



CHURCHES HOUSING ASSOCIATION OF DUDLEY AND DISTRICT LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

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 2017

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CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

OFFICERS AND ADVISORS

FOR THE YEAR ENDED 31 MARCH 2017

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 L Igwe
Mrs S Huband
Ms J Davies (resigned 08.02.17)
Mrs L Green
Mrs J Armstrong
Mrs Angela Barnes (from 08.02.17)
Mrs Carolyn Palmer-Fagan (from 08.02.17)

Secretary and Chief Executive: 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
One Central Boulevard
Blythe Valley Business Park
Solihull
B90 8BG

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2017

The Board of Management presents their report and the audited financial statements for the year ended 31 March 2017.

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 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 2017

- 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.

Future Developments

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

A new business plan was 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.

We have opened initial discussions with Bromford Group over the transfer of 2 supported housing schemes for young parents under a management lease arrangement. This will include the support funding (Supporting People Grant) and rental income, and the opportunity to work outside of Dudley Borough by delivering services in Sandwell. This is in line with our Business Plan 2015 – 2018 that identifies teenage parents as a potential new service area and gap in local provision.

We are also considering an approach from the Rotary Club of Dudley Housing Association in regards to the future transfer options of Rotary House sheltered housing scheme to CHADD.

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 2017

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 2016 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 L Igwe	
Mrs S Huband	
Ms J Davies	(resigned 08.02.17)
Mrs L Green	
Mrs J Armstrong	
Mrs Angela Barnes	(from 08.02.17)
Mrs Carolyn Palmer-Fagan	(from 08.02.17)

Going Concern

Under the governance 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 2017

- 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 2017. 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 was undertaken in this 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 in 2016 resulted in the transfer of a St James's Place Investment Portfolio which was valued at £287,738 as at 31 March 2017. The total value of investments held by the Association are detailed in note 12.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2017

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 21 September 2017

Signed on its behalf by

Secretary

Co-operative and Community Benefit Society Number: 22545

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 31 MARCH 2017

We have audited the financial statements of Churches Housing Association of Dudley and District Limited for the year ended 31 March 2017 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 2017 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.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

REPORT OF THE INDEPENDENT AUDITORS

FOR THE YEAR ENDED 31 MARCH 2017

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

One Central Boulevard
Blythe Valley Business Park
Birmingham B15 1QT

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

STATEMENT OF COMPREHENSIVE INCOME (INCLUDING INCOME AND EXPENDITURE ACCOUNT)

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Turnover	2	2,244,947	2,326,316
Operating costs	2	(2,209,961)	(2,181,232)
Operating surplus	2	<u>34,986</u>	<u>145,084</u>
Transfer from St Marks House	7	-	633,192
Interest receivable and similar income	5	23,009	24,784
Interest payable and similar charges	6	(24,263)	(24,339)
		<u> </u>	<u> </u>
Surplus on ordinary activities for the year		33,732	778,721
Change in market value of investments	12	118,601	(46,896)
		<u> </u>	<u> </u>
Total comprehensive income for the year		<u><u>152,333</u></u>	<u><u>731,825</u></u>

The Association's turnover and expenses all relate to continuing operations.

The income and expenditure account were approved by the Board of Management on 21 September 2017 and were signed on its behalf by:

G Usher	Chairman
G M Jones	Treasurer
A Gillespie	Secretary

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

Co-operative and Community Benefit Societies Act Number: 22545R

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

BALANCE SHEET

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible fixed assets			
Housing properties	10	5,888,205	5,979,468
Other assets	11	140,135	171,189
Investments	12	936,498	817,862
		<u>6,964,838</u>	<u>6,968,519</u>
Current assets			
Debtors	13	117,622	184,764
Cash at bank and in hand		1,145,804	1,117,178
		<u>1,263,426</u>	<u>1,301,942</u>
Creditors: amounts falling due within one year	14	(238,803)	(362,200)
Net current assets		<u>1,024,623</u>	<u>939,742</u>
Creditors: amounts falling due after one year	15	(5,497,858)	(5,568,991)
Total net assets		<u>2,491,603</u>	<u>2,339,270</u>
Capital and reserves			
Called up share capital	16	27	27
Restricted funds	17	9,073	14,125
Investment revaluation reserve	17	350,330	231,729
Designated reserves	17	382,955	372,820
Accumulated reserves	17	1,749,218	1,720,569
		<u>2,491,603</u>	<u>2,339,270</u>

The financial statements were approved by the Board of Management on 21 September 2017 and were signed on its behalf by:

G Usher Chairman

G M Jones Treasurer

A Gillespie Secretary

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

Co-operative and Community Benefit Societies Act Number: 22545R

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

STATEMENT OF CHANGES OF EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital	Income and expenditure account	Designated funds	Revaluation reserve	Restricted funds	Total
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)
At 31 March 2016 & 1 April 2016	27	1,720,569	372,820	231,729	14,125	2,339,270
Surplus for year		38,784			(5,052)	33,732
Transfers	-	(10,135)	10,135	-	-	-
Investment gains/(losses)	-	-	-	118,601	-	118,601
As at 31 March 2017	27	1,749,218	382,955	350,330	9,073	2,491,603

