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| Audited Consolidated Financial Statements 31 March 2015 |
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| The Housing Plus Group Limited, |
| Acton Court, Acton Gate, Stafford, ST18 9AP |
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|  |
| Registration No. 30224R |

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# **BOARD MEMBERS, EXECUTIVE OFFICERS, AUDITORS AND ADVISERS**

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| --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  | | --- | --- | | **Registered Office** | Acton Court, | |  | Acton Gate, Stafford, | |  | ST18 9AP | | |
| **Housing Plus Group Limited** | Registered Community Benefit Society No: 30224R  Registered by the Homes and Community Agency No: L4491 |
| **Internal Auditors** | **Mazars LLP**,  The Broadway,  Dudley, West Midlands, DY1 4PY |
| **External Independent Auditors** | **PricewaterhouseCoopers LLP**,  Chartered Accountants and Statutory Auditors,  Cornwall Court, 19 Cornwall Street,  Birmingham, B3 2DT |
| |  |  | | --- | --- | | **Legal Advisors:** | **DWF**, | |  | 2 Hardman Street, | |  | Manchester, M3 3AA | | |
| **Funders** | **Nationwide Building Society**,  Kings Park Road, Moulton Park,  Northampton, NN3 6NW |
| **BAE Systems Pension Funds Investment** Management Ltd  Burwood House, 14/16 Caxton Street  London, SW1H 0QT |
| |  |  | | --- | --- | | **Bankers:** | **Barclays Bank PLC**, | |  | One Snowhill, | |  | Birmingham, B3 2WN | | |
| |  |  | | --- | --- | | **Board of Management:** | Dr Mary Griffiths (Chair) | |  | Mr Alan Hawkesworth (Vice Chair) | |  | Mr Rolf Levesley | |  | Mr Peter Bell | |  | Mr William Martin OBE | |  | Mr Michael Newey | |  | Mrs Jane Richardson | | |
| **Chief Executive Officer** | Mrs Debbie Griffiths |
| |  |  | | --- | --- | | **Executive Directors** |  | | Finance Director and Deputy Chief Executive | Mr Philip Ingle | | Director of Business Development | Miss Ursula Bennion | | Director of Property Services | Mr Stephen Collins | | Director of Customer Services | Mrs Jan Goode | | Director of Care and Support | Mrs Jo Grainger | | |

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# **PERATING AND FINANCIAL REVIEW**

**Principal Activity**

|  |
| --- |
| The Housing Plus Group Limited (Housing Plus) was created by the Board of South Staffordshire Housing Association Limited (SSHA) to further advance its Corporate Objectives ensuring flexibility for growth while retaining the experience and success of SSHA. Housing Plus was previously known as Central Borders Housing Group Limited. It is a non housing assets holding company and from 1 April 2008 provides central ‘back office’ services to its Group companies. It also provides property maintenance services to SSHA and other housing associations. It was incorporated by the Financial Conduct Authority (former Financial Services Authority) on 10th May 2007 (30224R) and was registered with the Homes and Communities Agency (HCA – L4491), formerly the Tenant Service Authority (TSA) on 22nd May 2007. |

The Housing Plus Group Limited has two subsidiaries, SSHA and Care Plus Staffordshire Limited (Care Plus), and owns one share in each subsidiary. SSHA became its subsidiary on the 10th August 2007. SSHA continues to own the property assets and has a funding agreement with Nationwide Building Society and BAE Systems Pension Funds Investment. SSHA became an exempt charity from 1st October 2008. SSHA also has a wholly owned subsidiary, Acton Gate Limited (Acton Gate), which operated a lease and licence agreement in respect of the Head Office building until the year ending 31 March 2010. The executive team are now considering the use of Acton Gate for non charitable activities and for the financial year 2012/13 the company has generated income from installed photovoltaic (PV) panels.

On 20 April 2010 Housing Plus created a further subsidiary, Care Plus, to deliver care and support services primarily to the residents of SSHA. Care Plus does not own any property assets and is an exempt charity from date of its incorporation. Care Plus is registered with the Care Quality Commission (CQC).

The vast majority of Housing Plus’s trading is undertaken with SSHA and Care Plus. Staff are employed by Housing Plus, SSHA or Care Plus depending on the services they help to deliver. The results of SSHA, Care Plus and Acton Gate have been consolidated into the financial statement of Housing Plus.

**Business and Financial Review**

The Group is pleased to report a surplus for the year of £4,562,000 (2013/14 £3,513,000) which was higher than the planned budget by £1,166,000. This is due to efficiencies in responsive repairs being invested in items (largely boilers) to improve fuel efficiency for SSHA residents, underspend on overheads and improved staffing efficiencies within the wellbeing service in Care Plus.

The development programme within SSHA has continued during the financial year 2014/15 with a new 82 apartments in an extra care scheme becoming fully operational.

In total 102 new housing assets costing £14million (2013/14 22 new housing assets costing £1.9million) were transferred into management during the year. The development programme has also included the sale of 34 shared ownership homes (2013/14 6 shared ownership homes), 7 outright sales (2013/14 none), 10 right to buys (2013/14 12 right to buys) resulted in generation of additional £1,707,000 surplus (2013/14 £692,000). This is the seventh consecutive year that SSHA has recorded sales of Low Cost Home Ownership stock (LCHO).

Details about the turnover, operating costs and operating surplus can be found in the note 3 of the financial statements.

**OPERATING AND FINANCIAL REVIEW**

In addition the Group’s five-year income and expenditure accounts and balance sheets are summarised below:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **Income and Expenditure (£'000)** | **2015** |  | **2014** |  | **2013** |  | **2012** |  | **2011** |
| Total Turnover | 33,419 |  | 28,811 |  | 28,560 |  | 27,326 |  | 24,534 |
| Operating Costs | (23,133) |  | (20,365) |  | (20,740) |  | (20,127) |  | (19,376) |
| Operating Surplus | 10,286 |  | 8,446 |  | 7,820 |  | 7,199 |  | 5,158 |
| **Surplus for the year** | **4,562** |  | **3,513** |  | **2,941** |  | **1,678** |  | **2,427** |
|  |  |  |  |  |  |  |  |  |  |
| **Balance Sheet (£'000)** | **2015** |  | **2014** |  | **2013** |  | **2012** |  | **2011** |
| Housing Properties | 132,901 |  | 126,065 |  | 115,480 |  | 112,454 |  | 110,073 |
| Other Fixed Assets | 2,585 |  | 2,868 |  | 2,834 |  | 3,123 |  | 3,104 |
| **Fixed Assets** | **135,486** |  | **128,933** |  | **118,314** |  | **115,577** |  | **113,177** |
|  |  |  |  |  |  |  |  |  |  |
| Net Current Assets | 4,905 |  | 1,780 |  | 3,991 |  | 1,793 |  | (61) |
| **Total Assets less Current Liabilities** | **140,391** |  | **130,713** |  | **122,305** |  | **117,370** |  | **113,116** |
|  |  |  |  |  |  |  |  |  |  |
| Loans (due over one year) | 123,000 |  | 117,500 |  | 112,500 |  | 110,500 |  | 108,000 |
| Pension Liabilities | 9,414 |  | 7,970 |  | 7,352 |  | 6,096 |  | 4,887 |
| Other Long Term Liabilities | 322 |  | 336 |  | 265 |  | 208 |  | 66 |
| Reserves | 7,655 |  | 4,907 |  | 2,188 |  | 566 |  | 63 |
| **Total Reserves and Long Term Liabilities** | **140,391** |  | **130,713** |  | **122,305** |  | **117,370** |  | **113,016** |
|  |  |  |  |  |  |  |  |  |  |
| **Statistics** | **2015** |  | **2014** |  | **2013** |  | **2012** |  | **2011** |
| Social Housing properties owned at year end | 6,042 |  | 5,941 |  | 5,937 |  | 5,956 |  | 5,874 |
| Care Hours Delivered for the year | 68,539 |  | 59,304 |  | 61,826 |  | 56,692 |  | 7,046 |
|  |  |  |  |  |  |  |  |  |  |
| Group Operating Surplus as % of Turnover | 30.8% |  | 29.3% |  | 27.4% |  | 26.3% |  | 21.0% |
| SSHA Rent losses (voids and bad debts as % of net rent and service charges receivable) | 1.6% |  | 0.9% |  | 1.0% |  | 1.5% |  | 1.3% |
| SSHA Rent arrears (gross arrears as % of rent and service charges receivable) | 2.3% |  | 1.7% |  | 1.7% |  | 1.1% |  | 1.9% |
| Care Plus Surplus/ (Deficit) for the year as % of total Care Plus Turnover | 6.0% |  | 0.8% |  | 6.6% |  | 6.7% |  | (55.0%) |
| Care Plus Turnover Growth Rate (turnover for the year divided by turnover from previous year) | 1.1 |  | 1.0 |  | 1.5 |  | 5.0 |  | - |
| Care service losses (bad debts as % of net care service income receivable) | 0.03% |  | 0.3% |  | 1.2% |  | 1.0% |  | - |
| Group Liquidity (current assets divided by current liabilities) | 2.0 |  | 1.4 |  | 1.6 |  | 1.5 |  | 1.0 |

**OPERATING AND FINANCIAL REVIEW**

**Objectives and Strategy**

As a result of our strategic review, the Group has a clear Mission and Vision. The Group’s subsidiary shares these and will work to support the Group’s Mission. In addition each subsidiary has their own Vision for success for their individual part of the business.

Our Group Mission (Our Purpose):

To provide people in the communities where we work, with the opportunities to live independently in good quality homes within flourishing communities, that are truly affordable, across all tenures, including for those on the lowest incomes.

To provide the opportunity for our customers to access appropriate support services if required, enabling them to achieve their “life potential” and enjoy a good quality of life.

Our Group Vision: To achieve our Mission we will:

Develop a unique Group of companies and strategic alliances that work together across a range of sectors (including but not limited to the social housing sector) to achieve our Group Mission.

Each business will be viable and successful in their own right, but their key purpose is to contribute to the achievement of our Group Mission either directly through the services/products they deliver and/or by generating resources (money/capacity) to reinvest to help achieve it.

We will be recognised nationally as a leader in developing successful businesses and models that deliver social as well as business benefits for our members and customers.

Our Ethos and Values

While we have developed separate brands for each part of the Group, we are bound together by a common purpose – our Group Mission, and guided by our set of core values:

* Trust
* Customer Focus
* Learning
* Passion

To achieve our Group Mission and to ensure that all of our work “lives the values”, we have identified 3 Strategic goals which will guide our work and priorities.

Social

To create and support opportunities for sustainable communities in the areas where we work. To achieve this we will seek to:

* Reduce indices of deprivation and unemployment levels.
* Offer a wide range of homes and tenures that are flexible, to meet peoples changing needs through life.
* Reduce poverty – including fuel poverty, through reducing energy costs and increasing people’s income levels.
* Achieve socially and economically viable local communities.

**OPERATING AND FINANCIAL REVIEW**

**Objectives and Strategy (continued)**

Business

To ensure the businesses in the Group are commercially viable and sustainable, which make a contribution to our Group Vision (monetary or in the services/ products they provide). This will include:

* Increase the Net Present Value of our current housing stock.
* Reduce our operating costs.
* Increase our profit margin/break even (depending upon purpose of the business).
* Ensure the costs/ price of our services/products are competitive in the market places we operate.
* Optimise our income and reduce waste.

Corporate

To influence key decision makers/policy decisions at local, regional and national level, to support the achievement of our Vision, and development of our businesses. To achieve this:

* Be seen as a sector/industry leader in the business area we work, whose voice and opinions matter – a “must have” round the table.
* To develop our brands and brand awareness with our key customers/potential customers that makes us a “first choice” for the different business sectors where we work.

We have undertaken a strategic analysis and developed strategic plans for each business unit/brand within the Housing Plus Group Limited. This describes how each business stream will contribute to achieving our Corporate Mission and Strategic goals. We have developed an Operational Plan for each business unit that details what actions will be taken and when to achieve the Strategic Plan.

The Strategic Plan concluded that the Group structure remains relevant and that with changes ahead in the sector flexibility of company types and structures would be valuable. A benefit of the Group structure has allowed the development of Care Plus as a separate business, and there is potential for other similar new company developments moving forwards. We also recognise that by working together in our Group structure we are stronger and have more potential for success.

**Value for Money**

Value for Money (VfM) is a specific standard within the regulatory framework of the Homes and Communities Agency (HCA) that came into force on 1 April 2012 and required registered providers to articulate and deliver a comprehensive and strategic approach to achieving VfM in meeting its objectives.

