

Registered number: 24640R

**ST PETER'S (SALTLEY) HOUSING  
ASSOCIATION LIMITED**

**Financial statements**

**Year ended 31 March 2016**

**ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

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**ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

**INFORMATION**

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**BOARD OF MANAGEMENT**

Phil Knight (Chair)  
Cheryl Garvey (Vice Chair)  
Robert Semple  
Karen Edwards  
Ken Hazeldene  
Lisa Barnes  
Mark Pinnell

**CHIEF EXECUTIVE**

Helen Harvey

**REGISTERED OFFICE**

Burrows Hall  
Bridge Road  
Saltley  
Birmingham  
B8 3TE

**HOMES AND COMMUNITIES AGENCY**

L3519

**REGISTERED SOCIETY NUMBER**

(under charity rules)

24640R

**AUDITORS**

Mazars LLP  
45 Church Street  
Birmingham  
B3 2RT

**BANKERS**

Barclays Bank PLC  
Small Heath Branch  
534 Coventry Road  
Small Heath  
Birmingham  
B10 0UP

**STRATEGIC REPORT**

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The Board present their Strategic Report incorporating the Board Report and the financial statements for the year ended 31 March 2016.

**REVIEW OF THE ASSOCIATION**

The principal activity of the Association is to provide good quality, affordable, rented homes for people in housing need. The Association owns and manages 105 units. There are 99 flats on the St Peter's site, including 44 flats for the over 55s, and 6 houses nearby.

The Saltley neighbourhood in which St Peter's operates is a significantly economically disadvantaged part of Birmingham where poverty, vulnerability and limited opportunity are key issues. Many of our tenants face an increasing challenge to maintain their tenancies as a result of the government's welfare reform agenda. We recognise and aim to respond to this, going beyond legislative requirements in order to improve the lives of our customers.

We are committed to helping our tenants have sustainable tenancies and be active members of the community. Where a tenant is having problems maintaining their tenancy we will help and signpost them to the right help, and liaise with other agencies; including benefits, social services and police where relevant.

This year the Association has reported an operating surplus of £87,050 compared to an operating surplus of £176,711 in the previous year. The reduction is mainly due to an increase in the SHPS provision with further increases in costs across all of the housing management, property repairs and service categories primarily.

**THE BOARD OF MANAGEMENT**

The members, who are non-executive directors, set out below have held office during the whole of the period from 1 April 2015 to the date of this report unless otherwise stated.

Maureen Bradley (retired 10 March 2016)  
Jack Butcher (retired 21 September 2015)  
Cheryl Garvey  
Kenneth Jackson (retired 21 September 2015)  
Phil Knight  
Angela Maynard (retired 22 October 2015)  
Robert Semple  
Karen Edwards (appointed 21 September 2015)  
Ken Hazeldene (appointed 21 September 2015)  
Lisa Barnes (appointed 21 September 2015)  
Mark Pinnell (appointed 21 September 2015)

**BOARD OF MANAGEMENT AND STAFF**

The Board of Management, which is responsible for the management of the Association's affairs, comprises no more than twelve and no fewer than five members. The Board Members, who, apart from the Chair, are unpaid, are drawn from a wide background bringing together a range of skills knowledge and experience. The Board meets at least times a year as does the Audit & Governance Committee which reports to the Board on its delegated areas of activity.

The Board obtains external specialist advice from time to time as necessary.

The staff team comprises the Chief Executive, Housing Services Manager, Housing Administrator/Bookkeeper, Property Maintenance Supervisor, Housing Services Officer, Estate Maintenance Assistant and an Administration Assistant. The Board delegates day to day management and implementation of its strategies and policies to the Chief Executive who attends Board Meetings. Other staff are invited to attend meetings as and when necessary.

STRATEGIC REPORT

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**VALUE FOR MONEY**

**Overall summary statement of Value for Money (VFM) performance and compliance with Standard**

Overall we meet the requirements of the HCA's VFM Standard.

**VFM in the context of objectives and stakeholder interests**

St Peter's recognises its responsibility to achieve value for money from all its activities, however they may be funded. Our strategy is to embed value for money as part of our ongoing business processes and decisions.

We have a commitment to manage resources economically, efficiently and effectively ensuring that we remain economically viable, whilst providing quality services and homes which deliver ongoing planned improvements in value for money.

St Peter's strives to deliver what matters to both our customers and stakeholders in the most cost effective way. We believe that by improving our services in response to our customer and stakeholder needs, we will make a contribution to the sustainability of the community in which we operate. Our goal is to achieve the best value for money for customers and this strategy sets out our approach and plan for achieving that ambition.

We will not achieve our Value for Money objectives purely through changes to systems, structures and procedures. We must also develop and support a 'Value for Money culture' within the three key groups of people within our organisation – residents, the Board, and staff. Our starting point on the journey towards becoming an organisation with a strongly embedded VFM culture is that while there are pockets of good practice within St Peter's, we need to make significant progress overall, over the life of this strategy, to enhance this aspect of our organisation.

