



CHURCHES HOUSING ASSOCIATION OF DUDLEY AND DISTRICT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2016

Housing Corporation Registration Number: LH2916

Co-operative and Community Benefit Society Number: 22545R

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

OFFICERS AND ADVISORS

FOR THE YEAR ENDED 31 MARCH 2016

Housing Corporation Registration Number: LH 2916

Co-operative and Community Benefit Society Number: 22545R

Board:

Rt Rev G Usher (Chair)
Mr P John (Vice Chair)
Mr G M Jones (Treasurer)
Mrs E M Walker
Mr S Dunne
Mrs B Nock (resigned 11.02.16)
Mrs L Igwe
Mr C Fraser-MacNamara (resigned 10.11.15)
Mrs S Huband
Ms J Davies
Mrs L Green
Mrs J Armstrong

Secretary and Chief Executive: Mrs J Clarke (resigned 31.01.16)
Ms A Gillespie

Registered Office: Medway House
98/99 Dixons Green Road
Dudley
West Midlands
DY2 7DJ

Bankers: Lloyds Bank Plc
162 Halesowen Road
Blackheath
Warley
West Midlands
B64 5RS

Auditors: PKF Cooper Parry Group Limited
Statutory Auditors
No. 8 Calthorpe Road
Edgbaston
Birmingham
B15 1QT

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

The Board of Management presents their report and the audited financial statements for the year ended 31 March 2016.

Review of the Association

CHADD is a small and highly specialist organisation that provides housing and related support services to vulnerable people within the borough of Dudley. These services include:

- A foyer project with additional floating support services for young people aged between 16 and 25 enabling them to gain independent living skills and be supported into training and work.
- Safe refuge for victims of domestic abuse and their children in a range of accommodation options. Some options exist for men who have suffered domestic abuse to be accommodated in dispersed units.
- An outreach team providing 1:1 and group support and structured programmes to families in need as a result of domestic abuse and other complex issues. The team members are highly trained and skilled in a wide range of relevant areas and are therefore able to meet diverse client needs.
- Supported and sheltered housing options for older people and those suffering mental ill health in self-contained and shared flats at various locations in the borough.
- A registered Supported Independent Living Service has been developed during the year to provide support and care to older people with mental ill health in their own homes.
- Partnership projects with specialist care and support providers to provide housing for people with mental ill health and people with learning disabilities.
- The Association employs the services of local contractors to provide comprehensive repairs and maintenance service for all properties with a planned maintenance and stock condition programme to ensure that they remain high quality homes.
- Working with local statutory and voluntary organisations within the Dudley Metropolitan Borough area the association is able to help to shape strategy to meet the future needs of the Dudley Community and through partnership working to support the delivery of those strategies.
- CHADD is guided in all its operations by the vision and mission statement and business plan approved by the Board of Management.

CHADD Vision and Mission:

Our vision is:-

“Supporting people towards independence”

Our mission is:-

- We believe that every individual has a right to a home which is suitable for their specific needs. We put this belief into action by providing, or enabling people to access, real homes and flexible support services to meet these needs.
- We aim to provide high standards in the design, management and maintenance of our properties and in the care and support that we offer to individuals. We continually look for ways to improve or develop our services.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

- We work closely with other agencies, organisations and local communities for the benefit of our tenants, residents and service users, to create added value through partnership and collaboration.
- At all times and in all that we do we value other people and treat each other with respect.

St Marks Merger

The merger with St Marks House took place on 1 April 2015 and the first 12 months impact of this merger is now shown in the accounts. This has increased and diversified income streams and progressed our aim to develop supported living services for older people with mental health needs.

The scheme has transitioned from a registered care home to supported living with major refurbishment work to create 4 shared flats having been completed during the year. The service is the Association's first Care Quality Commission (CQC) registered service. Maintaining compliance with the CQC regulatory requirements is detailed in the Association's risk register as a key priority.

