



SEVERN VALE HOUSING SOCIETY LIMITED

Report and Financial Statements

Year Ended 31 March 2015

Contents

Section	Page
Board Members, Executive Directors, Advisors and Bankers	3
Report of the Board	4
Operating and Financial Review	7
Statement of Responsibilities of the Board	20
Independent Auditor's Report	21
Consolidated Income and Expenditure Account	22
Society Income and Expenditure Account	23
Statement of Total Recognised Surpluses and Deficits	24
Reconciliation of movements in Group's and Society's Funds	24
Consolidated and Society Balance Sheets	25
Consolidated Cash Flow Statement	26
Notes to the Consolidated Cash Flow Statement	27
Notes to the Financial Statements	28

Board Members, Executive Directors, Advisors and Bankers

For the year ended 31 March 2015

Board			
Chair	Mr H Patel	Independent Representative	Resigned September 2014
	Mr L James	Independent Representative	Appointed October 2014
Vice Chair	Mr M Davies	Independent Representative	Appointed October 2014
Other Members	Mr D Carruthers	Independent Representative	Resigned June 2014
	Mr R Reade	Independent Representative	Resigned September 2014
	Mr J Dickson	Independent Representative	Appointed April 2014
	Mrs M Miller	Independent Representative	Appointed October 2014
	Mrs M Sharma	Independent Representative	Appointed April 2014
			/ Resigned October 2014
	Mr S Walley	Independent Representative	Appointed February 2015
	Mrs D Midwinter	Customer Representative	
	Mr A Newall	Customer Representative	Retired May 2015
	Mrs C Wright	Council Representative	Retired May 2015
	Mrs J Perez	Council Representative	Retired May 2015
	Mr B Calway	Council Representative	Resigned October 2014
	Mr R Allen	Council Representative	Resigned October 2014
	Mr R Allen	Council Representative	Appointed June 2015
	Mr D Waters	Council Representative	Appointed June 2015
Executive Directors			
Chief Executive	Mr T Knight		Appointed July 2014
Finance & Development Director	Mrs J Jones		Appointed May 2015
Operations Director	Mrs J Tector		Retired August 2014
Business Services Director	Mrs A Wolstencroft		Resigned December 2014
Governance & Strategy Director	Mrs C Cobban		Appointed April 2015
Customer & Community Director	Mrs F Shanahan		Appointed May 2015
Asset Management Director	Mr M Craggs		Appointed April 2015
Secretary	Mr T Knight		
Registered office	Shannon Way		
	Ashchurch		
	Tewkesbury		
	Gloucestershire		
	GL20 8ND		
Registered number	Co-operative & Community Benefit Society		
	28557R		
	Homes and Communities Agency (HCA)		
	L4171		
Auditors	Grant Thornton UK LLP		
	Colmore Plaza		
	20 Colmore Circus		
	Birmingham		
	B4 6AT		
Solicitors	Shakespeares Legal LLP		
	Somerset House		
	Temple Street		
	Birmingham		
	B2 5DJ		
Bankers	Barclays Bank Plc		
	128 High Street		
	Cheltenham		
	Gloucestershire		
	GL50 1EG		
Funders (Joint)	Lloyds Banking Group Plc		
	3 rd Floor		
	25 Gresham Street		
	London		
	EC2V 7HN		
Funders (Joint)	BAE Systems Pensions		
	Funds Investment		
	Management Limited		
	Burwood House		
	14/16 Caxton		
	London		
	SW1H 0QT		

Report of the Board

For the year ended 31 March 2015

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2015.

Principal activities

Severn Vale Housing (the Group) consists of Severn Vale Housing Society Limited, the main registered stock holding body, Severn Vale Housing Properties Limited, a company established for the purpose of leasing the administrative centre, and Severn Vale Housing Association Limited, with its charitable objectives, currently being dormant.

Severn Vale Housing Society Limited (the Society) is a Co-operative and Community Benefit Society (Registration No. 28557R) administered by a voluntary Board and operating principally within Gloucestershire. It is also a social landlord registered by the HCA.

The Group's principal activities are the management and development of social housing. The Group is output focused, efficient and effective in its new vision *"to be recognised by its stakeholders as the leading housing provider in Gloucestershire by providing caring and community focused services enabling customers to live healthy and independent lives"*.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review that follows this Report of the Board.