Registered provider Boards are required to demonstrate to stakeholders how they are meeting this standard and as part of this process, on an annual basis, publish by 30th September a robust self-assessment which is transparent and accessible to stakeholders, outlines how they are achieving value for money in delivering its purpose and objectives.

The Housing Plus Board approved the Value for Money Strategy at its meeting on 1st March 2012. The strategy laid out the initial objectives, the approach and the measures by which the Board could assess the progress and success achieved in the Group.

**OPERATING AND FINANCIAL REVIEW**

**Value for Money (continued)**

The Housing Plus Group Limited objective is to deliver services through the best balance between quality and cost of the service delivered and its customers’ satisfaction results for these services.

This approach also allows generating significant cost savings and focuses the business to seek the best way of using its own resources and maintaining or increasing customers’ satisfaction levels for individual services at the same time.

Housing Plus Board Members who held office at the date of approval of this Board report confirm that they have received annual VFM self assessments and that these are compliant with the regulatory requirements set in the VFM standard.

Housing Plus, in order to comply with the regulatory framework of HCA, produces separately to these financial statements, the VFM Self Assessment Report.

A copy of the VFM self assessment together with supporting documentation and the VFM Strategy can be found on the Housing Plus website under following address:

<http://www.housing-plus.co.uk/value-for-money>

The VFM Self Assessment Report, that can be found on the above website, highlights the key aspects of our VFM activities, progress and plans that Housing Plus has considered in support of our assessment of compliance with the standard requirements and also includes information on the gains realised and forecast that Housing Plus makes for the future. This report in conjunction with the Asset Management Strategy demonstrates also our understanding of our asset base and their contribution to deliver the Housing Plus Group Limited objectives.

The information is drawn from a range of sources including independent benchmarking, internal performance reports and management accounts, tenant feedback surveys and tenant scrutiny panel reports, complaints analysis and internal audit.

**Risks and uncertainties**

Risks that may prevent the Group achieving its objectives are considered and reviewed quarterly by the Audit and Risk Committee, the Board and Executive Officers. The risks are recorded in a risk register, which also records key controls to manage each risk, who is responsible for the control and how the control effectiveness is monitored. Risks are analysed according to their impact and probability i.e. high, medium and low given the current control environment with scores between 1 and 4.

Annually the Audit and Risk Committee formally give their assurance to the Boards for consideration on the controls exercised by the organisation

The risks are then placed onto a grid which highlights the highest impact and highest probability areas with ease. The Audit and Risk Committee receives a report on how scores will reduce if and when the controls identified become effective.

The risks shown in the table on next page are those identified as most probable with the highest impact.

**OPERATING AND FINANCIAL REVIEW**

| **Key Risks** | **Controls and Assurances** |
| --- | --- |
| Welfare Reform (particularly the introduction of Universal Credit) significantly reduces the income to the business  **Score 12** | **Control:**  Income performance is monitored closely by the Income Management Team and reported in the SSHA Dashboard as a monthly KPI. There is a Governance and Welfare Reform Steering Group that meets to analyse the impact of welfare reforms and generate action points to mitigate any adverse affects that arise as a result. Regular reports are given to the SSHA Board regarding key areas that are impacted by welfare Reform.  **Assurance:**  Monthly monitoring of rental arrears and under occupancy.  Detailed and segmented reports produced using Mobysoft on a monthly basis to Director of Customer Service. SSHA Board receives monthly updates. KPI SSHAB05 measures % of income collected and is reported in the monthly SSHA dashboard available on the Board Members Access Area. |
| Lack of demand for SSHA properties endangers the Business Plan  **Score 8** | **Control:**  There is weekly monitoring of demand and re-let times of properties by the Neighbourhood Team. There is a sheltered housing strategy in place. Under and over occupiers are identified and mutual exchanges are promoted wherever possible. Voids are reported in the monthly SSHA dashboard and performance information is given to every Board.  **Assurance:**  Under occupancy data is collated on a weekly basis. Monthly reports are analysed by income management using Mobysoft and sent to Director of Customer Service. A list of properties that remains void for more than 12 weeks are brought to the attention of the CEO. The Neighbourhood Team conduct a weekly review of properties that are considered 'at risk' and if necessary, assets are disposed under the Group Asset Management Strategy. |
| The Group is accused of committing corporate manslaughter  **Score 8** | **Control:**  There is a comprehensive training programme in place given to employees of the Group by external specialists. There is a 24/7 emergency phone number and support team available should it be needed. EMT and the wider leadership team takes part in mock incidents that simulate the death of an employee as part of business continuity planning.  **Assurance:**  The Group employs solicitors DWF who are industry leaders in advising on corporate manslaughter. The Business Continuity Plan is reviewed and amended following action points generated from the mock incidents. Internal Auditors Mazars’ review (Jul-14) of Housing Plus Health and Safety inc. Lone and Remote Working gave substantial assurance with NIL recommendations. |
| There is a breach of the Group’s banking covenants and penalties applied  **Score 8** | **Control:**  The Group Business plan is reviewed annually by members of EMT and the Group Board. Detailed Board reports are written and submitted to the Housing plus Board that assess the Group’s activities against the loan agreements. The Group Chair certifies and approves the Group’s annual financial statements. Internal auditors review the Group Business Plan on an annual basis. A quarterly report is submitted to lenders on compliance against the Group’s loan covenants.  **Assurance:**  EMT reviews the business plan on an annual basis, making amendments and improvements where necessary. Quarterly financial performance reports are presented to the Housing Plus and SSHA Boards confirming the Group’s banking covenant calculations. Internal audit review the Group business plan annually and assess if the Group is on target to meet its loan covenants. The Group’s external auditors certify the loan covenant calculations performed by the finance department annually. Lenders review the quarterly reports and make sure the Group is operating within agreed covenants. |
| Care Plus does not comply with our individual service contracts and service level agreements for the delivery of a care and wellbeing service and is penalised by the CQC (Care Quality Commission)  **Score 8** | **Control:**  Every resident has an annual review for the provision of the wellbeing service and 6 months reviews for the provision of the care service.  **Assurance:**  Changes in need are identified as they arise or during reviews. A process is in place to ensure a change in need is assessed, priced and delivered within agreed timescales. |
| Care Plus does not comply with regulatory requirements and is penalised by the CQC (Care Quality Commission)  **Score 8** | **Control:**  An appraisal on each scheme is completed and approved by the Care Plus Director. Any action points generated from the appraisal are carried out. Every resident undertakes an annual review for the provision of the wellbeing service and 6 month reviews for the provision of the care service. Changes in need are identified from these reviews. Wider learning from investigations is captured and disseminated via monthly team meetings.  **Assurance:**  Annual inspections of the care schemes are carried out by CQC and a report is produced that is presented to the Board. The latest reports were produced for Vine Court (November 2013), Cherry Tree Court (May 2012), Corsers Court (September 2013) |
| Customers receive inadequate care and support as a result of procedures, systems and processes that are not fit for purpose and/or a result of inadequate implementation  **Score 8** | **Control:**  There are comprehensive procedures in place. The Procedures are reviewed annually and there is a spread sheet that tracks the review process maintained by the Care Quality Manager (CQM).  Wider learning from investigations is captured and disseminated via monthly team meetings.  Care Plus has in place a Quality Assurance Framework (QAF) that is reviewed annually, action points are identified and followed up.  **Assurance:**  The review for each procedure is managed through a register controlled by the CQM who applies strict version control to keep track of amendments. All changes go through a change control procedure that is overseen by the CQM.  All members of Care Team are given folders containing all policies and procedures.  Updates and amendments to the QAF are made by the Care Quality Manager and sent for Board approval. |

**Development and Investment for the future**

Each year the Board considers the capacity of the business plan to fund growth and development by reinvesting surpluses into new services and housing stock. Objectives to deliver new housing are balanced against the planned improvements of existing stock and expectations for new business development. Proceeds from property sales are utilised to support the investment in delivery of new housing units.

The Board is planning to spend around £10.8 million over the next financial year to commence development of approximately 107 new social rented and shared ownership units. Of this investment the Group has approved grant funding from the Homes and Communities Agency (HCA) and the South Staffordshire Council of £3.3 million.

In addition the Group’s five-year development programme with 2015/16 forecast is summarised below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Investment in new homes** | **2015** | **2014** | **2013** | **2012** | **2011** | **2010** |
|  | **Forecast** |  |  |  |  |  |
| Completed Property Assets | 42 | 102 | 22 | 19 | 138 | 170 |
| Under Construction Property Assets | 65 | - | - | - | - | - |
| **Total Spend (£'000)** | **10,842** | **12,902** | **1,995** | **1,706** | **19,178** | **20,689** |

**Capital structure and treasury policy**

Borrowings at the financial year end were £123million (2013/14 £117.5million) and unused facilities were an additional £17million (2013/14 £7.5 million). During 2014/15 the Board arranged a new loan facility with BAE pension fund which was a single drawdown of £35million repayable over a 30 year period with a fixed rate of interest of 5%. The remaining facilities are provided by Nationwide Building Society (Nationwide Syndications) and include a £15million revolving facility. A portion of the drawdown from the BAE loan was used to repay £29.5million of Nationwide Syndications during the year. The rates of interest ranged from 3.93% to 7.74% on the existing Nationwide Syndications. Borrowings are secured against the properties that SSHA own valued at £189.04 million as at March 2014 (2013/1 £187.54 million).

**OPERATING AND FINANCIAL REVIEW**

**Capital structure and treasury policy (continued)**

Treasury management responsibility is delegated by the Housing Plus Board to the Finance Director. The strategy is set annually, approved by the Housing Plus Board with quarterly review and monitoring reports. At the financial year end fixed rates accounted for 100% of loans that have been drawn down; the undrawn facilities being variable (2013/14 74%).

Maturity profile: The loan agreement with Nationwide Building Society provides for repayment in 2035. The loan agreement with BAE pension fund provides for repayment in 2042. The table below provides an analysis of when the debt falls due for review.

|  |  |  |  |
| --- | --- | --- | --- |
| **Period to reach maturity (£’000)** | **31 March 2015** |  | **31 March 2014** |
| Within one year | - |  | - |
| One year or more but less than two years | 2,000 |  | - |
| Two years or more but less than five years | 2,000 |  | 4,000 |
| Five year or more | 119,000 |  | 84,000 |
| **Total Fixed Borrowings** | **123,000** |  | **88,000** |
| Variable Loans or on demand | - |  | 29,500 |
| **Total** | **123,000** |  | **117,500** |

The Group does not use wider rule hedging instruments. A rule change would be required to enable this to be undertaken and it may be considered as part of future governance reviews although at present it is considered by the Housing Plus Board that adequate controls over interest rate arrangement currently exist.

The Group borrows only in sterling so does not have any currency risk. Any cash surpluses are invested in approved UK institutions in accordance with the approved Group Treasury Management practices.

**Cash flows**

The Group has had a net increase in cash during the year of £3,191,000 (2013/14 an increase of £587,000). This change is largely as a result of the refinancing.

Cash inflows and outflows for the year under review are set out in the Cash Flow Statement. Net cash inflows from operating activities are from the management of housing stock. Returns on investment and servicing of finance are due to interest income and interest charges.

The net cash outflow from capital expenditure is the spend on properties new and existing which has been capitalised less grant less sale proceeds plus spend on other fixed assets. The net movement on financing is the difference between loans repaid and new loans.

**Current liquidity**

Cash and bank balances at the financial year end for the Group were £5,570,000 (2013/14 £2,379,000) with an additional £2,005,000 as an investment in a saving account. Net current assets for the Group ended the year 31 March 2015 at £4,905,000 (2013/14 £1,780,000) and net current liabilities for the Parent at £237,000 (2013/14 net current assets £265,000).

**OPERATING AND FINANCIAL REVIEW**

**Current liquidity (continued)**

The Housing Plus Board does not consider there are any seasonal effects on the borrowing requirements. The main factor influencing the timing and the amount of borrowings is the pace of the development programme and this does have a significant impact according to the timing of land acquisitions and interim payment to contractors.

**Payment of Creditors**

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| --- |
| The Group pays its creditors when due. It has introduced an internal policy, which specifies that where no formal contractual arrangement exists a 30 day credit period is assumed and taken. Further information can be found in notes 14 and 15. |

**Board Members and Executive Officers**

Housing Plus is governed by a Board of Management composed of seven non-executive members of which two are also Board Members of SSHA and three are Board Members of Care Plus. There are two group committees Audit and Risk and Human Resources and Remuneration. Membership of these committees is drawn from Housing Plus, SSHA and Care Plus Boards.

The Group is managed by an Executive Management Team headed by a Chief Executive and supported by a Finance Director, Director of Business Development, Director of Property Services, Director of Customer Services and Director of Care and Support. The Executive Management Team attends board meetings.