Future Developments

The Association continues to pursue a development programme to meet identified needs within the Dudley Metropolitan Borough.

A new business plan has been developed with Board members, stakeholders and staff during 2014 – 2015 covering the period 2015 – 2018. This identifies the **key strategic aims** below to enable CHADD to work towards achieving its mission and to guide our work over the next 3 years.

Strategic Aims

- To be an influential force for positive change in our community, making sure that we identify gaps in services and are responsive to help bridge them.
- To provide high quality services and accommodation to meet the needs and aspirations of people in Dudley who are disadvantaged in accessing a home.
- To act as good stewards of publicly funded assets, managing them efficiently and effectively to maximise the value that they provide to the community and ensuring that we are providing financially viable services.
- To be a good employer to CHADD's workforce and volunteers, demonstrating the principles of fairness, integrity, respect and probity through effective leadership and management and excellent human resources policies and practice.
- To ensure that people (service users, commissioners and partners) are aware of our services, skills and expertise and that we are therefore able to respond to opportunities, needs and ideas that can shape our future plans and actions.

Reserves

The surplus for the year has been added to reserves.

The Board believes that reserves are fundamental to the future of the Association in order to fund major repairs and improvements to housing properties as they become necessary and to provide property equity for future housing developments.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

Value for Money

Value for money is a fundamental principle in all that we do. Our Business Plan (2015-18) takes into account the operating environment, and the opportunities and challenges this presents for us, and seeks to balance the needs and aspirations of our service users with the sustainability of the organisation. Our approach to value for money is provided in detail in our Value for Money Self- Assessment for the Homes and Communities Agency as part of the regulatory requirements. This document details our strategic approach to value for money and covers key areas such as Asset Management, Operations, Treasury, Surplus, Improvement Plans and Board Assurance.

Board of management

The members set out below have held office during the period from 1 April 2015 to date unless otherwise stated.

Rt Rev G Usher	(Chair)
Mr P John	(Vice Chair)
Mr G M Jones	(Treasurer)
Mrs E M Walker	
Mr S Dunne	
Mrs B Nock	(resigned 11.02.16)
Mrs L Igwe	
Mr C Fraser-MacNamara	(resigned 10.11.15)
Mrs S Huband	
Ms J Davies	
Mrs L Green	
Mrs J Armstrong	

Going Concern

Under the government requirements, the Board confirms that after making enquiries they have a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. Accordingly they continue to adopt the going concern basis in preparing the financial statements.

Internal financial control

The Board acknowledges their ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association or for publication;
- the maintenance of proper accounting records; and
- the safeguarding of assets against unauthorised use or disposition.

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against financial misstatement or loss. Key elements include ensuring that:

- Formal policies and procedures are in place, including the documentation of key systems and rules relating to the delegation of authorities, which allow the monitoring of controls and restrict unauthorised use of the Association's assets.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

- Experienced and suitably qualified staff take responsibility for important business functions. Annual appraisal procedures have been established to maintain standards of performance.
- Forecasts and budgets are prepared which allow the Board to monitor the key business risks and financial objectives; management accounts are prepared providing financial and other information and significant variances from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal board authorisation procedures.
- The Board reviews reports from management, from the internal auditors and from the external auditors to provide reasonable assurance that control procedures are in place and are being followed. This includes a general review of the major risks facing the Association.
- Formal procedures have been established for instituting the appropriate action to correct weaknesses identified from the above reports.

The Board has reviewed the effectiveness of the system of internal control in existence in the Association for the year ended 31 March 2016. No weaknesses were found in internal financial controls, which resulted in material losses, contingencies, or uncertainties that require disclosure in the financial statements or in the auditors report on the financial statements. In addition to this, appraisal against the newly required Governance and Financial Viability Standard is to be undertaken during the next financial year.