Reserves

In line with business plan projections the Group continues to accrue negative reserves and after recording a surplus on operating activities for the year of £183k (2014: £672k), and a further increase in its pension liabilities of £935k (2014: £393k) the accumulated deficit on revenue reserves at 31 March 2015 stands at £28.4m (2014: £27.6m).

There was no tax payable for the year, nor is it anticipated there will be until 2020-21. The Group continues to pursue a tax policy which minimises cash outflows at all times.

Donations

The Group made donations totalling £530 during the financial year (2014: £220).

Post balance sheet events

There have been no events since the year end which have had a significant effect on the Group's financial position.

Payment of creditors

In line with Government guidance, the Group's policy is to pay purchase invoices within 28 days of receipt, or earlier if agreed with the supplier. Time taken to pay creditors was 26 days (2014: 22 days).

Financial instruments

The Group's approach to financial risk management is outlined in the Operating and Financial Review.

Employees

The strength of the Group lies in the quality of all its employees. In particular, its ability to meet its objectives and commitments to customers in an efficient and effective manner depends on their contribution.

The Group continues to provide information on its objectives, progress and activities through its formal performance management framework and regular office and departmental meetings.

The Group is committed to equal opportunities and in particular supports the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

The Group's Equality and Diversity Strategy and Single Equality Scheme has been embedded throughout the organisation to ensure it promotes equality and eliminates discrimination by respecting and valuing the views, choices and cultures of everyone in the communities and workplaces in which it operates.

Health and safety

The Board is aware of its responsibilities on all matters relating to Health and Safety. The Group has prepared detailed Health and Safety policies and provides Board, staff and contractor training and education on Health and Safety issues.

Board Members and Executive Directors

The present Board Members and the Executive Directors of the Group are set out on page 3. Following a Governance review carried out in 2013/14 which considered the Society's constitution and subsequent discussions with both the Society's Customer Forums and Tewkesbury Borough Council (TBC) respectively, the Board membership now comprises six Independent Board members (one of which is currently vacant), drawn from a wide background bringing together professional, commercial and local experience (2014: 4); two Council nominated representatives (2014: 4); and two Customer Representatives (one of which is currently vacant) nominated by the customers' Forum (2014: 4).

The Group began the year with an Interim Chief Executive, with two additional Operational Directors making up the Senior Management Team. During the year the Board recruited a new Chief Executive through a rigorous external recruitment process. The new Chief Executive, Tim Knight, the Society's former Finance & Development Director took up his role on 1st July 2014. Following the retirement of the Operations Director in August 2014; and the resignation of the Business Services Director in December 2014, Tim appointed an Interim Executive team to help him and the Board run the Society until a new group of Directors could be recruited. This recruitment process was completed in April 2015 which resulted in 4 new directors being appointed.

Report of the Board (continued)

For the year ended 31 March 2015

Board Members and Executive Directors (continued)

Claudia Cobban was appointed to the position of Governance & Strategy Director; Julie Jones was recruited to become the Society's new Finance & Development Director; Mike Craggs joined the new team as Asset Management Director; and Fay Shanahan, having been appointed as Customer & Community Director, will be taking up her new role with the Society on 1st August 2015.

None of the directors hold an interest in any of the Group's shareholdings and act as executives within the authority delegated by the Board.

Service Contracts: The Chief Executive and other Executive Directors are employed primarily on the same terms as other staff, their notice periods ranging from three to six months.

Pensions: The Chief Executive is a member of the Gloucestershire County Council Pension Fund scheme; the remaining Directors are members of Social Housing Pension Fund schemes. They participate in the scheme on the same terms as all other eligible staff. The Group contributes to the scheme on behalf of its Executive Directors in the same way that it does for its employees.

Other Benefits: The Directors are entitled to other benefits such as the provision of health care insurance. Full details of their individual remuneration packages are included in note 7 to the audited financial statements.

The Group has insurance policies that indemnify its Board members and Executive Directors against liability when acting for the Society.

National Housing Federation (NHF) Code of Governance

The Board are pleased to report that the Group complies with the recommendations of the NHF Code of Governance 'Excellence in Governance'.

Internal controls assurance

The Board acknowledges its overall responsibility, applicable to all organisations within the Group, for establishing and maintaining the whole system of internal control and for reviewing annually its effectiveness.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage risk, and to provide reasonable assurance that the key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the Group's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls, which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Group is exposed and is consistent with principles incorporated HCA guidance.