These are detailed on page 3. Each member of the Board holds one fully paid share of £1 in the Housing Plus Group Limited. The Executive Officers of the Group hold no interest in the Group'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. The Group has purchased Directors' and Officers' Liability Insurance for the Board Members, Executive Officers and staff of the Group.

Members of the Board receive remuneration. The remuneration of the Chief Executive and the other Executive Officers is determined by the Housing Plus Board through delegation to the Human Resources and Remuneration Committee. External professional advice is sought as necessary to ensure that regard is taken of remuneration levels in similar housing associations 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.

**Council and Funders support**

The Housing Plus Board wishes to again place on record its gratitude for the support of South Staffordshire Council - the Members and Officers have been invaluable in their continued contribution. Our thanks are also extended to the Funders, and BAE Systems Pension Funds Investment and Nationwide Building Society who have responded positively to proposals put to them and give us the benefit of their vast experience in the social housing market.

**Going Concern**

The Group’s business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The Group has in place long-term debt facilities including £17million undrawn facilities at 31 March 2015 (2013/14 £7.5 million), which provide adequate resources to finance committed reinvestment and development programmes, along with the Group’s day to day operations. The Group also has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders’ covenants.

**OPERATING AND FINANCIAL REVIEW**

**Going Concern (continued)**

On this basis, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statement.

**Accounting policies**

The policies can be found on pages 24 to 28 of the financial statements. Accounting policies are consistent across all Housing Plus entities.

**Statement of Compliance**

The Housing Plus Board confirms that this Operating and Financial Review has been prepared in accordance with the principles set out in the Statement of Recommended Practice, Accounting by Registered Social Landlords Update 2010.

# **STATEMENT OF INTERNAL CONTROLS**

The Housing Plus Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness. This has included annual reviews at away days producing improvement programmes which have seen, for example, the adoption of revised rules, standing orders, terms of reference and financial regulations. More recently in line with the new HCA (former TSA) standards the Boards have considered adoption of the most appropriate Code of Governance and have chosen the National Housing Federation Excellence in Governance – Code for members.

The Housing Plus Board recognises that no system of internal control can provide absolute assurance against misstatement or loss or eliminate all risk of failure to achieve its business objectives.

The system of internal control is designed to manage key risks and to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group’s assets and interests.

In meeting its responsibilities, the Housing Plus Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed. The process adopted by the Housing Plus Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework, includes:

**Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the Group’s activities. The executive team regularly considers and receives reports on significant risks facing the Group and the Chief Executive is responsible for reporting to the Board any significant changes affecting key risks. The Group Audit and Risk Committee have delegation to oversee this arrangement.

The Human Resources and Remuneration Committee has the responsibility for the recruitment of all Group Board Members, the Executive Management Team and their remuneration.

**STATEMENT OF INTERNAL CONTROLS**

**Environmental and control procedures**

The Housing Plus Board retains responsibility for a defined range of issues covering strategic, operational, financial and compliance issues including treasury strategy and new investment projects. Policies and procedures cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection and fraud prevention and detection.

**Information and financial reporting systems**

Financial reporting procedures include detailed budgets for the financial year ahead, detailed management financial statements are produced monthly and presented at least quarterly to the Boards and forecasts for the remainder of the financial year.

These are reviewed in detail by the executive directors and are considered and approved by the relevant Board. All Boards also regularly reviews key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

All Board Members have access via the internet to a specific area within the Group’s information technology system to receive regular information, Board papers, Committee papers and minutes.

**Fraud reporting systems**

The Group as a whole aims to prevent fraud and corruption by the following measures:

* + - Code of Conduct for Employees and Board Members
    - Whistleblowing Policy
    - Standing Orders and Financial Regulations
    - Data Protection and Confidentiality Policies
    - Reporting of decisions under Part 1 of The Schedule 1 to the Housing Act 1996
    - Internal Audit programmes
    - Anti-Fraud, Corruption and Bribery policy

These policies and procedures are intended to minimise the opportunity for fraud and highlight any areas of potential fraud and corruption before they occur. The Group also encourages cross sector and cross agency initiatives such as the Audit Commission’s National Fraud initiative. During the financial year covered by this report there have been no recorded cases of fraud or potential fraud.

**Monitoring and corrective action**

A process of regular management reporting on control issues provides assurance to senior management and to the Boards. This includes a rigorous procedure for ensuring that corrective action is taken in relation to any significant control issues, particularly those that may have a material impact on the financial statements and the delivery of our services.

The internal control framework and the risk management process are subject to regular review by Internal Audit who advise the senior management team and report to the Group Audit and Risk Committee. The Committee considers internal control and risk at each of its meetings during the year. In their annual report the Internal Auditors listed seven ‘adequate’ assurance levels out of sixteen reviews undertaken in the year and thus providing reasonable assurance to the Group on their controls.

**STATEMENT OF INTERNAL CONTROLS**

**Monitoring and corrective action (continued)**

The Group Audit and Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process.

The Board confirms that there is an ongoing process for identifying, and managing significant risks faced by the Group. This process has been in place throughout the year under review, up to the date of the annual report and financial statements, and is regularly reviewed by the Board.

**NHF Code of Governance**

In April 2015 the Housing Plus Group Limited adopted the new NHF Excellence in Governance, as their approved Code of Governance.

D2 of new code contains new wording regarding board members term of office stating “The maximum tenure [9 years] must apply to all board member service with an organisation or its predecessors or its subsidiaries”. As a result of this change,   this year the Housing Plus’ self assessment shows that the Group does not comply with D2 of the code. The code requires that where there is non compliance, this needs to be explained:

There are 4 members of the Group Board, one is also a member of the Care Plus Board, whose total service with organisation exceeds 9 years, but does not exceed 9 years on the board on which they serve. The Group has ensured that there is a structured board member succession plan in place, which seeks to ensure there is a measured but timely approach to board member renewal to ensure it has skilled and experienced members for where the organisation is now and in the future.

The plan is being followed , with the result that from September 2015 only 2 members of the Group board will exceed 9 years with the organisation , and by September 2016 the Group will be fully compliant with the new code.

# **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 United Kingdom Generally Accepted Accounting Practice (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 the Association and 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: Accounting by Registered Housing Providers Update 2010 (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.

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and Association 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 the Association 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 Association’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 are aware:

There is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association’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 the Association’s auditors are aware of that information..

**Provision of information to Auditors**

|  |
| --- |
| The Housing Plus 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 the Parent’s auditors are unaware; the directors 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 the Group’s auditors are aware of that information. |

**Independent Auditors**

A resolution to reappoint PricewaterhouseCoopers LLP will be proposed at the next Annual General Meeting.

**By Order of the Board**

**Dated** 6th August 2015

**Mr Philip Ingle – Company Secretary**

**INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF THE HOUSING PLUS**

**GROUP LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

**Report on the financial statements**

***Our opinion***

|  |
| --- |
| In our opinion the financial statements, defined below:   * give a true and fair view of the state of the group’s and parent’s affairs as at 31 March 2015 and of the group’s and parent’s surplus and cash flows for the year then ended; and * have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Social Housing in England 2012. |

**INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF THE HOUSING PLUS**

**GROUP LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

**What *we have audited***

|  |
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| The financial statements comprise:   * the group and parent balance sheets as at 31 March 2015; * the group and parent income and expenditure accounts and statements of total recognised surpluses and deficits for the year then ended; * the group cash flow statement for the year then ended; and * the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.   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).  In applying the financial reporting framework, the Board has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events. |

**Other matters on which we are required to report by exception**

***Adequacy of accounting records, system of internal control and information and explanations received***

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

* a satisfactory system of control over transactions has not been maintained; or
* we have not received all the information and explanations we require for our audit; or
* proper accounting records have not been kept by the parent; or
* the parent financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

**Responsibilities for the financial statements and the audit**

***Our responsibilities and those of the board***

|  |
| --- |
| As explained more fully in the Statement of Board’s Responsibilities set out on page 16 and page 17, the Board is 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 ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board’s Ethical Standards for Auditors.  This report, including the opinions, has been prepared for and only for the parent’s members as a body in accordance with Section 87 (2) and Section 98(7) of the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing. |

**INDEPENDENT AUDITORS’ REPORT TO THE MEMBERS OF THE HOUSING PLUS**

**GROUP LIMITED FOR THE YEAR ENDED 31 MARCH 2015**

***What an audit of financial statements involves***

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| --- |
| We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) (“ISAs (UK & Ireland)”). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:   * whether the accounting policies are appropriate to the group’s and the parent’s circumstances and have been consistently applied and adequately disclosed; * the reasonableness of significant accounting estimates made by the board; and * the overall presentation of the financial statements.   We primarily focus our work in these areas by assessing the board’s judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.  We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.  In addition, we read all the financial and non-financial information in the operating and financial review to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. |

Richard Bacon (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

|  |
| --- |
| Birmingham |

Date

1. The maintenance and integrity of the Housing Plus Group website is the responsibility of the board; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

# **CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |
| Turnover | 3 | 33,419 |  | 12,457 |  | 28,811 |  | 12,124 |
|  |  |  |  |  |  |  |  |  |
| Operating Costs | 3 | (23,133) |  | (11,565) |  | (20,365) |  | (11,555) |
|  |  |  |  |  |  |  |  |  |
| **Operating Surplus/(Deficit)** |  | **10,286** |  | **892** |  | **8,446** |  | **569** |
|  |  |  |  |  |  |  |  |  |
| Profit on sale of Fixed Assets | 4 | 994 |  | 6 |  | 735 |  | 14 |
|  |  |  |  |  |  |  |  |  |
| Interest Receivable and Other Income | 5 | 32 |  | 78 |  | 26 |  | - |
|  |  |  |  |  |  |  |  |  |
| Interest Payable and Similar Charges | 6 | (6,731) |  | (10) |  | (5,694) |  | (38) |
|  |  |  |  |  |  |  |  |  |
| Gift Aid Payable to Subsidiary |  | - |  | (330) |  | - |  | - |
|  |  |  |  |  |  |  |  |  |
| **Surplus on Ordinary Activities Before Taxation** | 7 | **4,581** |  | **636** |  | **3,513** |  | **545** |
|  |  |  |  |  |  |  |  |  |
| Tax on Surplus on Ordinary Activities | 8 | (19) |  | (19) |  | - |  | - |
|  |  |  |  |  |  |  |  |  |
| **Surplus for the year** | **17** | **4,562** |  | **617** |  | **3,513** |  | **545** |

The accompanying notes form part of these financial statements.

|  |
| --- |
| All the Group and Parent turnover and surplus disclosed above are derived from continuing activities. The above surplus is based on historic costs. |

# **CONSOLIDATED STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS (STRSD)**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |
| Surplus/(Deficit) for the year |  | 4,562 |  | 617 |  | 3,513 |  | 545 |
| Actuarial Loss on pension fund assets | 20 | (1,734) |  | (1,431) |  | (706) |  | (368) |
| **Total Recognised Surplus/(Deficit) for the year** |  | **2,828** |  | **(814)** |  | **2,807** |  | **177** |
|  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Total Recognised Surplus/(Deficit) for the year since last report** |  | **2,828** |  | **(814)** |  | **2,807** |  | **177** |

# **RECONCILIATION OF MOVEMENTS IN CAPITAL AND RESERVES**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |
| Opening Capital and Reserves as previously stated | 17 | 4,907 |  | (2,411) |  | 2,188 |  | (2,588) |
| **Opening Capital and Reserves as restated** |  | **4,907** |  | **(2,411)** |  | **2,188** |  | **(2,588)** |
|  |  |  |  |  |  |  |  |  |
| Total recognised surpluses and deficits relating to the year |  | 2,828 |  | (814) |  | 2,807 |  | 177 |
| Transfer from Reserves |  | (94) |  | - |  | (88) |  | - |
| Prior year adjustment | 17 | 14 |  | 14 |  | - |  | - |
| **Closing Capital and Reserves** |  | **7,655** |  | **(3,211)** |  | **4,907** |  | **(2,411)** |