Treasury management and control

Treasury activities are managed by the Chief Executive and the Finance Manager in consultation with the Treasurer and are subject to policies approved by the Board. The major financial risks to which the Association is exposed relate to interest rates and liquidity risk. No speculative use of derivatives or other instruments is undertaken. The policies to manage the risks have remained unchanged in the year and are summarised below.

Interest rate risk

The Association finances its operations through the management of its cash deposits, investments and bank deposits. Cash deposits are held in a short term bank account, deposits are held in accounts with the COIF Charities Deposit Fund and Scottish Widows Bank and investments managed by Smith & Williamson Investment Management and St James's Place Investment Management. The Association deposits and invests funds which are surplus to the operational requirements of the Association in order to maximise the return on its investments and minimise risk.

Liquidity risk

The Association's policy is to ensure the continuity of funding by arranging short-term deposits and investments which are available when required.

Investment

The Board invested £100,000 many years ago in an account with EFG Harris Allday to whom they looked for investment advice. During the year ended 31 March 2008 £50,000 was withdrawn from the funds. During 2010 The Association changed investment brokers to Smith & Williamson depositing a further £261,000. The investments are held in a range of assets from building society bonds to shares quoted on the London Stock Exchange. In addition to this the merger with St Marks House resulted in the transfer of a St James's Place Investment Portfolio which was valued at £263,099 at 31 March 2016. The investments have been incorporated at market value, which at 31 March 2016 amounted to £817,862 (2014: £598,203).

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2016

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

The Co-operative and Community Benefit Societies Act 2014 and registered social landlord legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of its income and expenditure for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to 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 in England 2015.

It has general responsibility for taking reasonable steps to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

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

Disclosure of information to auditors

We, the Board members of the Association who held office at the date of approval of these financial statements, as set out above, each confirm so far as we are aware, that:

- there is no relevant audit information of which the association's auditors are unaware; and
- we have taken all the steps that they ought to have taken as Board members in order to ourselves aware of any relevant audit information and to establish that the association's auditors are aware of that information.

Approved by the Board on 1 September 2016

Signed on its behalf by

Secretary

Co-operative and Community Benefit Society Number: 22545R

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED**

We have audited the financial statements of Churches Housing Association of Dudley and District Limited for the year ended 31 March 2016 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS102 "The financial Reporting Standard applicable in the UK and Republic of Ireland"

This report is made solely to the Housing Association's members, as a body, in accordance with Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the Statement of Board's Responsibilities set out on page 6, the Board is responsible for the preparation of financial statements which 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.

Scope of the audit of the financial statements

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 Association'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.

In addition, we read all the financial and non-financial information in the Report of the Board 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 misstatement or inconsistencies we consider the implications for our report.

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 income and expenditure for the year then ended; 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 in England 2015.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED**

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 requires us to report 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 require for our audit.

**PKF Cooper Parry Group Limited
Statutory Auditor**

**No. 8 Calthorpe Road
Edgbaston
Birmingham B15 1QT**

1 September 2016

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2016

	Called up share capital	Income and expenditure account	Designated funds	Revaluation reserve	Restricted funds	Total
At 31 March 2014	27	2,078,045	-	255,781	122,715	2,456,568
Changes on transition to FRS102	-	(891,283)	-	-	-	(891,283)
As at 1 April 2014	27	1,186,762	-	255,781	122,715	1,565,285
Surplus for year	-	42,186	-	-	-	42,186
Transfers	-	(52,990)	73,802	-	(43,656)	(22,844)
Investment gains/(losses)	-	-	-	22,844	-	22,844
At 31 March 2015 and 1 April 2015	27	1,175,958	73,802	278,625	79,059	1,607,471
Surplus for year	-	731,825	-	-	-	731,825
Transfers	-	(187,213)	299,018	-	(64,934)	46,871
Investment gains/(losses)	-	-	-	(46,896)	-	(46,896)
As at 31 March 2016	27	1,720,569	372,820	231,729	14,125	2,339,270