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £	2016 £
Net cash provided by operating activities	18a	69,806	1,000,337
Net cash used in investing activities	18b	(41,145)	(175,112)
Net cash used in financing activities	18c	(21,125)	(266,516)
Movement in cash held by investment manager	12	21,090	(6,907)
		<hr/>	<hr/>
Change in cash and cash equivalents in the reporting period		28,626	551,802
		<hr/>	<hr/>
Cash and cash equivalents at 1 April 2016		1,117,178	565,376
		<hr/>	<hr/>
Cash and cash equivalents at 31 March 2017		1,145,804	1,117,178
		<hr/> <hr/>	<hr/> <hr/>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 2017

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. 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 re-designated as a contingency fund should this be necessary.

r. 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.

s. 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.

t. 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 2017

2. TURNOVER, OPERATING COSTS AND OPERATING SURPLUS

	Turnover	2017 Operating Costs	Operating surplus	2016 Operating surplus
	£	£	£	£
Older persons accommodation	297,364	(192,232)	105,132	71,167
Other social activities				
Supported housing	<u>1,794,301</u>	<u>(1,945,091)</u>	<u>(150,790)</u>	<u>12,073</u>
	2,091,665	(2,137,323)	(45,658)	83,240
Non social housing activities				
Miscellaneous income	140,888	(58,110)	82,778	72,907
Letting of surplus office space	12,394	(14,528)	(2,134)	(11,063)
	<u>2,244,947</u>	<u>(2,209,961)</u>	<u>34,986</u>	<u>145,084</u>

3. INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS

	2017 £	2016 £
Turnover		
Rents receivable	1,304,525	1,310,697
Service charge receivable	326,131	327,674
Amortised government grants	70,368	70,368
Charges for support services	539,596	551,528
Turnover from social housing lettings	<u>2,240,620</u>	<u>2,260,267</u>
Administrative expenditure		
Management expenses	976,564	967,641
Services	767,300	760,289
Routine maintenance	100,826	96,967
Planned maintenance	105,816	102,297
Bad debts	12,648	11,592
Depreciation	162,208	165,637
Expenditure allocated to development	11,961	13,049
Administrative expenditure on social housing lettings	<u>2,137,323</u>	<u>2,117,472</u>
Operating surplus on social housing letting	<u>103,297</u>	<u>142,795</u>
Void losses	<u>(148,955)</u>	<u>(59,555)</u>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

4. ACCOMODATION OWNED AND IN MANAGEMENT

	2017	2016
	Units	Units
Accounting for elderly persons	45	45
Supported housing	<u>157</u>	<u>157</u>
	202	202
	<u><u> </u></u>	<u><u> </u></u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£	£
Bank interest	3,134	3,215
Investment income	19,875	21,569
	<u> </u>	<u> </u>
	23,009	24,784
	<u><u> </u></u>	<u><u> </u></u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£	£
Interest on Housing loans	24,263	24,339
	<u><u> </u></u>	<u><u> </u></u>

7. OPERATING SURPLUS FOR THE YEAR

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

	2017	2016
	£	£
Auditors' remuneration	7,200	10,500
Operating leases – plant and machinery	3,133	5,100
Depreciation on housing properties and components	129,582	131,840
Depreciation on other fixed assets	32,626	33,797
Government grants	(70,368)	(70,368)
Transfer from St Marks House	-	(633,192)
	<u><u> </u></u>	<u><u> </u></u>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

8. BOARD AND KEY MANAGEMENT PERSONNEL REMUNERATION

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

	2017	2016
	£	£
Chief Executive(s)	58,279	57,698

Included in the above are contributions of £2,500 (2016: £2,309) which were made to the personal pension scheme of the Chief Executive.

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 £156,811 (2016: £119,921) which includes a severance payment and contributions of £5,366 (2016: £5,116) which were made to personal pension schemes.

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

	2017	2016
	£	£
Total expenses reimbursed to the Board of Management not chargeable to United Kingdom income tax	252	305

9. STAFF COSTS

	2017	2016
	£	£
Staff costs including directors:		
Wages and salaries	1,134,082	1,108,479
Social security costs	79,049	77,895
Other pension costs	24,937	25,151
	1,238,068	1,211,525

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

	2017	2016
	No.	No.
Office staff	12	11
Care staff	60	61
Total employees	72	72

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 2017

10. TANGIBLE FIXED ASSETS – HOUSING PROPERTIES

Supported housing and
Housing for the elderly
£

Freehold housing land and buildings at costs

At 1 April 2016	8,918,905
Additions	38,319
	<hr/>
At 31 March 2017	8,957,224
	<hr/> <hr/>

Depreciation

At 1 April 2016	2,939,437
Charge for the year	129,582
	<hr/>

At 31 March 2017	3,069,019
	<hr/> <hr/>

At 31 March 2017	5,888,205
	<hr/> <hr/>

At 31 March 2016	5,979,468
	<hr/> <hr/>

All properties are freehold.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTE TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