# **CONSOLIDATED BALANCE SHEETS**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **As at** | | |  | **As at** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Fixed Assets** |  |  |  |  |  |  |  |  |
| Housing Properties at Cost | 12 | 180,757 |  | - |  | 172,799 |  | - |
| Social Housing Grant | 12 | (41,662) |  | - |  | (40,993) |  | - |
| Other Capital Grant | 12 | (6,194) |  | - |  | (5,741) |  | - |
| Net book value of Housing Properties |  | 132,901 |  | - |  | 126,065 |  | - |
|  |  |  |  |  |  |  |  |  |
| Other fixed assets | 11&12b | 2,585 |  | 383 |  | 2,868 |  | 541 |
| **Total Fixed Assets** |  | **135,486** |  | **383** |  | **128,933** |  | **541** |
|  |  |  |  |  |  |  |  |  |
| **Current Assets** |  |  |  |  |  |  |  |  |
| Properties for sale | 12c | 618 |  | - |  | 1,896 |  | - |
| Stocks |  | 61 |  | 61 |  | 36 |  | 36 |
| Debtors | 13 | 1,711 |  | 1,445 |  | 2,360 |  | 1,427 |
| Investments |  | 2,005 |  | - |  | - |  | - |
| Cash at Bank and in hand |  | 5,570 |  | - |  | 2,379 |  | 244 |
|  |  | 9,965 |  | 1,506 |  | 6,671 |  | 1,707 |
|  |  |  |  |  |  |  |  |  |
| **Creditors:** Amounts falling due within one year | 14 | (5,060) |  | (1,743) |  | (4,891) |  | (1,442) |
| **Net Current Assets/ (Liabilities)** |  | **4,905** |  | **(237)** |  | **1,780** |  | **265** |
|  |  |  |  |  |  |  |  |  |
| **Total Assets less Current Liabilities** |  | **140,391** |  | **146** |  | **130,713** |  | **806** |
|  |  |  |  |  |  |  |  |  |
| **Creditors:** Amounts falling due after more than one year | 15 | 123,322 |  | - |  | 117,836 |  | 950 |
|  |  |  |  |  |  |  |  |  |
| **Net Pension Liability** | 20 | 9,414 |  | 3,357 |  | 7,970 |  | 2,267 |
|  |  |  |  |  |  |  |  |  |
| **Capital and Reserves** |  |  |  |  |  |  |  |  |
| Revenue Reserve | 17 | 7,655 |  | (3,211) |  | 4,907 |  | (2,411) |
| **Total Capital and Reserves** |  | **140,391** |  | **146** |  | **130,713** |  | **806** |

The financial statements on the page 20 to 54 were approved by the Board and authorised for issue and are signed on its behalf by:

Date 6th August 2015

Dr Mary Griffiths Chair

Mr Alan Hawkesworth Vice Chair

Mrs Debbie Griffiths Chief Executive

Mr Philip Ingle Company Secretary

# **CONSOLIDATED CASH FLOW STATEMENT**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |
| **Net cash inflow from operating activities** | 21 |  |  | 17,231 |  |  |  | 11,296 |
|  |  |  |  |  |  |  |  |  |
| **Returns on investments and servicing of finance** |  |  |  |  |  |  |  |  |
| Interest received |  | 34 |  |  |  | 71 |  |  |
| Interest paid |  | (6,210) |  |  |  | (5,343) |  |  |
| Loan Renegotiation Fees paid |  | (519) |  |  |  | - |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net cash outflow from returns on investments** |  |  |  | (6,695) |  |  |  | (5,271) |
| **and servicing of finance** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Taxation** |  |  |  | (19) |  |  |  | - |
|  |  |  |  |  |  |  |  |  |
| **Capital expenditure and financial investment** |  |  |  |  |  |  |  |  |
| Acquisition of intangible fixed assets |  | (30) |  |  |  | (75) |  |  |
| Acquisition and construction of housing properties |  | (13,451) |  |  |  | (18,198) |  |  |
| Acquisition of other fixed assets |  | (759) |  |  |  | (394) |  |  |
| Disposal of fixed assets |  | 1,463 |  |  |  | 1,032 |  |  |
| Social Housing Grant |  | 1,956 |  |  |  | 198 |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net cash outflow from capital expenditure and** |  |  |  | (10,821) |  |  |  | (17,437) |
| **financing investment** |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net cash (outflow)before management of liquid resources and financing** |  |  |  | (304) |  |  |  | (11,413) |
|  |  |  |  |  |  |  |  |  |
| Management of liquid resources |  | (2,005) |  |  |  | 7,000 |  |  |
| Financing |  | 5,500 |  |  |  | 5,000 |  |  |
|  |  |  |  |  |  |  |  |  |
| **Net cash inflow from management of liquid resources and financing** | 22 |  |  | 3,495 |  |  |  | 12,000 |
|  |  |  |  |  |  |  |  |  |
| **Increase in cash in the year** | 23 |  |  | **3,191** |  |  |  | **587** |

# **NOTES TO THE FINANCIAL STATEMENTS**

1. **Legal Status**

The Parent is registered under the Community Benefit Society and it is a non housing asset holding company that was incorporated by the Financial Services Authority on 10th May 2007 and registered with the Housing Corporation (now HCA, former TSA) on 22nd May 2007.

1. **Accounting Policies**
   1. **Basis of Accounting**

|  |
| --- |
| The financial statements have been prepared in accordance with the applicable financial reporting standards in the United Kingdom. The financial statements comply with the Housing Act 1996, the Statement of Recommended Practice (SORP) for Registered Social Landlords update in 2010 and the Accounting Direction for Registered Providers of Social Housing 2012, which has replaced the Accounting Requirements for Registered Social Landlords General Determination 2006. |

|  |
| --- |
| The financial statements have been prepared under the historic cost convention and with the Group and subsidiaries continuing as a going concern. |

* 1. **Basis of Consolidation**

|  |
| --- |
| The Group financial statements consolidate the financial statements of Housing Plus Parent entity, and its wholly owned subsidiaries i.e. SSHA Group and Care Plus Staffordshire Limited at 31 March 2015.  A summary of the key accounting policies, which have been applied consistently across all entities, is set out below with elimination of surpluses and deficits on intra group transactions. |

* 1. **Turnover**

|  |
| --- |
| Turnover represents rental and service charge income receivable net of voids, sales of Low Cost Home Ownership, and care services income for the year. Turnover in the financial statements notes are analysed to identify General Needs, Supported Housing and Low Cost Homeownership properties.  Housing Plus recognises the revenue as per Application Note G to FRS 5, ‘Reporting the substance of transactions’ and UITF Abstract 40.  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. Charges for support services funded under Supporting People, service charges and care services are recognised as they fall due under the contractual arrangements. |
| * 1. **Value Added Tax (VAT)** |
| The Group’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 |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Accounting Policies (continued)**
2. **Interest Payable**

|  |
| --- |
| Interest payable 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 housing assets.  Interest payable is charged to the income and expenditure account in the year. |

1. **Pensions**

|  |
| --- |
| The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Staffordshire County Council Local Government Pension Scheme (LGPS). The assets of both funds are kept separately from those of the Group being invested in independently managed superannuation funds. The Group has fully adopted accounting standard FRS17 ‘Retirement Benefits’. The impact of this standard has been reflected throughout the financial statements. |

1. **Tangible Fixed Assets**

|  |
| --- |
| Housing properties are principally properties available for rent. Completed housing properties for lettings are stated at cost less accumulated depreciation and housing and other capital grants. 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 related social housing and other capital grants.  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. |

1. **Intangible Fixed Assets**

|  |
| --- |
| Intangible fixed assets represent licences and warranties in respect of purchased software and hardware. These are stated at cost less accumulated amortisation. The cost includes cost of asset purchase and other directly attributable costs. |
| 1. **Accounting for Grants** |

Social Housing Grant (SHG) is receivable from the Homes and Communities Agency and formerly from the Housing Corporation and is utilised to reduce the capital costs of housing properties, including land costs. It is allocated to the land and structure components in proportion to their cost. SHG received in advance is shown as a current liability – SHG outstanding is shown as a current asset. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the income and expenditure account. Upon disposal of the associated property, the Group is required to recycle these proceeds; as such a contingent liability is disclosed to reflect this.

Other grants are receivable from local authorities and other organisations.

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Accounting Policies (continued)**
2. **Depreciation of Tangible Assets and Amortisation of Intangible Assets**

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, less the proportion of SHG and other grants attributable to housing properties.

The Group’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:
    - * Houses & Bungalows 75 years (1.33% per annum)
      * Flats, sheltered units, PRC dwellings & Hostels 50 years (2.00% per annum)
  + Roof 60 years (1.66% per annum)
  + Kitchens 20 years (5.00% per annum)
  + Bathrooms 30 years (3.33 % per annum)
  + Heating System/Boilers 15 years (6.66% per annum)
  + Wiring System 30 years (3.33% per annum)
  + Lifts 40 years (2.50% per annum)
  + UPVC Front Doors 40 years (2.50% per annum)
  + UPVC Windows 30 years (3.33% per annum)
  + Porches 40 years (2.50% per annum)

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

* + Office Structure 60 years (1.66% per annum)
  + Depots Structure 20 years (5.00% per annum)
  + Office and Depot Components as per components’ list
  + Vehicles 4 years (25.00% per annum)
  + Furniture & Equipment 5 years (20.00% per annum)
  + Photocopiers 3 years (33.00% per annum)
  + IT Mainframe 4 years (25.00% per annum)
  + PC’s and other 2 years (50.00% per annum)

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)

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Accounting Policies (continued)**
2. **Impairment**

|  |
| --- |
| The Group caries out an annual impairment review of individual tangible fixed assets and income generating units. The review takes into account void rates for different categories of stock, geographical and environmental issues, current operating position and the carrying value, compared to the value in use.  Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the Group. Any such write down is charged to operating surplus. |

1. **Leased Assets**

|  |
| --- |
| The Group has no obligations under Finance Leases. Any assets held under finance leases are included in the balance sheet 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 income and expenditure account over the period of the lease in proportion to the balance of capital repayments outstanding. |

|  |
| --- |
| Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term. |

1. **Sale of Housing Property**

|  |
| --- |
| Under shared ownership arrangements, the Group sells a long term leasehold interest of Low Cost Home Ownership housing units to persons who occupy them at a lease premium equal to between 25% and 75% of open Market Value. Proceeds of sale of first tranches are accounted for as turnover in the income and expenditure account. 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.  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 Income and Expenditure Account. |
| 1. **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 of over £1million are capitalised. The interest charged reflects the net interest paid over the period of the developments. |

1. **Taxation**

|  |
| --- |
| The Parent is liable for Corporate Tax as is Acton Gate and an annual provision is made to meet any assessed tax liability. SSHA and Care Plus are exempt charities. |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Accounting Policies (continued)**
2. **Provisions and Contingency Liabilities**

|  |
| --- |
| The Group only provides for liabilities in accordance with FRS12 ‘Provisions, contingent liabilities and contingent assets’, which stipulates that a provision should only be recognised when:   * there is a present legal or constructive obligation, resulting form a past event, at the balance sheet 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 balance sheet date.  The Group sets a provision against rent arrears of current and former tenants and trade debtors.  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. |

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Turnover, cost of sales, operating costs and operating surplus**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended** | | | | | | |  | **Year Ended** | | | | | | |
|  | **Note** | **31 March 2015** | | | | | | |  | **31 March 2014** | | | | | | |
| **Group** |  |  |  |  |  |  |  | **Operating** |  |  |  |  |  |  |  | **Operating** |
|  |  |  |  | **Cost of** |  | **Operating** |  | **Surplus/** |  |  |  | **Cost of** |  | **Operating** |  | **Surplus/** |
|  |  | **Turnover** |  | **Sales** |  | **Costs** |  | **(Deficit)** |  | **Turnover** |  | **Sales** |  | **Costs** |  | **(Deficit)** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Social housing lettings** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income and expenditure from social housing lettings | 3a | 27,949 |  | - |  | (15,870) |  | 12,079 |  | 26,707 |  | - |  | (15,011) |  | 11,696 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other social housing activities** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| LCHO 1st Tranche sale |  | 2,532 |  | (1,665) |  | (68) |  | 799 |  | 633 |  | (450) |  | (211) |  | (28) |
| Outright property sale |  | 1,178 |  | (706) |  | (13) |  | 459 |  |  |  |  |  |  |  |  |
| Charges for support services |  | - |  | - |  | (3,561) |  | (3,561) |  | - |  | - |  | (3,890) |  | (3,890) |
| External Activities |  | 1,280 |  | - |  | (1,218) |  | 62 |  | 999 |  | (408) |  | (149) |  | 442 |
| Other Activities |  | 480 |  | - |  | (32) |  | 448 |  | 472 |  | - |  | (246) |  | 226 |
| Intra Group |  | - |  | - |  | - |  | - |  | - |  | - |  | - |  | - |
|  |  | 5,470 |  | (2,371) |  | (4,892) |  | (1,793) |  | 2,104 |  | (858) |  | (4,496) |  | (3,250) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  | **33,419** |  | **(2,371)** |  | **(20,762)** |  | **10,286** |  | **28,811** |  | **(858)** |  | **(19,507)** |  | **8,446** |