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 £	2015 £
Cash flow from operating activities	18	883,073	124,065
Cash flow from investing activities			
Payments to acquire tangible fixed asset		(175,557)	(98,889)
Purchase of investments		(219,659)	-
Capital grants received		63,500	-
Interest paid		(24,339)	(24,445)
Interest received		24,784	22,312
Net cash flow from investing activities		(331,271)	(101,022)
Net increase in cash and cash equivalents		551,802	23,043
Cash and cash equivalents at 1 April 2015		565,376	542,333
Cash and cash equivalents at 31 March 2016		1,117,178	565,376
Cash and cash equivalents consist of:			
Cash at bank and in hand		1,117,178	565,376

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

The accompanying accounting policies and notes form an integral part of these financial statements.

1. Summary of significant accounting policies

a. General information and basis of preparation

Churches Housing Association of Dudley & District Limited ("CHADD") is registered under the Co-operative and Community Benefit Societies Act 2014 and is registered with the Homes and Communities Agency as a Registered Provider of Social Housing. It is a private registered provider of social housing in the United Kingdom. The address of the registered office is given in the information on page 1 of these financial statements. The nature of CHADD's operations and principal activities are to provide housing and related support services to vulnerable people within the borough of Dudley

The Churches Housing Association of Dudley & District constitutes a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Republic of Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008. The financial statements have been prepared on a going concern basis under the historical cost convention, except as modified by the revaluation of investments. The financial statements are prepared in sterling, which is the functional currency of CHADD, and rounded to the nearest £.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. CHADD adopted the SORP in the current year and an explanation of how transition to the SORP has affected the reported financial position and performance is given in note 24.

b. Tangible fixed assets

Freehold Properties

Tangible fixed assets (including social housing properties) are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Freehold land is not depreciated.

Depreciation is charged so as to write off the carrying value of freehold buildings to the estimated residual value on a straight-line basis over the remaining expected useful economic life as follows:

Structure	100 years
Roofs	25 years
Lifts	25 years
Windows/doors	15 years
Kitchens	12 years
Bathrooms	12 years

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

Other fixed assets

Depreciation is calculated to write off the costs of the fixed assets on a straight line and reducing balance basis over their estimated useful lives as follows:

Fixtures, fittings and equipment	either on a 20% reducing balance basis or at a rate of 10% - 33.3% on a straight line basis.
----------------------------------	--

c. Turnover

Turnover represents rents, donations and revenue grants and services (included at the invoiced value excluding VAT) receivable in respect of tenanted properties.

d. Supporting people

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with administering authorities.

e. Housing Properties

Housing properties are principally available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development and expenditure incurred in respect of improvements.

Improvements are works to existing properties which result in an increase in the net rental income, including a reduction in maintenance costs or result in a significant extension of the useful economic life of the property.

Major components of housing properties, such as kitchens and bathrooms, have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives.

f. Works to existing housing properties

Expenditure on existing housing properties is capitalised when it is either capable of generating increased future rents, extends their useful economic lives or significantly reduces future maintenance costs. All other expenditure in respect of general repairs to the housing stock is charged to the income and expenditure accounts as it is incurred.

g. Impairment

All properties are considered for impairment annually and detailed reviews of assets for impairment are carried out if there is an indication that impairment has occurred or if they are not being depreciated.

h. Interest charges and other income

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. Interest income includes dividends received from investments.

i. Pension costs

Contributions payable by the Association to employees' personal pension plans are charged to the income and expenditure account.

j. Tax

The Association is a Co-operative and Community Benefit society with charitable objectives and therefore has no liability to Corporation Tax.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

k. Social Housing Grant (SHG) and other grants

Government grants, from the Local Authority are received in respect of providing support for domestic abuse victims, youth services, the elderly floating support and alarm maintenance for the elderly. These grants are recognised at the fair value of the asset received or receivable. Where the assets are accounted for using the cost model then the government grant is accounted for using the accruals model. The difference between the fair value of the asset and the consideration is recognised as a liability and amortised over the useful economic life of the asset. This amortisation is recognised within turnover. Where the assets are accounted for using the valuation model then the government grant is accounted for using the performance model so that turnover is taken once the performance conditions have been met.