- Achieve a balance of cost and quality – recognising the importance of quality of service within VFM and that the lowest cost is not necessarily the best.
- Embed and integrate VFM principles within existing management, planning and review processes to achieve a culture of continuous improvement
- Ensure we are maximising our assets
- Continuously improve by keeping VFM under regular review and seek continuous improvement in the VFM delivered to tenants and stakeholders.
- Involve tenants in VFM service decisions wherever possible.
- Undertake VFM reviews on areas of activity identified as worthy of review
- Benchmark our activities against other similar activities and organisations where this is considered useful
- Respond to opportunities to enhance the economy, efficiency and effectiveness of activities
- Ensure that all staff recognise their continuing obligation to seek VFM for St Peter's as part of their routine activities.

Our Corporate and Annual Plans draw on key areas already identified through information gathering, best practice, tenant consultation and internal discussion. These aim to ensure that St Peter's has a clear risk-based framework of information and monitoring to guide resource allocation, improvement plans and decision making over the life of the VFM strategy. The key ways we monitor value for money as part of this are:

**1. Performance management system**

Financial and KPI performance is monitored and discussed regularly with staff at team meetings and with the Board.

We capture and learn from the views of customers in a range of ways including:

- listening to tenants individually and via our Tenant Scrutiny Panel
- complaints, comments and compliments

STRATEGIC REPORT

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- customer satisfaction questionnaires

The Board considers an overview report looking at the full range of performance data i.e. consultation/satisfaction surveys, performance indicators, complaints, etc. This facilitates a focus on any areas which might be underperforming from a range of perspectives and properly allows corrective action to be introduced as appropriate.

## 2. Benchmarking and business intelligence

Benchmarking is an essential tool in measuring, monitoring and reviewing both internal and external costs and a key driver in assisting us achieve our aims. Rather than answering questions about costs, it prompts us to ask questions about where we are spending our money, as one tool to establish robust business intelligence about our operations.

St Peter's is committed to using benchmark data to compare itself against other similar organisations. St Peter's costs are benchmarked in terms of costs and key performance indicators (KPIs) with other similar organisations to ensure that the services provided are delivered in an efficient and effective way whilst delivering a high quality standard of service.

St Peter's is a member of the Small Providers Benchmarking Club and participated in quarterly benchmarking reporting which will include cost benchmarking from 2016 onwards.

In looking at costs, we analyse the cost drivers within our overall service costs. We especially focus on our overheads, looking to build our knowledge of where these can be reduced and thereby re-directing resources to direct service delivery.

In addition to benchmarking, we will take other measures to achieve better business intelligence about where we are spending money. Initially we will focus on property services. This will include for example:

- Greater knowledge about the patterns of demand for the responsive repairs service
- Analysis of variances in the cost of void and responsive repairs, to understand more about underlying cost drivers.

We ensure that business intelligence data including benchmarking is integral to our approach to service review and improvement.

## 3. Budget setting and control

We take a zero based approach to budget setting which establishes stronger links between allocation of financial resources and business priorities.

This approach provides significantly more clarity in establishing the costs of delivery for services to make a clearer link between the cost of delivery and the performance achieved. High cost/low output service areas can be clearly identified to better focus process and service reviews.

## 4. Evidencing VFM

As a means of monitoring our overall progress towards achieving VFM we have set up a log of ongoing VFM gains.

### VFM Report

The last year has seen a continued period of significant change for St Peter's that began in the previous year. A governance review was carried out that included the adoption of new Rules and Code of Governance and renewal of the Board, which has resulted in strengthened governance. The majority of the housing management policies were reviewed to increase their effectiveness and the associated procedures have been reviewed to increase their efficiency.

The loss of supporting people income from the start of the year reduced income but there was still a desire to maintain elements of the previous service. This has been achieved within existing resources.

STRATEGIC REPORT

We are continuing to lease a number of properties with housing management and support provided via a management agreement with a third party. This has increased our income by approx. 7.5% with the contract being managed within existing resources. The additional income has helped support asset investment.

Board Members received a thorough induction and then led a strategic review that reflected the challenges in our operating environment, identified key risks and reviewed financial viability in order to set our strategic direction for St Peter's as set out in our new Corporate Plan. This Corporate Plan is delivered each year via an Annual Plan which includes a suite of key qualitative and quantitative performance indicators that will help St Peter's identify whether it is delivering value for money and ensures key risks are being actively managed. The budget for 2016.17 was set from a zero base built on the priorities in the Corporate Plan.

Our new external financial support service was implemented from July onwards with a focus on reviewing all financial reporting to ensure that financial data could be easily understood and utilised to compare costs. This data enabled a 10 year financial plan to be produced which was then used to carry out a range of stress tests to establish viability and understand what scenarios could 'break' the association. These tests are resulting in a plan to manage the risks identified.

In terms of our assets we have carried out a review of our Stock Condition Survey and identified asset investment priorities for the next 10 years. The main investments are key component renewals to maintain the standard of the stock. We have in place an Assets & Liabilities Register which includes details such as Land Registry Title number, valuations, planning restrictions and whether or not homes are charged to lenders. Our financial plans are modelled to ensure that going forward the stock is maintained to the highest standard. A return on assets exercise has been carried out to review income generated, cost to maintain, demand and turnover. This exercise has not identified any disproportionate expenditure, demand or turnover issues and therefore no disposals need to be considered.