**NOTES TO THE FINANCIAL STATEMENTS**

**3. Turnover, operating costs and operating surplus (continued)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended** | | | | | | |  | **Year Ended** | | | | | | |
|  | **Note** | **31 March 2015** | | | | | | |  | **31 March 2014** | | | | | | |
| **Parent** |  |  |  |  |  |  |  | **Operating** |  |  |  |  |  |  |  | **Operating** |
|  |  |  |  | **Cost of** |  | **Operating** |  | **Surplus/** |  |  |  | **Cost of** |  | **Operating** |  | **Surplus/** |
|  |  | **Turnover** |  | **Sales** |  | **Costs** |  | **(Deficit)** |  | **Turnover** |  | **Sales** |  | **Costs** |  | **(Deficit)** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Social housing lettings** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Income and expenditure from social housing lettings | 3a | **-** |  | - |  | - |  | - |  | **-** |  | - |  | - |  | - |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Other social housing activities** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Charges for support services |  | 4,090 |  | - |  | (3,561) |  | 529 |  | 3,918 |  | - |  | (3,890) |  | 28 |
| External Activities |  | 394 |  | - |  | (374) |  | 20 |  | 226 |  | (9) |  | (149) |  | 68 |
| Intra Group |  | 7,973 |  | - |  | (7,630) |  | 343 |  | 7,980 |  | - |  | (7,507) |  | 473 |
|  |  | 12,457 |  | - |  | (11,565) |  | 892 |  | 12,124 |  | (9) |  | (11,546) |  | 569 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Total** |  | **12,457** |  | **-** |  | **(11,565)** |  | **892** |  | **12,124** |  | **(9)** |  | **(11,546)** |  | **569** |

All social housing activities are undertaken by SSHA as the owner of the housing assets within the Group. Other housing stock activities are undertaken by Housing Plus as the Parent entity, its subsidiary Care Plus and subsidiary of SSHA – Acton Gate Limited.

**NOTES TO THE FINANCIAL STATEMENTS**

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

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | | | | | | | | | |  | **Year Ended** | | |
|  | **31 March 2015** | | | | | | | | | | |  | **31 March 2014** | | |
|  |  |  |  |  | **Low Cost** |  |  |  |  |  |  |  |  | | |
|  | **General** |  | **Supported** |  | **Home** |  | **Care** |  |  |  | **Parent** |  |  |  | **Parent** |
|  | **Housing** |  | **Housing** |  | **Ownership** |  | **Housing** |  | **Total** |  | **Total** |  | **Total** |  | **Total** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| Rent Receivable net of identifiable service charges | 15,821 |  | 7,899 |  | 406 |  | 919 |  | 25,045 |  | - |  | 24,126 |  | - |
| Service Charges: |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Eligible for Housing Benefit | 113 |  | 827 |  | 140 |  | 1,355 |  | 2,435 |  | - |  | 2,044 |  | - |
| Non eligible for Housing Benefit | - |  | 326 |  | 2 |  | 141 |  | 469 |  | - |  | 537 |  | - |
| **Turnover from Social Housing Lettings** | **15,934** |  | **9,052** |  | **548** |  | **2,415** |  | **27,949** |  | **-** |  | **26,707** |  | **-** |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Management | (1,542) |  | (1,251) |  | (52) |  | (431) |  | (3,276) |  | - |  | (3,140) |  | - |
| Service Charge Costs | - |  | (649) |  | (8) |  | (1,239) |  | (1,896) |  | - |  | (2,178) |  | - |
| Routine Maintenance | (1,118) |  | (569) |  | (17) |  | (74) |  | (1,778) |  | - |  | (2,494) |  | - |
| Planned Maintenance | (4,601) |  | (378) |  | (35) |  | (137) |  | (5,151) |  | - |  | (3,976) |  | - |
| Major Repairs Expenditure | - |  | - |  | - |  | - |  | - |  | - |  | - |  |  |
| Bad Debts | (114) |  | (22) |  | - |  | (5) |  | (141) |  | - |  | (126) |  | - |
| Depreciation of Housing Properties | (1,984) |  | (956) |  | (155) |  | (533) |  | (3,628) |  | - |  | (3,098) |  | - |
| **Operating Costs on Social Housing Lettings** | **(9,359)** |  | **(3,825)** |  | **(267)** |  | **(2,419)** |  | **(15,870)** |  | **-** |  | **(15,011)** |  | **-** |
| **Operating Surplus/(Deficit) on Social Housing** | **6,575** |  | **5,227** |  | **281** |  | **(4)** |  | **12,079** |  | - |  | **11,696** |  | **-** |
| **Lettings** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Void Losses | (168) |  | (220) |  | (34) |  | (26) |  | (448) |  | - |  | (247) |  | - |

**NOTES TO THE FINANCIAL STATEMENTS**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **3b. Classes of Accommodation in management and development** | | | | | |  |  |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
| General Housing |  |  |  |  |  |  |  |
| - Social Rent | 3,442 |  | - |  | 3,473 |  | - |
| - Affordable Rent | 1 |  | - |  | - |  | - |
| Supported Housing and Housing for Older People | 1,856 |  | - |  | 1,856 |  | - |
| Low Cost Home Ownership | 258 |  | - |  | 186 |  | - |
| Care Housing | 248 |  | - |  | 198 |  | - |
| Leasehold | 237 |  | - |  | 228 |  | - |
| **Total** | **6,042** |  | **-** |  | **5,941** |  | **-** |
| Accommodation managed on behalf of others | 4 |  | - |  | 4 |  | - |
| **Total Managed** | **6,046** |  | **-** |  | **5,945** |  | **-** |
|  |  |  |  |  |  |  |  |
| **Accommodation in development at the year end** | 35 |  | - |  | 101 |  | - |

1. **Profit on Sale of Fixed Assets**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Net receipts on Sale** |  |  |  |  |  |  |  |
| Houses & Flats | 713 |  | - |  | 1,078 |  | - |
| Land | 4 |  | - |  | 4 |  | - |
|  | 717 |  | - |  | 1,082 |  | - |
| Less: Cost of Sales | (229) |  | - |  | (343) |  | - |
| Administration and Fees | (8) |  | - |  | (18) |  | - |
| **Profit on Sale of Housing Properties** | **480** |  | **-** |  | **721** |  | **-** |
|  |  |  |  |  |  |  |  |
| **Net receipts on Sale** |  |  |  |  |  |  |  |
| Vehicles | - |  | - |  | 14 |  | 14 |
| Other Fixed Assets | 806 |  | 6 |  | - |  | - |
|  | 806 |  | 6 |  | 14 |  | 14 |
| Less: Cost of Sales | (250) |  | - |  | - |  | - |
| Administration and Fees | (42) |  | - |  | - |  | - |
| **Surplus on Sale of Other Fixed Assets** | **514** |  | **6** |  | **14** |  | **14** |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| **Surplus on Sale of Fixed Assets** | **994** |  | **6** |  | **735** |  | **14** |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Interest receivable and other income**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| Interest received from temporary investments | 32 |  | - |  | 26 |  | - |
| Net return on pension scheme (FRS17) | - |  | 78 |  | - |  | - |
| **Interest receivable and other income** | **32** |  | **78** |  | **26** |  | **-** |

1. **Interest payable and similar charges**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| Interest payable for an Intra Group Loan (SSHA) | - |  | (10) |  | - |  | (14) |
| Loan interest | (6,345) |  | - |  | (5,124) |  | - |
| Loan Commission and valuation fees | (106) |  | - |  | (133) |  | - |
| Renegotiation Fees | (347) |  | - |  | (276) |  | - |
| Capitalised Interest | 87 |  | - |  | 43 |  | - |
| Net loss on pension scheme (FRS17) | (20) |  | - |  | (204) |  | (24) |
| **Interest payable and similar charges** | **(6,731)** |  | **(10)** |  | **(5,694)** |  | **(38)** |

1. **Surplus on Ordinary Activities Before Taxation**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Note** | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Depreciation:** |  |  |  |  |  |  |  |  |
| Housing Assets |  | 3,628 |  | - |  | 3,098 |  | - |
| Other Fixed Assets |  | 282 |  | 223 |  | 457 |  | 222 |
| **Amortisation:** |  |  |  |  |  |  |  |  |
| Intangible Fixed Assets | 11 | 37 |  | 37 |  | 14 |  | 14 |
| **Profit on Disposal** | 4 | (994) |  | (6) |  | (735) |  | (14) |
| **Operating lease rentals:** | 19 |  |  |  |  |  |  |  |
| Vehicles |  | 44 |  | 44 |  | 23 |  | 23 |
| Office Equipment |  | 13 |  | 13 |  | 42 |  | 10 |
| **External Auditors' Remuneration   (incl. expenses, excl. VAT):** |  |  |  |  |  |  |  |  |
| Fees for the audit of the financial statements |  | 42 |  | 7 |  | 41 |  | 7 |
| Fees for other services |  | 2 |  | - |  | 2 |  | - |
| **Bad Debt Provisions** |  | (348) |  | (13) |  | (362) |  | (29) |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Tax on surplus/ (deficit) on ordinary activities**

|  |
| --- |
| There is £18,868 corporate tax charge for the year 2014/15 (2013/14 null). |

1. **Employees**

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  |  |  |  |  |  |  |
| Administration and Management  (paid monthly) | 144 |  | 77 |  | 137 |  | 68 |
| Maintenance and Development (paid weekly) | 37 |  | 37 |  | 43 |  | 43 |
| Housing Support and Care  (wardens, caretakers, cleaners) | 121 |  | 6 |  | 93 |  | 8 |
| **Total** | **302** |  | **120** |  | **273** |  | **119** |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  |  |  |  |  |  |  |
| Administration and Management  (paid monthly) | 136 |  | 75 |  | 133 |  | 67 |
| Maintenance and Development  (paid weekly) | 37 |  | 37 |  | 43 |  | 43 |
| Housing Support and Care  (wardens, caretakers, cleaners) | 56 |  | 6 |  | 57 |  | 8 |
| **Total** | **229** |  | **118** |  | **233** |  | **118** |

Employees’ costs:

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **Year Ended** | | |  | **Year Ended** | | |
|  |  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Note** | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |  |
| Wages and salaries |  | 7,221 |  | 4,170 |  | 6,961 |  | 4,148 |
| Social Security costs |  | 579 |  | 373 |  | 534 |  | 361 |
| Other pension costs - FRS 17 | 20 | 684 |  | 566 |  | 1,127 |  | 946 |
| **Total** |  | **8,484** |  | **5,109** |  | **8,622** |  | **5,455** |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **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.

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
| **Summary of Board Members Pay** | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Pay | 107 |  | 38 |  | 103 |  | 39 |
| National Insurance | 2 |  | 1 |  | 2 |  | 1 |
| Expenses | 9 |  | 3 |  | 9 |  | 4 |
| **Total** | **118** |  | **42** |  | **114** |  | **44** |

|  |  |  |  |
| --- | --- | --- | --- |
| **Details of Board Members Pay** | **Year Ended** |  | **Year Ended** |
|  | **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
| **Parent Board Members:** |  |  |  |
| Dr Mary Griffiths (HP Chair) | 14 |  | 14 |
| Mr Alan Hawkesworth (HP Vice Chair) | 7 |  | 7 |
| Mr William Martin | 5 |  | 4 |
| Mrs Jane Richardson | 5 |  | 5 |
| Mr Michael Newey | 7 |  | 7 |
| Mr Rolf Levesley (SSHA Nominee) | - |  | - |
| Mr Peter Bell (SSHA Nominee) | - |  | - |
| Miss Shaz Umbreen (to 31st March 2014) | - |  | 2 |
|  | **38** |  | **39** |
| **Other Group Board Members** |  |  |  |
| Mr Rolf Levesley (SSHA Chair) | 10 |  | 10 |
| Mrs Carol Hurley | 5 |  | 5 |
| Mrs Caroline Bishop | 4 |  | 4 |
| Mrs Janet Johnson (to 25th Sept 2014) | 2 |  | 6 |
| Mrs Jean Shelton (to 25th Sept 2014) | 2 |  | 4 |
| Mr Mohan Sandhar (SSHA Vice Chair) | 7 |  | 6 |
| Mrs Monica Shafaq | 2 |  | - |
| Mrs Jasvinder Hewitt | 2 |  | - |
| Mr Peter Bell | 7 |  | 6 |
| Mr Vincent Brennan (to 25 July 2013) | - |  | 2 |
| Mrs Angela Bradford | 4 |  | 4 |
| Mr William Martin (Care Plus Chair) | 6 |  | 6 |
| Mr Jim Bolton | 6 |  | 5 |
| Mr Antony Pate | 4 |  | 2 |
| Mr Andrew Mason (from 26th Sept 2014) | 2 |  | - |
| Mrs Julie Smith (from 25th Sept 2014) | 2 |  | - |
| Mrs Pamela Smith | 4 |  | 4 |
|  | **69** |  | **64** |
| **Total** | **107** |  | **103** |