Where disposal of government donated assets are required to be recycled, a liability is included to recognise this obligation.

Government grants received as a contribution to revenue expenditure are recognised in the statement of comprehensive income on a systematic basis over the period in which the landlord recognises the related costs for which the grant is intended to compensate. The related expenditure is included under administrative expenses. Grants are recognised in the same period as the related expenditure provided the conditions for receipt have been satisfied and there is reasonable assurance that the grant will be received.

l. Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

m. Restricted funds

Restricted reserves are those reserves which are only expendable in accordance with the wishes of the funder or regulatory body. Restricted reserves include funds raised in response to a specific appeal. Expenditure cannot be directly set against restricted reserves but is taken through the income and expenditure account. A transfer from restricted reserves is then made as appropriate.

n. Designated reserves

The Association has established designated reserves earmarked for particular purposes. Such designations may be reversed by future Board decisions. Expenditure cannot be directly set against designated reserves but is taken through the income and expenditure account. A transfer is then made from designated reserves as appropriate.

o. Designated hardship fund

The fund consists of donations made specifically to cover the welfare of young singles and domestic abuse residents and is disposed of at the discretion of the respective Project Manager and the Board for the benefit of individual residents.

p. Designated reserves for St Marks House funds

This reserve was created to set aside the funds that were transferred as part of the merger with St Marks House and is earmarked for use within that service area or client group.

q. Designated reserves for major repairs and renewals

The Association is committed to carry out major repairs (i.e. remedial works or those essentials for the property to remain habitable). A sinking fund has been set up to cover future repair obligations in line with Supported Housing guidelines.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

r. Contingency fund

The Board is satisfied that the total designated reserves represent the equivalent of nine months operating costs for the association and could be redesignated as a contingency fund should this be necessary.

s. Operating leases

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

t. Financial instruments

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the income and expenditure account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends are distributions relating to equity instruments are debited direct to equity.

u. Judgements and key sources of estimation uncertainty

The process of preparing financial statements requires the use of accounting estimates, assumptions and judgements by the association regarding the future that may have a significant risk of giving rise to a material adjustment to the carrying values of assets and liabilities.

These estimates and assumptions are based upon information available at the time of the estimates or assumptions, including our historical experience, where relevant.

Depreciation

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Residual value and useful life assessments consider issues such as future market conditions, the remaining life of the asset and maintenance programmes.

Impairment

Management assesses the impairment of property, plant and equipment subject to depreciation whenever events or changes in circumstances indicate that the carrying value may not be recoverable. Factors considered important that may trigger an impairment review include the following: significant underperformance relative to historical or projected future operating results; changes in the manner of the use of the acquired assets or the strategy for the overall business; and significant negative industry or economic trends, taking into account market knowledge, professional judgment and historical transactional comparable.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	2016	2015
	Operating	Operating
	surplus/	Surplus/
	(deficit)	(deficit)
Turnover	£	£
Operating Costs	£	£
Older persons accommodation	280,437	(209,270)
Other social activities		
Supported housing	<u>1,920,275</u>	<u>(1,908,202)</u>
	2,200,712	(2,117,472)
Non social housing activities		
Miscellaneous income	111,072	(38,165)
Letting of surplus office space	14,532	(25,595)
	-----	-----
	2,326,316	(2,181,232)
	=====	=====
	145,084	21,475