Value for Money Log 2015.16

	Activity	Outcome	Effectiveness	Economy	Efficiency	Gain
<b>Assets</b>	Major renewals	10 bathrooms and 10 kitchens replaced (10% of stock) within budget and with 100% customer satisfaction	✓			More for the same
	Customer Satisfaction	Increased satisfaction with quality of home from 95% to 100%	✓			More for the same
	Stock Condition Survey	Previous survey reviewed and key investment priorities identified to utilise available income, surplus and reserves as appropriate	✓	✓		More for the same
	Asset Management Strategy	10 year financial forecast carried out to confirm viability. This confirmed that all current assets should be retained	✓	✓	✓	Same for the same
<b>Operations</b>	Rent Arrears	Reduced rent arrears from 2.1% to 1.26% within existing resources	✓	✓		More for the same
	Void Management	Reduced void turnaround time from 25 days to 20 days within existing resources	✓	✓	✓	More for the same

## STRATEGIC REPORT

	Customer Satisfaction	Overall tenant satisfaction increased from 90% to 95%	✓			More for the same
<b>Social Value</b>	Community Asset	Increased the use of St Peter's Hall by the local community by 30% which is resulting in the wider Saltley community becoming more aware of St Peter's which has led to an increase in joint working.	✓			More for the same
<b>Procurement</b>	Financial Services	Review of service resulted in a new service provider at lower rates providing a better service	✓	✓	✓	More for less
<b>Governance</b>	Governance Review	Resulted in 100% compliance with NHF Code of Governance, increased attendance and stronger governance	✓			More for slightly more

**Benchmarking**

As well as benchmarking ourselves over time we also participate in benchmarking with a number of other small housing associations in the Central region using the Acuity benchmarking platform. We benchmark with these organisations because we are a similar size, are in the same region and have similar client groups. As well as this group we also benchmark against small housing associations nationally and against the sector as a whole.

	2015/16	Peer Group Median 2015/16	SPBM 2015/16	Housemark 2015.16
Rent collected as a % of rent owed – General Needs	100.10	99.66	100.03	99.60
Rent collected as a % of rent owed – Housing for older people	100.30	99.18	99.74	99.80
Current tenant arrears	1.26	4.92	2.56	3.58
Average Re-let time – general needs	10.80	15.60	22.80	24.70
Void Rent Loss – general needs	0.20	0.31	0.42	0.77
Average Re-let time – Housing for older people	33.50	23.36	26.00	32.80
Void Rent Loss – Housing for older people	0.17	0.95	0.93	1.69
Void Losses	0.2	0.31	0.42	0.77
No. of Responsive Repairs completed per property	3.50	3.86	2.90	3.23
% of reactive repairs completed on time - emergency	100	100	100	-
% of reactive repairs completed on time - urgent	100	100	97.64	-
% of reactive repairs completed on time - routine	99.43	98	96.74	-
% of tenants satisfied with most recent repair	100.00	97.05	97.00	94.6
% of dwellings with a valid gas safety certificate	100	100	100	100

\* 1 difficult to let void impacted on performance throughout the following year

Overall our performance is strong in most areas when measured across all 3 of these comparators. Where performance is below target we understand why this is. The main issue highlighted is that the average number of repairs we carry out is higher than others and we are exploring this to understand what is causing this and to identify whether the number of repairs, and associated costs, can be reduced.



**STRATEGIC REPORT**

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We understand how we spend our money. Due to the age of our stock and key component renewal cycles our main cost driver now and for the next few years is key component renewals. This is reflected in our 10 year financial plan and is affordable within our financial resources, including factoring in rent reduction for the next 3 years.

We have begun the process of benchmarking our costs with others in order to compare our costs and identify whether there is potential to reduce any of these costs. We are aware that our maintenance expenditure is high and will be focussing on this as our key area of cost review in 2016 to identify where savings can be made.

**VFM Plans for the Future**

Our new Corporate Plan identifies the following key strategic priorities over the next 3 years are:

1. Achieving further value for money in our service delivery and costs by:
  - identifying further efficiencies in operating practices
  - identifying value for money opportunities in contract renewals
  - analysing our repairs history and costs and aiming to reduce our average number of repairs per unit to sector averages
  - via our benchmarking club, compare our operating costs and identify what, if any, cost reductions can be achieved
  - exploring if any savings can be made through joint procurement or shared services to achieve greater VFM in back office costs
2. Investing in our existing assets to ensure good standards are maintained by:
  - continuing our programme of bathroom and kitchen renewals in line with our stock condition survey with a target of achieving 5 kitchen and 5 bathroom renewals in total
  - investing £350k in a major window replacement programme by the end of the year
3. continuing the community support that has taken place over the last year by:
  - increasing the number of hours St Peter's Hall is used by the local community by at least 8%
  - trying to establish a monetary value for the social value gains our community support achieves
4. exploring options for increasing income by:
  - looking at options for expanding our services into the local area
  - working with community partners to access funding to support our corporate aims

**STRATEGIC REPORT**

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**INTERNAL CONTROLS ASSURANCE**

There is no regulatory requirement for the Board to publish a statement on internal controls assurance but it has decided to do so.