**NOTES TO THE FINANCIAL STATEMENTS**

**10. Directors' Emoluments (continued)**

The aggregate amount of emoluments (including benefits in kind and pension contributions) paid to or receivable by the six (2013/14 six) Executive Officers of the Group and of the six (2013/14 six) in the Parent during the year made up as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Salary | 617 |  | 617 |  | 573 |  | 573 |
| Benefits in Kind | 16 |  | 16 |  | 15 |  | 15 |
| Pension Contribution | 107 |  | 107 |  | 163 |  | 163 |
| **Total** | **740** |  | **740** |  | **751** |  | **751** |

The emoluments (including benefits in kind and pension contributions) paid to the Chief Executive, and Executive Officers were in the following range:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Executive Officers** | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
| More than £60,000 but not more than £70,000 | - |  | - |  | 1 |  | 1 |
| More than £70,000 but not more than £80,000 | - |  | - |  | - |  | - |
| More than £80,000 but not more than £90,000 | - |  | - |  | - |  | - |
| More than £90,000 but not more than £100,000 | 1 |  | 1 |  | - |  | - |
| More than £100,000 but not more than £110,000 | 1 |  | 1 |  | 1 |  | 1 |
| More than £110,000 but not more than £120,000 | 1 |  | 1 |  | 1 |  | 1 |
| More than £120,000 but not more than £130,000 | - |  | - |  | 1 |  | 1 |
| More than £130,000 but not more than £140,000 | 2 |  | 2 |  | - |  | - |
| More than £140,000 but not more than £150,000 | - |  | - |  | - |  | - |
| More than £150,000 but not more than £160,000 | - |  | - |  | 1 |  | 1 |
| More than £160,000 but not more than £170,000 | 1 |  | 1 |  | - |  | - |
| More than £170,000 but not more than £180,000 | - |  | - |  | - |  | - |
| More than £180,000 but not more than £190,000 | - |  | - |  | 1 |  | 1 |

The emoluments paid to the current Chief Executive, Mrs Debbie Griffiths (excluding benefits in kind and pension contributions) were £136,154 (2013/14 £129,950).

The Chief Executive is a member of the Staffordshire County Council Local Government Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms applied. The Group does not make any further contribution to an individual pension arrangement to the Chief Executive.

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Intangible Fixed Assets**

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  | **As at 31 March 2014** | | | |  | **As at** | | |
|  |  | **31 March 2013** | | |
|  |  | **Group** |  | **Parent** | |  | **Group** |  | **Parent** |
|  |  | **Total** |  |  | **Total** |  | **Total** |  | **Total** |
|  |  | **£'000** |  |  | **£'000** |  | **£000** |  | **£000** |
| **Cost** |  |  |  |  |  |  |  |  |  |
| At 1 April |  | 124 |  |  | 124 |  | 52 |  | 52 |
| Additions |  | 30 |  |  | 30 |  | 72 |  | 72 |
| Disposals |  | - |  |  | - |  | - |  | - |
| **At 31 March** |  | **154** |  |  | **154** |  | **124** |  | **124** |
|  |  |  |  |  |  |  |  |  |  |
| **Accumulated Amortisation** |  |  |  |  |  |  |  |  |  |
| At 1 April |  | (20) |  |  | (20) |  | (6) |  | (6) |
| Charge for the year |  | (37) |  |  | (37) |  | (14) |  | (14) |
| **At 31 March** |  | **(57)** |  |  | **(57)** |  | **(20)** |  | **(20)** |
|  |  |  |  |  |  |  |  |  |  |
| **Net book value** |  |  |  |  |  |  |  |  |  |
| At 31 March |  | 97 |  |  | 97 |  | 104 |  | 104 |
| At 1 April |  | 104 |  |  | 104 |  | 46 |  | 46 |

**NOTES TO THE FINANCIAL STATEMENTS**

**12. Housing Properties at Cost**

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | | | | | | | | **As at** | |
| **Group** | **31 March 2015** | | | | | | | | | **31 March 2014** | |
|  | **Houses for Letting** | | |  | **Low Cost Home Ownership** | | |  |  |  |  |
|  | **Complete** |  | **Under** |  | **Complete** |  | **Under** |  | **Group** |  | **Group** |
|  | **for Letting** |  | **Construction** |  | **for Letting** |  | **Construction** |  | **Total** |  | **Total** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **COST** |  |  |  |  |  |  |  |  |  |  |  |
| At 1 April | 171,572 |  | 10,342 |  | 13,335 |  | 1,431 |  | 196,680 |  | 180,981 |
| Additions\* | 5,848 |  | 5,267 |  | - |  | 1,787 |  | 12,902 |  | 17,328 |
| Disposals | (625) |  | - |  | (147) |  | - |  | (772) |  | (558) |
| Transfers (note 12a) | 12,236 |  | (12,242) |  | 1,726 |  | (2,710) |  | (990) |  | (1,071) |
| **At 31 March** | **189,031** |  | **3,367** |  | **14,914** |  | **508** |  | **207,820** |  | **196,680** |
| **LESS ACCUMULATED DEPRECIATION** |  |  |  |  |  |  |  |  |  |  |  |
| At 1 April | (23,104) |  | - |  | (777) |  | - |  | (23,881) |  | (20,995) |
| Depreciation charge for year | (3,314) |  | - |  | (159) |  | - |  | (3,473) |  | (3,076) |
| Eliminated in respect of Disposals | 287 |  | - |  | 4 |  | - |  | 291 |  | 190 |
| **At 31 March** | **(26,131)** |  | **-** |  | **(932)** |  | **-** |  | **(27,063)** |  | **(23,881)** |
| **LESS GRANTS** |  |  |  |  |  |  |  |  |  |  |  |
| At 1 April | (41,274) |  | (2,058) |  | (2,740) |  | (662) |  | (46,734) |  | (44,506) |
| Receivable | (157) |  | (700) |  | - |  | (299) |  | (1,156) |  | (2,262) |
| Disposal | - |  | - |  | 34 |  | - |  | 34 |  | 34 |
| Transfers | (2,299) |  | 2,299 |  | (830) |  | 830 |  | - |  | - |
| **At 31 March** | **(43,730)** |  | **(459)** |  | **(3,536)** |  | **(131)** |  | **(47,856)** |  | **(46,734)** |
|  |  |  |  |  |  |  |  |  |  |  |  |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |  |
| At 31 March | 119,170 |  | 2,908 |  | 10,446 |  | 377 |  | 132,901 |  | 126,065 |
| At 1 April | 107,194 |  | 8,284 |  | 9,818 |  | 769 |  | 126,065 |  | 115,480 |

**\***The value of additions related to replacement of components for Housing Properties Assets is £4,986,750 (2013/14 was £3,764,507).

**NOTES TO THE FINANCIAL STATEMENTS**

**12a Housing Properties at Cost**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | | | | **As at** |
|  | **31 March 2015** | | | | | **31 March 2014** |
|  | **Houses for Letting** | | **Low Cost Home Ownership** | |  |  |
|  | **Complete** | **Under** | **Complete** | **Under** | **Group** | **Group** |
|  | **for Letting** | **Construction** | **for Letting** | **Construction** | **Total** | **Total** |
|  | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** | **£'000** |
|  |  |  |  |  |  |  |
| Complete Properties | 12,236 | (12,237) | 1,726 | (1,739) | (14) | 117 |
| Write-off to Income & Expenditure (Aborted Schemes) | - | (5) | - | - | (5) | - |
| Transfer to Current Assets | - | - | - | (971) | (971) | (1,188) |
| **Transfers** | **12,236** | **(12,242)** | **1,726** | **(2,710)** | **(990)** | **(1,071)** |

SSHA holds all housing assets, and its ultimate controlling party – Housing Plus and its wholly owned subsidiary Acton Gate are non housing assets holding companies.

Development administration costs totalling £175,717 (2013/14 £348,945) have been capitalised during the financial year. A total of £87,460 (2013/14 £42,637) of interest has been capitalised during the year. The rate being the fixed BAE rate secured at the time of 5%.

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 EUV.SH of housing properties as valued by Jones Lang LaSalle Ltd at 31 March 2015 is £214.24 million (2013/14 £187.54 million).

The housing stock NBV as per note 12 is £132.90 million (2013/14 £126.07 million).

**Charges against properties**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31 March 2015** |  | **31 March 2014** |
|  |  |  |  |
| Number of Properties on which there is a fixed charge | 5,511 |  | 4,818 |
| Number of Properties not charged | 294 |  | 895 |
| **Total Number of Properties** | **5,805** |  | **5,713** |
|  |  |  |  |
| Average Assured tenancy rent per week during the year | 89.88 |  | 86.44 |

**NOTES TO THE FINANCIAL STATEMENTS**

**12a Housing Properties at Cost (continued)**

**Social Housing Grant and Other Grants receivable by SSHA**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
|  |  |  |  |
| Social Housing Grants | 41,662 |  | 40,993 |
| Other Grants | 6,194 |  | 5,741 |
| **Total** | **47,856** |  | **46,734** |

**Housing properties book value, net of depreciation and grants**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
|  |  |  |  |
| Freehold land and buildings | 132,540 |  | 125,704 |
| Long leasehold land and buildings | 361 |  | 361 |
| **Total** | **132,901** |  | **126,065** |

Social Housing Grant (SHG) received in advance or outstanding has been adjusted in the debtors/creditors to reflect the grant based on the expenditure incurred.

SHG is repayable under certain circumstances primarily following the sale of a property but will normally be restricted to the net proceeds of sale.

**NOTES TO THE FINANCIAL STATEMENTS**

**12b. Other Fixed Assets**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | | | | | | | | | | | |  | **As at** |
|  | **31 March 2015** | | | | | | | | | | | | |  | **31 March 2014** |
|  |  |  |  |  |  |  | **Computer** |  |  |  |  |  |  |  |  |
| **Group:** |  |  |  |  | **Furniture &** |  | **Equipment &** |  | **Software** |  | **Offices** |  | **Total** |  | **Total** |
|  | **Depots** |  | **Vehicles** |  | **Equipment** |  | **Telephones** |  |  |  | **& Land** |  |  |  |  |
|  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |
| **COST** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 April | 403 |  | 588 |  | 1,214 |  | 2,116 |  | 518 |  | 2,418 |  | 7,257 |  | 6,825 |
| Additions | - |  | - |  | 327 |  | 77 |  | 11 |  | 5 |  | 420 |  | 457 |
| Disposals | (403) |  | (11) |  | - |  | - |  | - |  | - |  | (414) |  | (25) |
| **At 31 March** | - |  | 577 |  | 1,541 |  | 2,193 |  | 529 |  | 2,423 |  | 7,263 |  | 7,257 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Accumulated Depreciation & Impairment** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation at 1 April | (152) |  | (432) |  | (963) |  | (2,028) |  | (316) |  | (602) |  | (4,493) |  | (4,036) |
| Depreciation charge for year | - |  | (97) |  | (161) |  | (82) |  | (63) |  | (42) |  | (445) |  | (476) |
| Eliminated in respect of Disposals | 152 |  | 11 |  | - |  | - |  | - |  | - |  | 163 |  | 19 |
| **At 31 March** | - |  | (518) |  | (1,124) |  | (2,110) |  | (379) |  | (644) |  | (4,775) |  | (4,493) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 31 March | - |  | 59 |  | 417 |  | 83 |  | 150 |  | 1,779 |  | 2,488 |  | 2,764 |
| At 1 April | 251 |  | 156 |  | 251 |  | 88 |  | 202 |  | 1,816 |  | 2,764 |  | 2,789 |