11. TANGIBLE FIXED ASSETS – OTHER

	Freehold Office £	Fixtures Fittings & Equipment £	Total £
Cost			
At 1 April 2016	162,570	282,870	445,440
Additions	-	1,572	1,572
	-----	-----	-----
At 31 March 2017	162,570	284,442	447,012
	=====	=====	=====
Depreciation			
At 1 April 2016	47,124	227,127	274,251
Charge for the year	3,230	29,396	32,626
	-----	-----	-----
At 31 March 2017	50,354	256,523	306,877
	=====	=====	=====
Net book amount at 31 March 2017	112,216	27,919	140,135
	=====	=====	=====
Net book amount at 31 March 2016	115,446	55,743	171,189
	=====	=====	=====

12. CURRENT ASSET INVESTMENTS

	2017 £	2016 £
Market value at 1 April 2016	817,862	598,203
Additions	127,676	386,033
Disposal proceeds	(106,551)	(119,517)
Movement in cash	(21,090)	39
Net investment gain	118,601	(46,896)
	-----	-----
Market value at 31 March 2017	936,498	817,862
	=====	=====

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

12. CURRENT ASSET INVESTMENTS (continued)

	Market Value		Cost	
	2017	2016	2017	2016
	£	£	£	£
Other listed investments	927,847	809,245	784,028	763,607
Cash on deposit	8,651	8,617	8,651	8,617
	<u>936,498</u>	<u>817,862</u>	<u>792,679</u>	<u>772,224</u>

13. DEBTORS

	2017	2016
	£	£
Gross rental debtors	84,470	95,897
Bad debt provision	(26,024)	(14,829)
Net rental debtors	<u>58,446</u>	<u>81,068</u>
Prepayments and accrued income	59,176	103,696
	<u>117,622</u>	<u>184,764</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Housing loans	1,800	1,800
Trade creditors	57,315	191,906
Accruals and deferred income	109,320	98,126
Government grants	70,368	70,368
	<u>238,803</u>	<u>362,200</u>

The average number of days between receipt and payment of purchase invoices was 18 days (2016: 17 days).

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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

	2017	2016
	£	£
Housing loans	217,185	217,950
Government grants	5,280,673	5,351,041
	<u> </u>	<u> </u>
	5,497,858	5,568,991
	<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	209,985	210,750
	<u> </u>	<u> </u>
	218,985	219,750
	<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:

	2017	2016
	£	£
At 1 April 2016 and 31 March 2017	27	27
	<u> </u>	<u> </u>

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

17. RESERVES	1 April 2016 £	Movement in funds £	Transfers between funds £	Investment Gain/ (losses) £	31 March 2017 £
Restricted funds					
Youth Hub set up funds	3,091	(641)	-	-	2,450
Staying Put funding	11,034	(4,411)	-	-	6,623
	14,125	(5,052)	-	-	9,073
Investment revaluation reserve	231,729	-	-	118,601	350,330
Designated reserves					
Welfare Fund – Younger people, domestic abuse and elderly schemes	72,820	-	10,135	-	82,955
Designated reserve for St Marks House funds	300,000	-	-	-	300,000
	372,820	-	10,135	-	382,955
Accumulated reserves	1,720,569	38,784	(10,135)	-	1,749,218
Total reserves	2,339,243	33,732	-	118,601	2,491,576

The Youth Hub funds support younger people's 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.

Reserves are designated to be spent specifically on the service areas of Younger People, Domestic Abuse and Older People.

St Marks House funds are designated to be spent within the service area of Mental Health.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

18a. RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£	£
Operating surplus for the year	33,732	778,721
Depreciation charges fixed assets	162,208	165,638
Decrease/(increase) in debtors	67,142	(35,382)
(Decrease)/increase in creditors	(194,530)	91,805
Interest paid	24,263	24,339
Interest received	(23,009)	(24,784)
	<u>69,806</u>	<u>1,000,337</u>

18b. NET CASH USED IN INVESTING ACTIVITIES

	2017	2016
	£	£
Investment income received	23,009	24,784
Interest paid	(24,263)	(24,339)
Purchase of assets	(39,891)	(175,557)
	<u>(41,145)</u>	<u>(175,112)</u>

18c. NET CASH USED IN FINANCING ACTIVITIES

	2017	2016
	£	£
Purchase of investments	(127,676)	(386,033)
Sale of investments	106,551	119,517
	<u>(21,125)</u>	<u>(266,516)</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

The Board have considered the existence of transactions with related parties and there were none to disclose.

CHURCHES HOUSING ASSOCIATION OF DUDLEY & DISTRICT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

22. OPERATING LEASES

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

	2017		2016	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry within:				
Within one year	83,432	869	84,010	2,550
Two to five years	372,871	-	362,010	-
Over five years	<u>3,660,412</u>	<u>-</u>	<u>3,754,704</u>	<u>-</u>