The Board acknowledges its responsibility for the system of internal controls and for reviewing its effectiveness mindful of the objectives of, and risks facing, the Association.

The Board confirms that there are ongoing processes for maintaining sound systems of internal control and for managing risks. During the year 2013/14, the Association engaged Mazars LLP to conduct a high level controls review. The review concluded that all of the controls were operating effectively and made some minor recommendations regarding risk management strategy and some house keeping regarding the review of the Standing Orders and some Housing Management Policies. All of the recommendations have been implemented. The Standing Orders and Housing Management Policies were further reviewed during the current year, together with a thorough review of the Risk Register and its associated controls.

**COMPLIANCE WITH THE HCA GOVERNANCE AND FINANCIAL VIABILITY STANDARD**

The Board confirms that the Association complies with the requirements of the revised Governance and Financial Viability Standard applicable for the year from 1 April 2015, including the requirements to have in place an up to date Asset & Liabilities Register and to adhere to all relevant law.

**COMPLIANCE WITH CODE OF GOVERNANCE**

The Board confirms that the Association has adopted and complies with the requirements of the the NHF 2015 Code of Governance. The Board is currently considering whether to adopt the voluntary NHF Code or develop its own strategy with regard to Mergers, Group Structures and Partnerships.

**BOARD MEMBERS' RESPONSIBILITIES**

Registered Provider legislation requires the Board to prepare financial statements for each financial year which give a true and fair view of the state of the Association's affairs at the end of the financial year and of the income and expenditure of the Association for the year ended on that date. In preparing those financial statements, suitable accounting policies have been used, framed to the best of the Board's knowledge and belief, by reference to reasonable and prudent judgements and estimates and applied consistently. Applicable accounting standards have been followed. The Board is also required to indicate where the financial statements are prepared other than on the basis that the Association is a going concern.

The Board is responsible for ensuring that arrangements are made for keeping proper accounting records with respect to the Association's transactions and its assets and liabilities and for maintaining a satisfactory system of control over the Association's accounting records and transactions. The Board is also responsible for ensuring that arrangements are made to safeguard the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**BOARD MEMBERS' INDEMNITY**

The Board Members have confirmed that the Association does have Trustee Indemnity / Directors and Officers Insurance in place.

**FINANCIAL INSTRUMENTS**

The Association does not have any abnormal exposure to price, credit, liquidity and cash flow risks arising from its trading activities. The Association does not enter into any hedging transactions and no trading in financial instruments is undertaken.

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

In the case of each of the persons who are Board Members of the Association at the date when this report was approved:

- so far as each of the Board Members are aware, there is no relevant audit information of which the Association's auditor is unaware; and
- each of the Board Members has taken all the steps that they ought to have taken as a Board Member to make them aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

STRATEGIC REPORT

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Approved by the Board on 22 August 2016 and signed on its behalf by:

**Phil Knight (Chair)**

A handwritten signature in black ink, appearing to be 'Phil Knight', written over a horizontal line. The signature is stylized and somewhat abstract, with several overlapping strokes.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

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We have audited the financial statements of St Peter's (Saltley) Housing Association Limited for the year ended 31 March 2016 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in reserves, the statement of cashflows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland.").

**Respective responsibilities of The Board and the auditor**

As explained more fully in the Statement of Board's Responsibilities set out on page 7, the Board is responsible for the preparation of financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Association's members, as a body, in accordance with the Co-operative and Community Benefit Societies Act 2014 and the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body for our audit work, for this report, or for the opinions we have formed.

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

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

**Opinion on financial statements**

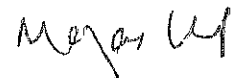
In our opinion the financial statements;

- give a true and fair view of the state of the Association's affairs as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been properly prepared in accordance 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 2015.

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

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion;

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



**Mazars LLP**  
**Chartered Accountants and Statutory Auditor**  
45 Church Street  
Birmingham  
B3 2RT

22 September 2016

**ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended 31 March 2016

	Notes	2016 £	2015 £
<b>TURNOVER</b>	3	795,334	812,829
Operating costs	3	<u>(708,284)</u>	<u>(636,118)</u>
<b>OPERATING SURPLUS</b>	3	87,050	176,711
Finance income		1,427	977
Interest and financing costs	5	<u>(10,863)</u>	<u>(13,453)</u>
<b>Surplus for the year</b>		77,614	164,235
Actuarial gain/ (loss) in respect of the pension scheme	16	1,000	(5,000)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<u>78,614</u>	<u>159,235</u>