**NOTES TO THE FINANCIAL STATEMENTS**

**12b. Other Fixed Assets (continued)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | | | | | | | | | | | |  | **As at** |
|  | **31 March 2015** | | | | | | | | | | | | |  | **31 March 2014** |
|  |  |  |  |  |  |  | **Computer** |  |  |  |  |  |  |  |  |
| **Parent:** |  |  |  |  | **Furniture &** |  | **Equipment &** |  | **Software** |  | **Offices** |  | **Total** |  | **Total** |
|  | **Depots** |  | **Vehicles** |  | **Equipment** |  | **Telephones** |  |  |  | **& Land** |  |  |  |  |
|  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |  | **£000** |
| **COST** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 1 April | - |  | 588 |  | 8 |  | 471 |  | 491 |  | - |  | 1,558 |  | 1,249 |
| Additions | - |  | - |  | 7 |  | 65 |  | 11 |  | - |  | 83 |  | 319 |
| Disposals | - |  | (11) |  | - |  | - |  | - |  | - |  | (11) |  | (10) |
| **At 31 March** | - |  | 577 |  | 15 |  | 536 |  | 502 |  | - |  | 1,630 |  | 1,558 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Accumulated Depreciation & Impairment** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Depreciation at 1 April | - |  | (432) |  | (8) |  | (391) |  | (290) |  | - |  | (1,121) |  | (899) |
| Depreciation charge for year | - |  | (97) |  | (2) |  | (73) |  | (62) |  | - |  | (234) |  | (232) |
| Eliminated in respect of Disposals | - |  | 11 |  | - |  | - |  | - |  | - |  | 11 |  | 10 |
| **At 31 March** | - |  | (518) |  | (10) |  | (464) |  | (352) |  | - |  | (1,344) |  | (1,121) |
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| **Net book value** |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| At 31 March | - |  | 59 |  | 5 |  | 72 |  | 150 |  | - |  | 286 |  | 437 |
| At 1 April | - |  | 156 |  | - |  | 80 |  | 201 |  | - |  | 437 |  | 350 |

|  |
| --- |
| There is no charge on any of these assets. All land held for other assets is owned freehold. |

**NOTES TO THE FINANCIAL STATEMENTS**

**12c. Properties for Sale**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
|  |  |  |  |
| LCHO Completed Properties | 378 |  | 325 |
| LCHO Properties Under Construction | 240 |  | 951 |
| **Total Low Cost Home Ownership** | **618** |  | **1,276** |
|  |  |  |  |
| Open Market Properties Under Construction | - |  | 620 |
| **Total All Properties** | **618** |  | **1,896** |

1. **Debtors**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | |  | **As at** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Due within one year** |  |  |  |  |  |  |  |
| Rent Receivable | 964 |  | - |  | 763 |  | - |
| Service Charges Receivable | - |  | - |  | - |  | - |
| Leaseholders | 9 |  | - |  | 19 |  | - |
| Less: Provision for bad and doubtful debts | (334) |  | - |  | (329) |  | - |
|  | 639 |  | - |  | 453 |  | - |
|  |  |  |  |  |  |  |  |
| Care Service Receivable | 87 |  | - |  | 107 |  | - |
| Less: Provision for bad and doubtful debts | - |  | - |  | (3) |  | - |
|  | 87 |  | - |  | 104 |  | - |
|  |  |  |  |  |  |  |  |
| Amounts due from Other Group Associations |  |  |  |  |  |  |  |
| South Staffordshire Housing Association | - |  | 810 |  | - |  | 873 |
| Acton Gate | - |  | 1 |  | - |  | 2 |
| Social Housing Grant Receivable | 23 |  | - |  | 782 |  | - |
| Other Debtors | 575 |  | 370 |  | 345 |  | 304 |
| Less: Provision for bad and doubtful debts | (14) |  | (13) |  | (30) |  | (29) |
|  | 584 |  | 1,168 |  | 1,097 |  | 1,150 |
| Prepayments & Accrued Income | 391 |  | 267 |  | 706 |  | 277 |
|  |  |  |  |  |  |  |  |
| **Total due within one year** | **1,701** |  | **1,435** |  | **2,360** |  | **1,427** |
|  |  |  |  |  |  |  |  |
| Due after more than one year | 10 |  | 10 |  | - |  | - |
| **Total Debtors** | **1,711** |  | **1,445** |  | **2,360** |  | **1,427** |

**NOTES TO THE FINANCIAL STATEMENTS**

1. **Creditors: Amounts falling due within one year**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| Rents and service charges received in advance | (288) |  | - |  | (302) |  | - |
| Loan Interest (Note 15) | (830) |  | - |  | (588) |  | - |
| Trade creditors | (332) |  | (115) |  | (237) |  | (198) |
| Fixed asset creditors | (681) |  | - |  | (1,382) |  | - |
| Bank overdraft | - |  | (32) |  |  |  |  |
| Employees | (334) |  | (295) |  | (319) |  | (234) |
| Taxation and Social Security | - |  | - |  | -) |  | - |
| HMRC VAT | - |  | - |  | - |  | - |
| Accruals and Deferred Income | (2,595) |  | (813) |  | (2,063) |  | (1,010) |
| Intra Group Creditors (SSHA) | - |  | (488) |  | - |  | - |
| **Total Creditors: Amounts falling due within one year** | **(5,060)** |  | **(1,743)** |  | **(4,891)** |  | **(1,442)** |

|  |
| --- |
| The average number of days for the Group between the invoice date and payment is 34 days (2013/14 37 days). |

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

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Nationwide Syndications | 88,000 |  | - |  | 117,500 |  | - |
| BAE Loan | 35,000 |  | - |  |  |  |  |
| Intra Group Creditors | - |  | - |  | - |  | 950 |
| Recycled capital grant and disposal proceeds fund | 90 |  | - |  | 163 |  | - |
| Other Designated Funds | 232 |  | - |  | 173 |  | - |
| **Total Creditors: Amounts falling due after more than one year** | **123,322** |  | **-** |  | **117,836** |  | **950** |

**Movements in recycled Capital Grant Fund**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | |  | **As at** | | |
|  | **Year Ended** | | |  | **Year Ended** | | |
| **Recycled Capital Grant Fund** | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| Balance as at 1 April | 55 |  | - |  | 25 |  | - |
| Recycled Grant Input | 35 |  | - |  | 30 |  | - |
| **Balance as at 31 March** | **90** |  | **-** |  | **55** |  | **-** |

**NOTES TO THE FINANCIAL STATEMENTS**

**15. Creditors: Amounts falling due after more than one year (continued)**

**Movements in Disposal Proceeds Funds**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | |  | **As at** | | |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Disposal Proceeds Fund** |  |  |  |  |  |  |  |
| Balance as at 1 April | 108 |  | - |  | 108 |  | - |
| Inputs arising from disposals | 4 |  | - |  | - |  | - |
| Withdrawals | (112) |  | - |  | - |  | - |
| **Balance as at 31 March** | **-** |  | **-** |  | **108** |  | **-** |

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

The Nationwide Syndications loan is secured by the properties that SSHA owns. The loan is repaid in 2035. 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 are ranging from 3.93% to 7.74%. The final instalments fall to be repaid in the period 2016 to 2035. The BAE loan is secured against properties that SSHA owns. The loan is repaid in 2042. It has a fixed interest rate of 5.0%. At 31 March 2015 the Group had undrawn loan facilities of £17million (2013/14 £7.5million).

Based on the lender's earliest repayment date, borrowings are repayable as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Within one year or on demand | - |  | - |  | 29,500 |  | - |
| One year or more but less than two years | 2,000 |  | - |  | - |  | - |
| Two years or more but less than five years | 2,000 |  | - |  | 4,000 |  | - |
| Five year or more | 119,000 |  | - |  | 84,000 |  | - |
| **Total Borrowings** | **123,000** |  | **-** |  | **117,500** |  | **-** |

Since 31st March 2014 the Board arranged for a repayment of £29.5million to Nationwide Syndications, reducing the loan facility to £90million and having additional £15million revolving facility available from Nationwide Syndications. At the same time SSHA arranged a new loan facility with BAE pension fund for a single drawdown of £35million repayable over a 30 year period.

**NOTES TO THE FINANCIAL STATEMENTS**

**16. 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.

|  |  |  |  |
| --- | --- | --- | --- |
| **Parent:** | **Year Ended** |  | **Year Ended** |
|  | **31 March 2015** |  | **31 March 2014** |
| Number of Shareholders as at 1 April | 7 |  | 7 |
| Returned Shares | - |  | (1) |
| Shares issued during the financial year | - |  | 1 |
| **Number of Shareholders as at 31 March** | **7** |  | **7** |

**17. Movements in Reserves**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **Year Ended** | | |  | **Year Ended** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  |  |  |  |  | **Restated** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Balance as at 1 April as previously stated | 4,907 |  | (2,411) |  | 2,188 |  | (2,588) |
| Prior year adjustment | 14 |  | 14 |  | - |  | - |
| Balance as at 1 April restated | 4,921 |  | (2,397) |  |  |  |  |
| Surplus/(Deficit) for the year | 4,562 |  | 617 |  | 3,513 |  | 545 |
| Actuarial losses on pension scheme | (1,734) |  | (1,431) |  | (706) |  | (368) |
| Transfers from Reserves | (94) |  | - |  | (88) |  | - |
| **Balance at 31 March** | **7,655** |  | **(3,211)** |  | **4,907** |  | **(2,411)** |
|  |  |  |  |  |  |  |  |
| **Represented by** |  |  |  |  |  |  |  |
| Total Reserves excl. Pension Liability | 17,069 |  | 146 |  | 12,877 |  | (144) |
| Pension Liability | (9,414) |  | (3,357) |  | (7,970) |  | (2,267) |
| **Capital and Reserves** | **7,655** |  | **(3,211)** |  | **4,907** |  | **(2,411)** |

Prior year adjustment of £14,000 is a result of immaterial understatement of the income and expenditure accounts for the financial year 2013/14 due to mathematical error and rounding errors.

**18. Capital commitments**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | |  | **As at** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| Expenditure contracted but not provided in the financial statements | 3,255 |  | - |  | 4,670 |  | - |
| Expenditure authorised by the Board but not contracted | 11,458 |  | - |  | 13,497 |  | - |
| **Total Capital commitments** | **14,713** |  | **-** |  | **18,167** |  | **-** |

**NOTES TO THE FINANCIAL STATEMENTS**

**18. Capital commitments (continued)**

|  |
| --- |
| 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 £17million (2013/14 £7.5 million). |

The expenditure authorised by the Board but not contracted relates to the current bid to [Homes and Communities Agency (HCA)](http://www.homesandcommunities.co.uk/). The following amounts describe the way SSHA funds the development:

|  |  |  |  |
| --- | --- | --- | --- |
|  | **As at** |  | **As at** |
|  | **31 March 2015** |  | **31 March 2014** |
| **Group** | **£'000** |  | **£'000** |
|  |  |  |  |
| Net Expenditure | 11,701 |  | 14,502 |
| SHG | 1,580 |  | 2,235 |
| Other Grant Funding | 640 |  | 840 |
| Forecast sales | 792 |  | 590 |
| **Total Gross Expenditure** | **14,713** |  | **18,167** |

**19. Operating Leases**

The Group holds vehicles and loan safety devices on non-cancellable operating leases. At 31 March 2014 the Group has annual commitments under these leases as follows:

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | **As at** | | |  | **As at** | | |
|  | **31 March 2015** | | |  | **31 March 2014** | | |
|  | **Group** |  | **Parent** |  | **Group** |  | **Parent** |
|  | **£'000** |  | **£'000** |  | **£'000** |  | **£'000** |
| **Leases for vehicles:** |  |  |  |  |  |  |  |
| Expiring within one year | - |  | - |  | 23 |  | 23 |
| Expiring between two and five years | 44 |  | 44 |  | - |  | - |
| **Leases for equipment:** |  |  |  |  |  |  |  |
| Expiring within one year | 4 |  | 4 |  | 42 |  | 10 |
| Expiring between two and five years | 9 |  | 9 |  | - |  | - |
|  | **57** |  | **57** |  | **65** |  | **33** |

**20. Pension**

1. **Social Housing Pension Scheme**

Housing Plus participates in the Social Housing Pension Scheme (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

|  |
| --- |
| It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.  **NOTES TO THE FINANCIAL STATEMENTS**  **20. Pension (continued)**  **a) Social Housing Pension Scheme (continued)**   1. The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due. |

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme’s assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme’s assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

During the accounting year ended 31 March 2015 Housing Plus paid contributions for Defined Benefit Scheme at the rate of 10.4% (20.4% in 2013/14 to cover for deficit), and between 1% and 10% for Defined Contribution Scheme (2013/14 between 1% and 10%). Members’ contributions varied between 1% and 9%.

As at the balance sheet date there were 40 (15 as at 31st March 2014) active members of the Scheme employed by Housing Plus, all in Defined Contribution Scheme (2013/14 14 in Defined Benefit Scheme and 1 in Defined Contribution Scheme). The annual pensionable payroll in respect of these members was £982,569 (2013/14 £1,262,646).

Housing Plus Board has reviewed current schemes arrangement for SSHA employees and ceased to offer membership of the Scheme to its current employees and new employees in the financial year 2014/15. This did not trigger any repayments of the estimated employer debt on withdrawal from SHPS as stated in the note 25 of the financial statement.