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2016	2015
	£	£
Turnover		
Rents receivable less void losses	1,310,697	777,437
Service charge receivable	327,674	220,049
Amortised government grants	70,368	69,733
Charges for support services	551,528	549,350
	-----	-----
Turnover from social housing lettings	2,200,712	1,719,326
Administrative expenditure		
Management expenses	967,641	706,549
Services	760,289	555,145
Routine maintenance	96,967	88,682
Planned maintenance	102,297	162,151
Bad debts	11,592	7,585
Depreciation	165,637	166,085
Expenditure allocated to development	13,049	12,788
	-----	-----
Administrative expenditure on social housing lettings	2,117,472	1,698,895
	-----	-----
Operating surplus on social housing letting	83,240	(82,416)
	=====	=====
Void losses	(59,555)	(102,757)
	=====	=====

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

4. ACCOMODATION OWNED AND IN MANAGEMENT

	2016	2015
	Units	Units
Accounting for elderly persons	45	45
Supported housing	<u>157</u>	<u>158</u>
	202	203
	<u><u>202</u></u>	<u><u>203</u></u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest	3,215	1,820
Investment income	21,569	20,492
	<u>24,784</u>	<u>22,312</u>
	<u><u>24,784</u></u>	<u><u>22,312</u></u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest on Housing loans	24,339	24,445
	<u>24,339</u>	<u>24,445</u>
	<u><u>24,339</u></u>	<u><u>24,445</u></u>

7. OPERATING SURPLUS FOR THE YEAR

The surplus for the year is stated after charging/(crediting):

	2016	2015
	£	£
Auditors' remuneration	10,500	7,044
Operating leases – plant and machinery	5,100	5,100
Depreciation on housing properties and components	131,840	133,034
Depreciation on other fixed assets	33,797	33,051
Amortisation of negative goodwill	-	(25,467)
Government grants	(70,368)	(69,733)
Transfer from St Marks House	(633,192)	-
	<u><u>(633,192)</u></u>	<u><u>-</u></u>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

8. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

The aggregate emoluments payable in relation to the period of account to:

	2016	2015
	£	£
Chief Executive(s)	57,698	44,306
	<u> </u>	<u> </u>

Included in the above are contributions of £2,309 (2015 £2,021) which were made to the personal pension scheme of the Chief Executive. The 2016 figures include remuneration for two chief executives for a number of months as there was a handover during the period.

The Key Management Personnel of the Association are deemed to be the Chief Executive, Finance Manager and Operations Manager. The aggregate emoluments payable in relation to the period of account for the above named personnel are £119,921 which includes contributions of £5,116 which were made to personal pension schemes.

None of the Board of Management receive any remuneration from the Association.

	2016	2015
	£	£
Total expenses reimbursed to the Board of Management not chargeable to United Kingdom income tax	305	260
	<u> </u>	<u> </u>

9. STAFF COSTS

	2016	2015
	£	£
Staff costs including directors:		
Wages and salaries	1,108,479	721,724
Social security costs	77,895	50,162
Other pension costs	25,151	14,399
	<u> </u>	<u> </u>
	1,211,525	786,285
	<u> </u>	<u> </u>

Average number of persons (including the directors) employed during the year:

	2016	2015
	No.	No.
Office staff	11	11
Care staff	61	42
	<u> </u>	<u> </u>
Total employees	72	53
	<u> </u>	<u> </u>

There were no employees who received more than £60,000 as their employment package.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Supported housing and
Housing for the elderly
£

Freehold housing land and buildings at costs

At 1 April 2015	8,746,086
Additions	172,819
Disposals	-
	<hr/>
At 31 March 2016	8,918,905
	<hr/> <hr/>

Depreciation

At 1 April 2015	2,807,597
Charge for the year	131,840
Disposals	-
	<hr/>
At 31 March 2016	2,939,437
	<hr/> <hr/>

At 31 March 2016 5,979,468

At 31 March 2015 5,938,489

All properties are freehold.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