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION  
At 31 March 2016

	Notes	2016 £	2015 £
<b>TANGIBLE FIXED ASSETS</b>			
Housing properties – cost less depreciation	9	6,126,669	6,310,612
Other property, plant & equipment	9	71,537	6,562
<b>TOTAL FIXED ASSETS</b>		<b>6,198,206</b>	<b>6,317,174</b>
<b>CURRENT ASSETS</b>			
Debtors	10	12,170	29,364
Cash at bank and in hand		446,895	436,327
		459,065	465,691
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	11	<b>(238,630)</b>	<b>(237,631)</b>
<b>NET CURRENT ASSETS</b>		<b>220,435</b>	<b>228,060</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,418,641</b>	<b>6,545,234</b>
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	12	<b>(5,371,074)</b>	<b>(5,576,282)</b>
<b>NET ASSETS</b>		<b>1,047,567</b>	<b>968,952</b>
<b>CAPITAL AND RESERVES</b>			
Share capital	15	30	29
Revenue reserves		1,047,537	968,923
<b>TOTAL CAPITAL AND RESERVES</b>		<b>1,047,567</b>	<b>968,952</b>

The financial statements on pages 10 to 25 were approved by the Board of Management on 22 August 2016 and were signed on its behalf by:

Phil Knight (Chair)



Robert Semple (Member of the Board of Management,  
Chair of Audit & Governance Committee)



Helen Harvey (Chief Executive/Company Secretary)



**ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CHANGES IN RESERVES**

**For the year ended 31 March 2016**

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	<b>Revenue Reserves 2016 £</b>	<b>Revenue Reserves 2015 £</b>
<b>BALANCE AT 1 APRIL 2015</b>	968,923	809,688
Surplus from statement of comprehensive income	78,614	159,235
 <b>BALANCE AT 31 MARCH 2016</b>	 <u>1,047,537</u>	 <u>968,923</u>

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS  
For the year ended 31 March 2016

	Notes	2016		2015	
		£	£	£	£
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	A		160,433		209,779
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Interest received		1,427		977	
Interest paid		(10,863)		(13,453)	
Housing loan repaid		(16,551)		(14,961)	
Share capital issued		6		2	
			(25,981)		(27,435)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Works to housing properties		(54,835)		(33,643)	
Purchase of other fixed assets		(69,049)		(3,202)	
			(123,884)		(36,845)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>			10,568		145,499
Cash and cash equivalents at the beginning of the year			436,327		290,828
Cash and cash equivalents at the end of the year			446,895		436,327

**A) RECONCILIATION OF OPERATING SURPLUS TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2016	2015
	£	£
Operating surplus for the year	87,050	176,711
Movement in debtors	17,194	(2,462)
Movement in creditors	816	14,918
Depreciation	177,656	183,283
Defined benefit scheme	1,000	(5,000)
Movement in capital grants	(152,884)	(154,014)
Shared capital written off	(5)	(2)
Increase in provisions	21,000	(4,000)
Loss on disposal of tangible fixed assets	8,606	345
Net cash inflow from operating activities	160,433	209,779



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

**1. ACCOUNTING POLICIES****(a) Basis of accounting**

The financial statements are prepared under the historical cost convention, in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015, the Statement of Recommended Practice for Registered Social Housing Providers 2014 (SORP) and the Housing and Regeneration Act 2008. St Peter's (Saltley) Housing Association is a public benefit entity (PBE), as defined in FRS 102 and applies the relevant paragraphs prefixed "PBE" in FRS 102.

**(b) Statement of compliance**

This is the first year that St Peter's (Saltley) Housing Association has prepared financial statements in accordance with FRS 102, accordingly the financial information as at 1 April 2014 (being the date of transition) and for the year ended 31 March 2015 have been restated for material adjustments on adoption of FRS 102 in the current year. For more information refer to notes 22 to 25.

**(c) Turnover**

Turnover primarily represents rents and service charges receivable (net of losses from voids), Supporting People Grant together with sundry sources of income.

**(d) Depreciation and impairment*****Housing Properties***

Freehold land is not depreciated. Depreciation is charged so as to write off the cost of freehold housing properties, to their estimated residual value on a straight line basis over their expected useful economic lives as follows:

General needs houses-structure: 100 years

Major components are treated as separable assets and depreciated over their expected useful life as follows:

Roof:	70 years	Electrical installations:	40 years
Kitchens:	30 years	Lifts:	30 years
Bathrooms:	30 years	Windows:	30 years
Central Heating:	30 years	Boilers:	15 years

Properties held on long lease are depreciated over the remaining life of the lease (97 years).

***Impairment of social housing properties***

Properties held for their social benefit are not held solely for the cash inflows they generate and are held for their service potential.

An assessment is made at each reporting date as to whether an indicator of impairment exists. If such an indicator exists, an impairment assessment is carried out and an estimate of the recoverable amount of the asset is made. Where the carrying amount of asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. The recoverable amount of an asset is the higher of its value in use and fair value less costs to sell. Where assets are held for their service potential, value in use is determined by the present value of the asset's remaining service potential plus the net amount expected to be received from its disposal. Depreciated replacement cost is taken as a suitable measurement model.

An impairment loss is reversed if the reasons for the impairment loss have ceased to apply and included in the Statement of Comprehensive Income.