The process adopted by the Board in reviewing the effectiveness of the system of internal control, together with some of the key elements of the control framework includes:

Identification and evaluation of key risks

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal ongoing process of management review in each area of the Group's activities. The results continue to be reviewed by the Board on a quarterly basis. The Governance & Strategy Director is responsible for reporting significant risks or any changes in significant risks facing the Group to the Board within these reports.

Monitoring and corrective action

The Audit Committee is responsible for ensuring the process of control through self-assessment is effective and that management reporting on control issues provides hierarchical assurance to successive levels of management and to the Board. This includes a rigorous procedure for ensuring that effective monitoring is in place and that corrective action is taken in relation to any significant control issues, particularly those with a material impact on the financial statements.

Control environment and control procedures

The Board retains responsibility for a defined range of issues covering strategic, operational, financial, and compliance issues including treasury strategy and new investment projects. The Board has adopted, and disseminated to all employees, a comprehensive set of policies and procedures. These are reviewed regularly to ensure they are relevant, up to date and fit for purpose. They set out the Group's policies with regard to the quality, integrity and ethics of its employees. They also cover issues such as delegated authority, segregation of duties, accounting, treasury management, health and safety, data and asset protection, detection and prevention of fraud, protection of public funds and assets, anti-corruption and whistle-blowing.

Report of the Board (continued)

For the year ended 31 March 2015

Internal controls assurance (continued)

Information and financial reporting systems

Financial reporting procedures include detailed budgets for the year ahead and forecasts for subsequent years. These are reviewed and approved by the Board. The Board also regularly reviews key performance indicators via a quarterly balanced scorecard to assess progress towards the achievement of key business objectives, targets and outcomes.

The internal controls framework and the risk management process is subject to regular review by Internal Audit (PricewaterhouseCoopers - PwC) who are responsible for providing independent assurance to the Board through its Audit Committee. The Audit Committee considers internal controls and risk each year.

PwC conducted a review of the effectiveness of the system of internal controls throughout 2014-15 and submitted an annual report to the Society's Audit Committee on 30 March 2015.

In their annual report PwC concluded that: "Our work identified low and medium rated findings, we believe that these are isolated to ... specific systems and processes and when taken in aggregate are not considered pervasive to the system of internal control as a whole. We have not issued any high risk rated reports in the year."

The trend of internal audit findings is summarised in the table below

Finding rating	Trend between current and prior year	Number of Findings		
		2014-15	2013-14	2012-13
Critical		None	None	None
High		None	None	1
Medium		7	10	17
Low		9	13	13
Total		16	23	31
Number of audits conducted		4	6	6

The Board ensures any necessary action is taken where changes are needed to maintain the effectiveness of the risk management and control processes; and confirms that there is an ongoing process for identifying, evaluating and managing significant risks faced by the Group.

Regulation

The Group's governance rating was maintained by the HCA at G2 in April 2015. The HCA noted that good progress had been made towards rectifying the governance shortfalls which had led to the initial downgrade, and that the main reason the HCA maintained the G2 rating was due to a 'Serious detriment' issue found against the Society by the HCA in respect of 11 Gas Services that had not been completed, the oldest being 2007. In itself, the discovery of this latter issue had been uncovered by the governance improvements that have been put in place over the last 12 months.

The Group's financial viability rating remained at the top rating of V1.

Going concern

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

Annual General Meeting

The annual general meeting will be held as part of the Board meeting on 13 July 2015 at the Society's registered office address.

External auditors

A resolution to reappoint the auditors Grant Thornton UK LLP will be proposed at the Board on 13 July 2015.

Approval

The Report of the Board was approved by the Board on 13 July 2015 and signed on its behalf by



Laurence James, Chair

Operating and Financial Review

For the year ended 31 March 2015

Background of activities

At 31 March 2015 the Group owned 3,775 (2014: 3,723) properties, comprising 3,409 (2014: 3,358) social housing units, 9 (2014: 9) of which are mortgage rescue properties that are charged intermediate rent (80% of market rent); 84 (2014: 83) market rented properties; and 282 student units over four student accommodation blocks (Gloucester - 86 units; Cheltenham, Regency Hall - 100 units; St. Mary's - 13 units [35 Bed-spaces]; and one in Worcester - 83 units).