11. TANGIBLE FIXED ASSETS – OTHER

	Freehold Office £	Fixtures Fittings & Equipment £	Total £
Cost			
At 1 April 2015	162,570	280,132	442,702
Additions	-	2,738	2,738
	-----	-----	-----
At 31 March 2016	162,570	282,870	445,440
	=====	=====	=====
Depreciation			
At 1 April 2015	43,894	196,559	240,453
Charge for the year	3,230	30,568	33,798
	-----	-----	-----
At 31 March 2016	47,124	227,127	274,251
	=====	=====	=====
Net book amount at 31 March 2016	115,446	55,743	171,189
	=====	=====	=====
Net book amount at 31 March 2015	118,676	83,573	202,249
	=====	=====	=====

12. CURRENT ASSET INVESTMENTS

	2016 £	2015 £
Market value at 1 April 2015	598,203	566,781
Additions	386,033	96,437
Disposal proceeds	(119,517)	(87,189)
Movement in cash	39	(670)
Net investment gain	(46,896)	22,844
	-----	-----
Market value at 31 March 2016	817,862	598,203
	=====	=====

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

12. CURRENT ASSET INVESTMENTS (continued)

	Market Value		Cost	
	2016	2015	2016	2015
	£	£	£	£
Other listed investments	809,245	589,624	763,607	505,003
Cash on deposit	8,617	8,578	8,617	8,578
	_____	_____	_____	_____
	817,862	598,203	772,224	513,581
	=====	=====	=====	=====

13. DEBTORS

	2016	2015
	£	£
Gross rental debtors	95,897	49,147
Bad debt provision	(14,829)	(12,022)
	_____	_____
Net rental debtors	81,068	37,125
Prepayments and accrued income	103,696	112,283
	_____	_____
	184,764	149,408
	=====	=====

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Housing loans	1,800	1,800
Trade creditors	191,906	62,523
Accruals and deferred income	98,126	135,012
Government grants	70,368	70,368
	_____	_____
	362,200	269,703
	=====	=====

The average number of days between receipt and payment of purchase invoices was 17 days (2015: 12 days).

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	£	£
Housing loans	217,950	218,642
Government grants	5,351,041	5,357,909
	<u> </u>	<u> </u>
	5,568,991	5,576,551
	<u> </u>	<u> </u>
Amounts repayable by instalments:		
Repayment within one year	1,800	1,800
Repayable within two to five years	7,200	7,200
Repayable after five years	210,750	209,642
	<u> </u>	<u> </u>
	219,750	218,642
	<u> </u>	<u> </u>

Housing loans are secured by specific charges on the Association's housing properties and are repayable at rates of interest between 9% and 13%.

16. SHARE CAPITAL

Each member of the Committee of Management holds one share of £1 share in the Association:

	2016	2015
	£	£
At 1 April 2015 and 31 March 2016	27	27
	<u> </u>	<u> </u>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

17. RESERVES	1 April 2015 £	Movement in funds £	Transfers between funds £	Investment Gain/ (losses) £	31 March 2016 £
Restricted funds					
Neville House, Regent Street	2,981	-	(2,981)	-	-
Elizabeth Attwood House	71,927	-	(71,927)	-	-
Youth Hub set up funds	4,151	(1,060)	-	-	3,091
Staying Put funding	-	11,034	-	-	11,034
	79,059	9,974	(74,908)	-	14,125
Investment revaluation reserve	278,625			(46,896)	231,729
Designated reserves					
Hardship Fund – Young singles and domestic abuse schemes	73,802	-	(982)	-	72,820
Designated reserve for St Marks House funds	-	-	300,000	-	300,000
	73,802	-	299,018	-	372,820
Accumulated reserves	1,175,958	768,747	(224,110)		1,720,569
Total reserves	1,607,444	778,721	(9,999)	(46,896)	2,339,243

The capital reserve for Neville House arose on the transfer of engagements from Coseley Old peoples Housing Association Limited on 31 December 1996. The capital reserve for Elizabeth Attwood House arose on the acquisition of Halesowen Womens Refuge. During the year the remaining balances on these funds have been transferred to the income and expenditure account on the basis that they have been spent in previous years.