***Other property, plant & equipment (PP&E)***

Depreciation is calculated to write off the cost of other PP&E over their estimated useful lives as follows:

Office fixtures and fittings	- 20% reducing balance
Computer equipment	- 33⅓% straight line
Security system	- 10% straight line

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

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**1. ACCOUNTING POLICIES (Continued)**

**(e) Social Housing Grant (SHG) and other grants**

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Grants received for housing properties are recognised in income over the expected useful life of the housing property structure.

Grants received from non-government sources are recognised as revenue using the performance model.

**(f) Improvements to properties**

Expenditure on existing housing properties, other than the replacement of components, is capitalised when it:

- Relates to a major overhaul of the property.
- Improves the economic benefit of the asset either through an increase in rental income, a reduction in maintenance costs or through an extension of the life of the property.

**(g) Interest and financing costs**

Interest charges incurred on the financing of housing properties are capitalised up to the date of practical completion. Interest charges arising after that date are charged to the income and expenditure account.

**(h) Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily known amounts of cash and are subject to an insignificant risk of change in value.

**(i) Operating leases**

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

**(j) Pension costs**

The Association participates in an industry wide multi-employer defined benefit scheme where the scheme assets and liabilities cannot be separately identified for each employer. This is accounted for as a defined contribution scheme as there is insufficient information available to account for the scheme as defined benefit. For this multi-employer scheme, there is contractual agreement between the scheme and the Association that determines how the deficit will be funded and as liability is recognised in the Statement Of Financial Position and the resulting expense in a surplus or deficit in the Statement Of Comprehensive Income for the present value of the contributions payable that arise from the agreement to the extent that relate to the deficit.

**(k) Financial instruments**

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument.

***Financial assets carried at amortised cost***

Financial assets carried at amortised cost comprise rent arrears, trade and other receivables and cash and cash equivalents. Financial assets are initially recognised at fair value plus directly attributable transaction costs. After initial recognition, they are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

If there is objective evidence that there is an impairment loss, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced accordingly.

A financial asset is derecognised when the contractual rights to the cash flows expire, or when the financial asset and all substantial risks and reward are transferred.

If an arrangement constitutes a financing transaction, the financial asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 1. ACCOUNTING POLICIES (Continued)

*Financial liabilities carried at amortised cost*

These financial liabilities include trade and other payables and interest bearing loans and borrowings.

Non-current debt instruments which meet the necessary conditions in FRS 102, are initially recognised at fair value adjusted for any directly attributable transaction cost and subsequently measured at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance costs in the Statement of Comprehensive Income. Discounting is omitted where the effect of discounting is immaterial.

A financial liability is derecognised only when the contractual obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.

*Financing transactions*

For rent arrears where the arrangement constitutes, in effect, a financing transaction because of extended credit arrangements the arrears are measured at the present value of the future payments discounted at an appropriate market rate of interest.

## 2. SIGNIFICANT MANAGEMENT JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

## 3. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2016		
	Turnover £	Operating costs £	Operating surplus £
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	757,810	(703,930)	53,880
<b>OTHER INCOME AND EXPENDITURE</b>			
Other	37,524	(4,354)	33,170
<b>TOTAL</b>	<b>795,334</b>	<b>(708,284)</b>	<b>87,050</b>

ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

	2015		
	Turnover £	Operating costs £	Operating Surplus / (deficit) £
<b>INCOME AND EXPENDITURE FROM LETTINGS</b>			
Housing accommodation (Note 3a)	767,306	(631,384)	135,922
<b>OTHER INCOME AND EXPENDITURE</b>			
Other	45,523	(4,734)	40,789
<b>TOTAL</b>	<u>812,829</u>	<u>(636,118)</u>	<u>176,711</u>

3a **INCOME AND EXPENDITURE FROM LETTINGS**

	2016 £	2015 £
<b>Income from lettings - Housing accommodation</b>		
Rent receivable	444,635	428,675
Service charges receivable (incl' SP income)	160,291	184,617
Amortisation of government grants (Note 13)	152,884	154,014
<b>Total income from lettings</b>	<u>757,810</u>	<u>767,306</u>
<b>Expenditure on letting activities - Housing accommodation</b>		
Services	143,644	173,484
Management	193,234	153,168
Routine maintenance	115,504	104,349
Major repairs expenditure	47,065	31,423
Rent losses from bad debts	(1,099)	5,901
Depreciation of housing properties	173,582	175,059
Movement on pension provision	32,000	(12,000)
<b>Total expenditure on lettings</b>	<u>703,930</u>	<u>631,384</u>
<b>Operating surplus on letting activities</b>	<u>53,880</u>	<u>135,922</u>
Rent losses from voids	<u>2,241</u>	<u>8,407</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**4. SURPLUS FOR THE YEAR**

	2016 £	2015 £
<b>The surplus for the year is stated:</b>		
<b>after charging / (crediting):</b>		
Depreciation of tangible fixed assets	177,656	183,283
Amortisation of government grants	(152,884 )	(154,014 )
Loss on disposal of fixed assets	8,605	345
Auditors' remuneration - audit services	5,565	4,565
(excluding VAT) - other services	-	-
	<u>          </u>	<u>          </u>

**5. INTEREST AND FINANCING COSTS**

	2016 £	2015 £
On loan repayable wholly or partly in more than five years	8,863	10,453
Defined benefit pension charge	2,000	3,000
	<u>          </u>	<u>          </u>
	<u>10,863</u>	<u>13,453</u>

**6. TAXATION**

No taxation charge arises as the Association has been granted charitable status by HM Revenue & Customs.