The Group is non-charitable and operates five key business streams:

- **general needs housing for rent** - primarily by families who are unable to rent or buy at open market rates
- **sheltered housing** - for people who need enhanced housing management services
- **low-cost home ownership** - primarily shared ownership whereby residents purchase a share in the equity of their homes and pay rent to the Group on the remainder, and Rent to Homebuy whereby residents pay rent while saving a deposit with a view to eventually purchasing the property from the Group
- **student accommodation**
- **market rent**

As well as managing properties the Group develops new affordable housing and is part of the "New Futures" Development Partnership, one of the preferred development consortia selected by the Homes & Communities Agency as development partners.

The Group also provides 'Helplines' for tenants and non-tenants; as well as providing full governance and management services to Gloucestershire Rural Housing Association; and management services to Kemble Housing Association, Jephson Housing Association, Bromford Housing Group and NASUWT; and development agency services to Cirencester Housing Society (CHS) and Wyedean Housing Association (WHA). However the Group's current focus remains on its social housing activities and these constitute 88.7% (2014: 88.1%) of the Group's activities by turnover.

That said, upon the appointment of the new Chief Executive the Group's Board recognised the need to ensure Severn Vale's corporate strategy was fit for purpose. A review was undertaken by an independent consultant from outside the housing sector. Following that review a programme of improvements were put in place using an 'Agile, Bottom Up' approach whereby the management team worked direct with front-line staff, across functions, thereby breaking the 'silo-working' mentality across the organisation, to create a new 3-year vision, together with some new strategic aims and objectives. This same approach was used to introduce some new values in to the Group; again the staff had a lot of input in to this process.

This new way of working has triggered a cultural shift in the organisation as it moves towards being more business-like. As with all change staff morale is a major factor in the success of such a change. To help this, the Group's Human Resources team have been managing a number of projects that are supporting staff through the necessary changes.

This new approach will ensure the Group remains robust for the future during a period of significant change for the organisation.

The Group's new Corporate Strategy for 2015-18 that has evolved out of this process has just been launched to staff, customers and stakeholders. This will enable the outside world to know what it can and cannot expect from Severn Vale Housing.

The Board also acknowledged that with the previous Chair Hiten Patel having served the organisation as a Board member for 10 years, the final one as Chair, a new Chair would be needed to move the organisation forward. After a rigorous recruitment process Laurence James was appointed Chair in October 2014. Laurence has brought great knowledge of both the public and commercial sectors, particularly in terms of good governance and strategic thinking; and he has utilised this quickly to move the Board forward in its approach to running Severn Vale, not least by initiating a new governance vehicle known as a Stakeholder Senate ("The Senate"). The terms of reference for the Senate have been agreed by the Board and recruitment for Senate members will commence in June, with the group set to have its first meeting in July. At the same time the Board has evolved so that the majority of members are 'Independents'; and the Board's aim is to continue to evolve towards getting 10 Independent members, with Customer and Council representatives sitting on the Senate helping the Society to improve its existing services and introduce new ones.

The Senate will also be responsible for the scrutiny of customer services; it will help ensure the Society delivers cost effective homes and services to its customers and the communities it serves; and help identify new and innovative ways of working that can help the Group demonstrate value and efficiency.

While recognising the Group continues to meet its financial obligations, and being aware that continuous improvement relies on investment, not only in the Group's homes but in all areas of its business, the Board are determined that by implementing a revised strategy it will ensure customers and staff are able to develop and feel empowered to shape future services and their delivery.

In order to lead the organisation effectively through a challenging few years the Board currently identify their responsibilities to lead the organisation to:

- Provide and maintain the best quality homes for all current and future residents that the prevailing environment allows;
- Provide corporate leadership that is overt, transparent and accountable to both the Group's residents and the wider community;
- Maximise a sustainable income following the planned re-evaluation of all corporate assets (this includes land, buildings and inherent skills from within the organisation);
- Ensure the corporate structure meets the above needs efficiently and has the flexibility to react to quickly changing circumstances; and above all,
- Provide the resources and environment to enable its residents to work with the Group to provide the best possible service in a climate of mutual respect.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Performance and Development

The key indicators used by senior management and the Board to monitor achievement of the Group's current objectives are set out below. The Board agrees targets each year that are designed to manage, develop, and deliver continuous service improvement.