The Youth Hub funds support younger peoples services and are spent on behalf of the local authority.

The Staying Put funding supports the domestic abuse schemes by offering upgrades and enhancements to security features within their properties.

The Board is implementing a programme of property improvement and acquisition to achieve the targets within the business plan. Work has been completed in the current year and the designated fund set aside represents funds for future plans.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

18. RECONCILIATION OF OPERATING SURPLUS TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	£	£
Operating surplus for the year	778,721	59,242
Gains on investments	(46,896)	(22,174)
Depreciation charges fixed assets	165,638	166,085
(Increase)/ decrease in debtors	(35,382)	3,394
Increase/(decrease) in creditors	91,805	(2,349)
Grants utilised	(70,368)	(82,266)
Interest paid	24,339	24,445
Interest received	(24,784)	(22,312)
	<u>883,073</u>	<u>124,065</u>

19. PENSION OBLIGATIONS

The Association is committed to contributing 1-5% of pensionable salary to the personal pension plan of certain employees.

20. CAPITAL COMMITMENTS

There was no capital commitments at the year end.

21. RELATED PARTY TRANSACTIONS

Elizabeth Walker, a member of the board, was a Councillor of the Dudley Metropolitan Borough Council. All transactions with this local authority were made at arms' length and on normal commercial terms.

22. OPERATING LEASES

The minimum payments due under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiry within:				
Within one year	84,010	2,550	81,563	5,100
Two to five years	362,010	-	351,466	2,550
Over five years	<u>3,754,704</u>	<u>-</u>	<u>3,849,258</u>	<u>-</u>

23. ST MARKS HOUSE

On 1 April 2015 the Association merged with St Marks House. As part of the merger assets totalling £633,192 were transferred to the Association as follows:

Cash Reserves: £358,051

Investments: £275,141

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24 FIRST-TIME ADOPTION OF FRS 102

The effect of the transition from previous UK Generally Accepted Accounting Practice to FRS 102 is outlined below.

BALANCE SHEET	As previously stated 1 April 2014 £	Effect of transition 1 April 2014 £	FRS 102 (as restated) 1 April 2014 £	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Fixed assets						
Tangible fixed assets – Housing properties	8,311,786	(2,303,053)	6,008,733	8,332,436	(2,393,947)	5,938,489
Social housing grants	(6,909,779)	6,909,779	-	(6,909,779)	6,909,779	-
Other fixed assets	199,201	-	199,201	202,249	-	202,249
Current assets						
Cash at bank and in hand	576,029	-	576,029	598,203	-	598,203
Debtors	152,802	-	152,802	149,408	-	149,408
Cash at bank	542,332	-	542,332	565,375	-	565,375
Current liabilities						
Creditors	(415,803)	(5,498,010)	(5,913,813)	(417,977)	(5,428,276)	(5,846,253)
Funds						
Called up share capital	(27)		(27)	(27)	-	(27)
Restricted fund	(122,715)		(122,715)	(79,059)	-	(79,059)
Investment revaluation reserve	(255,781)		(255,781)	(278,625)	-	(278,625)
Designated reserves	(1,242,016)	1,242,016	-	(1,698,708)	1,624,906	(73,802)
Accumulated reserves	(836,029)	(350,733)	(1,186,762)	(463,496)	(712,462)	(1,175,958)
	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

24 FIRST-TIME ADOPTION OF FRS 102 (continued)

INCOME AND EXPENDITURE ACCOUNT

	As previously stated 31 March 2015 £	Effect of transition 31 March 2015 £	FRS 102 (as restated) 31 March 2015 £
Income	1,666,793	69,733	1,736,526
Expenditure	(1,598,690)	(116,361)	(1,715,051)
Interest payable and receivable	(2,133)	-	(2,133)
	<hr/>	<hr/>	<hr/>
Surplus on ordinary activities	65,970	(46,628)	19,342
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>