**7. STAFF COSTS**

	2016 £	2015 £
<b>Staff costs including directors:</b>		
Wages and salaries	157,567	131,073
Social security costs	9,649	8,158
Pension and other costs	18,369	14,738
	<u>          </u>	<u>          </u>
	<u>185,585</u>	<u>153,969</u>
	Number	Number
<b>Average number of persons expressed as full time equivalents (including the directors) employed during the year:</b>		
Office staff	4	5
Service staff	2	2
	<u>          </u>	<u>          </u>
Total employees	<u>6</u>	<u>7</u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 8. DIRECTORS' AND THE EXECUTIVE OFFICERS' EMOLUMENTS

	2016 £	2015 £
Emoluments (including pension contributions and benefits in kind)	<u>49,076</u>	<u>17,712</u>

The emoluments of directors and the executive officers disclosed above (excluding pension contributions and benefits in kind) include amounts paid to:

The highest paid director – Chief Executive Officer (CEO)	<u>45,735</u>	<u>17,712</u>
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**Board member emoluments**

	2016 £	2015 £
Emoluments	<u>1,250</u>	<u>0</u>

Only the Chair of the board receives emoluments for participating on the board. Payment of the emoluments to the Chair commenced in December. The Chair does not participate in the Social Housing Pension Scheme.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 9. TANGIBLE FIXED ASSETS

	Housing properties for letting £	Other property, plant & equipment £	Total £
<b>COST</b>			
At 31 March 2015	7,646,392	124,952	7,771,344
Additions	54,835	69,049	123,884
Disposals	(90,671)	-	(90,671)
<b>At 31 March 2016</b>	<b>7,610,556</b>	<b>194,001</b>	<b>7,804,557</b>
<b>DEPRECIATION</b>			
At 31 March 2015	1,335,780	118,390	1,454,170
Eliminated on disposals	(25,475)	-	(25,475)
Charge for year	173,582	4,074	177,656
<b>At 31 March 2016</b>	<b>1,483,887</b>	<b>122,464</b>	<b>1,606,351</b>
<b>NET BOOK VALUE</b>	<b>6,126,669</b>	<b>71,537</b>	<b>6,198,206</b>
<b>At 31 March 2016</b>			
At 31 March 2015	6,310,612	6,562	6,317,174
The net book value of housing properties above comprises:			
Freehold		363,736	
Leasehold		5,762,933	
		<b>6,126,669</b>	
Expenditure on housing properties for letting comprises:			
Replacement of components		£ 54,835	
Routine maintenance (note 9)		115,504	
Major repairs expenditure (note 9)		47,065	
Total works to completed properties		<b>217,404</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

## 10. DEBTORS

	2016	2015
	£	£
<b>Amounts falling due within one year:</b>		
Rental and service charge debtors	9,456	13,642
Less: provision for bad debts	<u>(4,681)</u>	<u>(11,651)</u>
	4,775	1,991
Other debtors	2,717	19,451
HAPM insurance prepaid	<u>4,678</u>	<u>7,922</u>
	<u>12,170</u>	<u>29,364</u>

## 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Loan principal	18,313	16,551
Other creditors	58,280	57,838
Prepaid rent	10,733	10,358
Government grants (note 13)	<u>151,304</u>	<u>152,884</u>
	<u>238,630</u>	<u>237,361</u>

## 12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Pension provision	121,000	100,000
Housing Loans	51,376	69,689
Government grants (note 13)	<u>5,198,698</u>	<u>5,406,593</u>
	<u>5,371,074</u>	<u>5,576,282</u>

Housing loans are secured by specific charges on the Association's housing properties and are repayable at varying rates of interest between 9.5% and 12.25% as follows:

	2016	2015
	£	£
<b>Amounts repayable by instalments:</b>		
Repayable between two and five years	44,229	62,542
Repayable after five years	<u>7,147</u>	<u>7,147</u>
	<u>51,376</u>	<u>69,689</u>



**ST PETER'S (SALTLEY) HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 March 2016

**13. GOVERNMENT GRANTS – DEFERRED INCOME**

	2016 £	2015 £
At 1 April 2015	5,559,477	5,713,491
Amortisation to statement of comprehensive income	(152,884)	(154,014)
Disposals of grant	(56,591)	-
	<u>5,350,002</u>	<u>5,559,477</u>
At 31 March 2016	<u>5,350,002</u>	<u>5,559,477</u>
Due < 1 year	<u>151,304</u>	<u>130,068</u>
Due > 1 year	<u>5,198,698</u>	<u>5,429,379</u>

The cumulative amount of SHG received by the Association was £6,749,254

**14. FINANCIAL INSTRUMENTS**

The carrying values of the Company's financial assets and liabilities are summarised by category below:

**Financial assets**

Measured at undiscounted amount receivable

- Rent arrears and other debtors (see note 10)

**Financial liabilities**

Measured at amortised cost

- Loans payable (see note 12)

Measured at undiscounted amount payable

- Trade and other creditors (see note 11)

**15. SHARE CAPITAL**

	2016 £	2015 £
At 31 March 2015	29	29
Issued during the year	6	2
	<u>35</u>	<u>31</u>
Forfeited during the year	(5)	(2)
At 31 March 2016	<u>30</u>	<u>29</u>

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 31 March 2016**

**16. PENSION OBLIGATIONS**

St Peter's (Saltley) Housing Association Limited 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 represents the employer contribution payable.