Charge to the Parent in year 2014/15 was £59,551 (2013/14 £191,730).

**b)** **Staffordshire County Council Scheme**

Housing Plus 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 2015 was 19.6% (2013/14 42.6%). The number of Housing Plus employees in the scheme as at 31 March 2015 was 83 (31 March 2014 – 60). The charge to Housing Plus for the year 2014/15 was £506,790 (2013/14 was £753,940)

The disclosures necessary in respect of FRS17 are shown in various tables below. The actuary has estimated that the net pension liability for Housing Plus as at 31 March 2015 is a liability of £3,357,000 (2013/14 £2,267,000) and for SSHA is a liability of £6,057,000 (2013/14 £5,703,000) as disclosed in SSHA financial statements for the year ended 31 March 2015.

**NOTES TO THE FINANCIAL STATEMENTS**

**20. Pension (continued)**

**b) Staffordshire County Council Scheme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Assumptions as at** | **31 Mar 2015**  **%p.a.** | **31 Mar 2014**  **%p.a.** | **31 Mar 2013**  **%p.a.** | **31 Mar 2012**  **%p.a.** |
| Salary increases\* | 4.3% | 4.6% | 5.1% | 4.8% |
| Pension increases | 2.4% | 2.8% | 2.8% | 2.5% |
| Expected return on assets | 3.2% | 6.1% | 5.3% | 5.7% |
| Discount Rate | 3.2% | 4.3% | 4.5% | 4.8% |

The assumptions at the accounting date are consistent with the duration of the employer's past service liabilities. As at 31 March2013 the weighted average duration of the past service liabilities was 21.9 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 | 24.3 years |
| Future Pensioners\* | 24.3 years | 26.6 years |

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Fair Value of Employer Assets** | **Assets at**  **31 Mar 2015** | **Assets at**  **31 Mar 2014** | **Assets at**  **31 Mar 2013** | **Assets at**  **31 Mar 2012** |
|  | **£’000** | **£’000** | **£’000** | **£’000** |
| Equities | 8,725 | 6,828 | 6,290 | 5,185 |
| Bonds | 1,263 | 1,184 | 955 | 798 |
| Property | 918 | 728 | 637 | 598 |
| Cash | 574 | 364 | 80 | 66 |
| **Total** | **11,480** | **9,104** | **7,962** | **6,647** |

The above asset values as at 31 March 2015 are at bid value as required by FRS 17.

**NOTES TO THE FINANCIAL STATEMENTS**

**20. Pension (continued)**

**b) Staffordshire County Council Scheme (continued)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Net Pension Liability as at** | **31 Mar 2015** | **31 Mar 2014** | **31 Mar 2013** | **31 Mar 2012** | **31 Mar 2011** |
|  | **£’000** | **£’000** | **£’000** | **£’000** | **£’000** |
| Fair value of Employer Assets | 11,480 | 9,104 | 7,962 | 6,647 | 6,126 |
| Present Value of Funded Obligations | (14,837) | (11,371) | (10,093) | (8,214) | (7,601) |
| Net (under) / Overfunding in Funded Plans | (3,357) | (2,267) | (2,131) | (1,567) | (1,475) |
| Present Value of Unfunded Liabilities | - | - | - | - | - |
| Unrecognised Past Service Cost | - | - | - | - | - |
| **Net Pension Liability** | **(3,357)** | **(2,267)** | **(2,131)** | **(1,567)** | **(1,475)** |

The estimate of the liability comprises of approximately £10,798,000 (2013/14 £7,869,000), £2,200,000 (2013/14 £1,771,000) and £1,839,000 (2013/14 £1,731,000) in respect of employee members, deferred pensioners and pensioners respectively as at 31 March 2015.

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 2015** | **Year to**  **31 Mar 2014** |
| **Amount Charged to Operating Surplus** | **£’000** | **£’000** |
| Service Cost\* | 606 | 475 |
| Past Service Cost | - | - |
| Curtailment and Settlement | - | - |
| **Total Operating Charge (A)** | **606** | **475** |
| **Amount Credited to Other Finance Income** |  |  |
| Expected Return on Employer Assets | 581 | 439 |
| Interest on Pension Scheme Liabilities | (503) | (463) |
| **Net Return (B)** | **78** | **(24)** |
| **Net Revenue Account Cost (A)-(B)** | **528** | **499** |
| Actual Return on Plan Assets | 1,433 | 656 |

\* The Service Cost figures include an allowance for administration expenses of 0.5% of payroll.

**NOTES TO THE FINANCIAL STATEMENTS**

|  |  |  |
| --- | --- | --- |
| **Reconciliation of Defined Benefit Obligation** | **Year to**  **31 Mar 2015** | **Year to**  **31 Mar 2014** |
|  | **£000** | **£000** |
| Opening Defined Benefit Obligation | **11,371** | **10,093** |
| Current Service Cost | 606 | 475 |
| Interest Cost | 503 | 463 |
| Contributions from Members | 196 | 119 |
| Actuarial Losses | 2,283 | 403 |
| Past Service Costs | - | - |
| Result) on Curtailments | - | - |
| Liabilities extinguished on Settlement | - | - |
| Estimated Unfunded Benefits Paid | - | - |
| Estimated Benefits Paid | (122) | (182) |
| Closing Defined Benefit Obligation | **14,837** | **11,371** |

|  |  |  |
| --- | --- | --- |
|  | **Year to**  **31 Mar 2015** | **Year to**  **31 Mar 2014** |
|  | **£000** | **£000** |
| **Opening Fair Value of Employer Assets** | **9,104** | **7,962** |
| Expected return on Assets | 581 | 439 |
| Contributions from Members | 196 | 119 |
| Contributions from Employer | 869 | 731 |
| Contributions in respect of Unfunded Benefits | - | - |
| Actuarial Gains | 852 | 35 |
| Assets distributed on Settlement | - | - |
| Unfunded Benefits Paid | - | - |
| Benefits Paid | (122) | (182) |
| Closing Defined Benefit Obligation | **11,480** | **9,104** |

**NOTES TO THE FINANCIAL STATEMENTS**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **History of Experience Gains and Losses** | **Year to 31/03/15** | **Year to 31/03/14** | **Year to 31/03/13** | **Year to 31/03/12** | **Year to 31/03/11** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
| Fair Value of Employer Assets | 11,480 | 9,104 | 7,962 | 6,647 | 6,126 |
| Present Value of Defined benefit Obligations | (14,837) | (11,371) | (10,093) | (8,214) | (7,601) |
| **Deficit** | **(3,357)** | **(2,267)** | **(2,131)** | **(1,567)** | **(1,475)** |
| Experience Gains / (Losses) on Assets | 852 | 35 | 629 | (153) | (691) |
| Experience Gains / (Losses) on Liabilities | 55 | 157 | 2 | (18) | 1,707 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Amount Recognised in Statement of Total Recognised Surplus and Deficit (STRSD)** | **Year to 31/03/15** | **Year to 31/03/14** | **Year to 31/03/13** | **Year to 31/03/12** | **Year to 31/03/11** |
|  | **£000** | **£000** | **£000** | **£000** | **£000** |
| Actuarial (Losses)/Gains | (1,431) | (368) | (718) | (200) | 1,935 |
| Results in Irrecoverable Surplus from Membership fall and other factors | - | - | - | - | - |
| Actuarial Gains / (Losses) recognised in STRSD | **(1,431)** | **(368)** | **(718)** | **(200)** | **1,935** |
| Cumulative Actuarial Losses | (4,518) | (3,087) | (2,719) | (2,001) | (1,801) |

**21. Reconciliation of operating surplus to net cash inflow from operating activities**

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **Year Ended** |  | **Year Ended** |
|  | **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
|  |  |  |  |
| **Operating surplus** | **10,286** |  | **8,446** |
| Amortisation of intangible fixed assets | 38 |  | 14 |
| Depreciation of tangible fixed assets | 4,073 |  | 3,573 |
| Low Cost Home Ownership | 2,295 |  | 420 |
| FRS17 Pension Adjustment | (310) |  | (292) |
|  | **16,382** |  | **12,161** |
| **Working capital movements** |  |  |  |
| (Increase) in stock | (25) |  | - |
| (Increase) in debtors | (109) |  | (470) |
| Increase/(decrease) in creditors | 983 |  | (395) |
| **Net cash inflow from operating activities** | **17,231** |  | **11,296** |

**NOTES TO THE FINANCIAL STATEMENTS**

**22. Reconciliation of net cash flow to movement in net debt**

|  |  |  |  |
| --- | --- | --- | --- |
| **Group** | **Year Ended** |  | **Year Ended** |
| **31 March 2015** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |
|  |  |  |  |
| Increase in cash in the financial year | 3,191 |  | 587 |
| Cash inflow from increase in debt | (5,500) |  | (5,000) |
| Cash outflow from increase/(decrease) in short term investments | 2,005 |  | (7,000) |
| **Total changes in net debt for the year** | **(304)** |  | **(11,413)** |
|  |  |  |  |
| Net debt at 1 April | (115,121) |  | (103,708) |
| **Net debt at 31 March** | **(115,425)** |  | **(115,121)** |

**23. Analysis of changes in net debt during year**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Group** | **Year Ended** |  | **Cash** |  | **Year Ended** |
| **31 March 2015** |  | **Flow** |  | **31 March 2014** |
|  | **£'000** |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |
| Cash at bank and in hand | 5,570 |  | 3,191 |  | 2,379 |
| Short Term Deposits | 2,005 |  | 2,005 |  | - |
|  | 7,575 |  | 5,196 |  | 2,379 |
|  |  |  |  |  |  |
| Housing Loans due after one year | (123,000) |  | (5,500) |  | (117,500) |
| **Total changes in net debt** | **(115,425)** |  | **(304)** |  | **(115,121)** |

**24. Related Party Transactions**

The Board of Housing Plus and Care Plus do not have any resident members. SSHA also does not have any members that are also residents (2013/14 one).

The SSHA Board has no (2013/14 one) members who are also a councillor for South Staffordshire Council.

During the financial year 2014/15 Housing Plus did not purchase services in the ordinary course of business from SSHA (2013/14 £10,887). However, Housing Plus provided services to SSHA at a total cost of £12,509,702 (2013/14 £12,024,527). Housing Plus paid interest to SSHA of £9,685 (2013/14 £14,433).

Housing Plus also provided services in the ordinary course of business to Care Plus (Staffordshire) Ltd., at a cost of £352,078 (2013/14 £279,584), and to Acton Gate Ltd., at a cost of £1,455 (2013/14 £1,857). Housing Plus also made a gift aid payment to Care Plus (Staffordshire) Ltd. of £329,741 (2013/14 £nil).

Amounts owned by and to the Housing Plus are disclosed in notes 13, 14 and 15. These amounts are related to intragroup balances both in creditors and in debtors.

**NOTES TO THE FINANCIAL STATEMENTS**

**25. Contingency Liabilities**

|  |
| --- |
| A contingent liability exists for the Housing Plus parent in the form of potential employer debt in the Social Housing Pension Scheme of £4,480,073 (2013/14 £3,159,073). Additionally, SSHA has a contingency liability for the potential employer debt in the Social Housing Pension Scheme, which if the SSHA decided to withdraw from the scheme a liability would be triggered of £8,224,436 (2013/14 £6,122,682). This is unlikely to happen and thus no provision has been made in the financial statements. |

**26. Group Companies**

The immediate parent undertaking is The Housing Plus Group Limited (The Parent) which is a non charitable industrial and provident society (30224R). It is a registered provider with the Homes and Communities Agency, former the Tenant Services Authority (TSA) (L4491). It has a wholly owned subsidiary South Staffordshire Housing Association Limited (SSHA) which is an exempt charity industrial provident society (28312R). It is also a registered provider with the HCA (LH4121). SSHA has one wholly owned subsidiary Acton Gate Limited, registered with Companies House (3565494). The ultimate parent, Housing Plus has also another wholly owned subsidiary Care Plus Staffordshire Limited which is an exempt charity industrial provident society (30948R).

The Parent, Housing Plus, provides Care Plus and SSHA with services such as finance, payroll, human resources advice and recruitment, development advice and management legal service and information technology services. Additionally for SSHA the parent, Housing Plus provides repairs and maintenance to its properties.

Care Plus principal activity is to deliver care services and Acton Gate’s principal activity has been with SSHA until 2008 the lease and licence of SSHA headquarters building and equipment. The Executive Management Team are now considering the use of Acton Gate for non charitable activities and for the financial year 2012/13 the company has generated income from installation of photovoltaic (PV) panels by Acton Gate.