Increase/(decrease) in trade and other creditors	134	(376)
Pension costs less contributions payable	47	(480)
Non cash amount of tangible fixed asset disposals	477	340
	<b>3,637</b>	<b>5,303</b>
<b>Adjustments for investing or financing activities</b>		
Proceeds from the sale of property, plant and equipment	(875)	(735)
Government grants realised in the year	(810)	(800)
Interest payable	6,990	7,071
Interest receivable	(25)	(32)
	<b>5,280</b>	<b>5,504</b>
<b>Net cash flow generated from operating activities</b>	<b>11,498</b>	<b>12,406</b>

### 24. Reconciliation of net cash flow to movement in net debt

	Year Ended 31 March 2017	Year Ended 31 March 2016
	£'000	£'000
Increase in cash and cash equivalents in the financial year	(3,784)	871
Cash inflow from increase in debt	-	(2,000)
Cash inflow/outflow from increase/(decrease) in short term investments	-	(1,998)
<b>Total changes in net debt for the year</b>	<b>(3,784)</b>	<b>(3,127)</b>
Net debt at 1 April	(119,157)	(116,030)
<b>Net debt at 31 March</b>	<b>(122,941)</b>	<b>(119,157)</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Analysis of changes in net debt during year

	Year Ended 31 March 2017	Cash Flow	Year Ended 31 March 2016
	£'000	£'000	£'000
Cash at bank and in hand	2,052	(3,784)	5,836
Short Term Deposits	7	-	7
	2,059	(3,784)	5,843
Housing Loans due after one year	(125,000)	-	(125,000)
<b>Total changes in net debt</b>	<b>(122,941)</b>	<b>(3,784)</b>	<b>(119,157)</b>

### 26. Related Party Transactions

There are no Board members that are also Tenants (2015/16 nil).

The Board has no (2015/16 nil) members who is also a councillor for South Staffordshire District Council. The total compensation for the Board of SSHA in 2016/17 was £19,255 (2015/16 £45,796)

During the financial year 2016/17 SSHA purchased services in the ordinary course of business from Housing Plus, an ultimate Parent, at a total cost of £13,945,504 (2015/16 £12,044,588) and provided services to Housing Plus at a cost of £23,482 (2015/16 nil). SSHA received £4,454 interest from Housing Plus in 2016/17 (2015/16 nil) following a £2,000,000 loan from SSHA to Housing Plus during the year. SSHA was owed £765,299 at the year end (2015/16 £12,868) and owed £464,530 (2015/16 £776,915) to Housing Plus.

SSHA also purchased services in the ordinary course of business from Care Plus (Staffordshire) Ltd, at a cost of £1,643,652 (2015/16 £1,622,268), and provided services to Care Plus (Staffordshire) Ltd at a cost of £33 (2015/16 nil).

SSHA also provided services in the ordinary course of business to Severnside Housing at a cost of £11,292 (2015/16 nil), and purchased no services from Severnside Housing (2015/16 nil). SSHA was owed £11,292 from Severnside at the year end (2015/16 nil).

There were no transactions between SSHA Developments Limited, Severn Homes, Property Plus (Midlands) Limited, AWE and SSHA (2015/16 nil).

All related party transactions within the group are provided on an arms length basis.

Amounts owned by and to the Association are disclosed in notes 13, 14 and 15. These amounts are related to intragroup balances both in payables and receivables.

### 27. Group Companies

The ultimate parent undertaking and controlling party is the Housing Plus Group Limited, a registered social landlord (Registered Community Benefit Society No. 30224R). The consolidated financial statements of the Housing Plus Group Limited are available from the

Company Secretary, Housing Plus Group Limited, Acton Court, Acton Gate, Stafford, ST18 9AP.  
The Group exercises control over SSHA and other subsidiaries through regular Board meetings.  
The Group Board members include the Chair of each of the subsidiary Boards.