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.

A full actuarial valuation has been carried out as at 30 September 2014. This valuation was certified on 23 November 2015 and showed assets of £3,123(2011 valuation 2,062m), liabilities of £4,446m (2011 3,097m) and deficit of £1,323m (2011 1,035). To eliminate this funding shortfall the Association, along with other participating employers, has agreed to make additional payment to the SHPS to make good the past service deficit. These contributions will be payable for a number of years and a provision of £121,000 (£100,000 at 31 March 2015). The provision reflects the discounted net present value of future payments and has been calculated using a discount rate of £2.06% (1.92% at 31 March 2015) based on AA corporate bond rates for the same period.

**Deficit contributions**

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the Association has agreed to a deficit funding arrangement the Association recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

**Present value of provision**

	2016 £	2015 £
Present value of provision	<u>121,000</u>	<u>100,000</u>

**Reconciliation of opening and closing provisions**

	2016 £	2015 £
Provision at start of year	100,000	104,000
Unwinding of the discount factor (interest expense)	2,000	3,000
Deficit contribution paid	(12,000)	(12,000)
Remeasurements – impact of any change in assumptions	(1,000)	5,000
Remeasurements – amendments to the contribution schedule	32,000	-
<b>Provision at end of year</b>	<u><b>121,000</b></u>	<u><b>100,000</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2016

**17. CAPITAL COMMITMENTS**

	2016 £	2015 £
Capital expenditure contracted for but not provided for in the financial statements	-	-
Capital expenditure authorised but not yet contracted for in the financial statements	<u>423,900</u>	<u>-</u>

**18. OTHER FINANCIAL COMMITMENTS**

At 31 March 2016 the Association was committed to making the following payments under non-cancellable operating leases.

	Land & buildings		Other	
	2016 £	2015 £	2016 £	2015 £
<b>Operating leases which expire:</b>				
Within two to five years	<u>16,341</u>	<u>28,013</u>	<u>15,300</u>	<u>21,420</u>
Within one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**19. UNITS IN MANAGEMENT AND DEVELOPMENT**

	2016 Number	2015 Number
<b>All social housing units:</b>		
Under management at the year end (all rented)	<u>105</u>	<u>105</u>

**20. RELATED PARTY TRANSACTIONS**

Four tenants also served on the Board during the year. They rent properties from the Association under the same terms and conditions as all tenants in similar properties.

Jack Butcher and Ken Hazeldene, Board members during the year, are also Trustees of The Urban Village Trust. The Association leases its office premises from the Trust, this lease agreement is on normal commercial terms, no special rates apply.

**21. LEGISLATIVE PROVISIONS**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

**22. EXPLANATION OF TRANSITION TO FRS 102**

This is the first year the Association has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the year ended 31 March 2015 and the date of transition to FRS 102 was therefore 1 April 2014. As a consequence of adopting FRS 102, a number of accounting policies have changed to comply with that standard. The impact of these changes is set out in notes 23 to 25 below.

**23. RECONCILIATION OF RESTATED INCOME AND EXPENDITURE TO PREVIOUS UK GAAP**

	£
2015 Surplus, as previously stated	155,235
Grant income (note 25)	154,014
Additional depreciation (note 25)	(154,014)
Social housing pension scheme adjustments	4,000
	<hr/>
Restated surplus	<u>159,235</u>

**24. RECONCILIATION OF RESTATED REVENUE RESERVES TO PREVIOUS UK GAAP**

	2015 £	2014 £
Revenue reserves at 31 March, as previously stated	1,068,923	913,688
Additional income (note 25)	154,014	154,014
Additional depreciation (note 25)	(154,014)	(154,014)
Additional charge for the year (note 23)	4,000	(104,000)
2014/15 Restatement entries	(104,000)	-
	<hr/>	<hr/>
Restated revenue reserves at 31 March	<u>968,923</u>	<u>809,688</u>

**25. AMORTISATION OF GRANT AND RESTATED DEPRECIATION**

Financial Year Ended	Additional Income £	Cumulative £	Additional Depreciation £	Cumulative £
2014 – Balance brought forward	154,014	1,035,763	154,014	1,035,763
2015	154,014	1,189,777	154,014	154,014
<b>Total</b>	<b>1,189,777</b>	<b>1,189,777</b>	<b>1,189,777</b>	<b>1,189,777</b>