Customer Involvement and Empowerment Key Performance Indicators (KPIs)	Target 2014-15	Actual 2014-15	Benchmark **		
Percentage of overall customer satisfaction with Severn Vale service	90.0%	92.3%	87%		
Number of services changed, implemented or withdrawn as a result of customer involvement	N/A	10	N/A		
Percentage of Stage 1 complaints upheld	60.0%	60.0%	61.3%		
Percentage of total complaints upheld	50.0%	66.7%			
Percentage of customers satisfied with complaints process	60.0%	57.1%	58%		
Percentage of customer complaints responded to within target timescales	90.0%	75.2%			
Home KPIs					
Percentage of customers satisfied with response repairs	95.0%	93.0%	81.6%		
Percentage of all reactive repairs completed within target time	90.0%	89.2%			
Percentage of repairs completed right first time	85.0%	82.1%	93%		
Percentage of dwellings with a valid gas safety certificate	100.0%	100.0%	100%		
Percentage of appointments kept against appointments made	90.0%	98.5%	97%		
Percentage of customers satisfied with planned repairs	95.0%	95.0%	94%		
Percentage of homes that fail to meet the Decent Homes Standard (31 December)	N/A	0%	0%		
Number of Development units completed against forecast	82	62	N/A		
Tenancy KPIs					
% rent collected to rent available	96%	97.13%	99.8%		
% current rent arrears to rent debit	2.24%	1.41%	2.88%		
Voids as % of rent debit	0.90%	1.28%	0.84%		
Average re-let time (calendar days) - GN only	15 days	9.55 days			
Percentage of dwellings that are vacant and available to let - GN & HfOP only	0.9%	0.25%	0.36%		
Average re-let time (calendar days) - HfOP only	30 days	24.48 days			
Average re-let time (calendar days) - GN & HfOP	20 days	11.97 days	24 days		
Percentage of properties accepted on first offer - GN & HfOP	75%	89.30%	69.5%		
Average expenditure on void repairs - per property (Direct costs excluding labour)	£1,500	£1,691	£2,413		
Neighbourhood and Community KPIs					
Overall satisfaction with estate services	85.0%	81.4%	84.5%		
Percentage of customers satisfied with the way their ASB complaint was dealt with	80.0%	83.5%			
Value for Money KPIs					
Total staff turnover	10.0%	21.0%	14%		
Average working days lost due to sickness absence	9.00	8.39	8.7		
Governance and Financial Viability KPIs					
Financial Viability - Asset Cover Ratio	106%	115%	N/A		
Financial Viability - Net Income and Expenditure : Total Interest	111%	111%	N/A		
% Board Attendance at Meetings	100%	91.59%	N/A		
Average debt per unit	£36,000	£33,683	N/A		
<i>** Benchmarks based primarily on HouseMark KPI information 2012-13</i>					
Key to Performance Rating					
Excellent	Good	Satisfactory	Below Average	Poor	Unsatisfactory

Risks and uncertainties

The Group is maintaining their relationship with specialist Risk Management advisors Hargreaves Risk & Strategy (HRS) to independently review the appropriateness of the organisation's identification and assessment of risk, including an annual audit/benchmarking exercise to ensure the Group has effective risk controls in place to mitigate against risks identified.

HRS also provides the Board and Executive team with monthly updates specifically related to risk issues faced by the Social Housing sector, thereby ensuring risk awareness is kept in the forefront of Members/Staff's minds and is leading on the review of its Risk Policy and Strategy.

Risks that may prevent the Group achieving its objectives are considered and reviewed annually by the Executive team and Board as part of the corporate planning processes. The risks are recorded and assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are reported to the Board quarterly. These reports include assessments of key controls used to manage the risks and the outcome of any action taken.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Risks and uncertainties (continued)

Since 31st March 2015 there have been significant changes which led to the reassessment of the external risks as well as the ability of the Group to manage these.

In April 2015 the Board approved the 2015-18 Corporate Plan; setting a clear vision, aims and objectives to guide the Group over the next three years. A copy of the Corporate Plan can be found on the SVHS website [here](#). A new Executive Team was also recruited in April 2015 to lead on the implementation of the Corporate Plan. The new regulatory code set by the HCA published in April 2015 clarified the expectations placed on Registered Providers going forward. The outcomes of the General Election in 2015 created a different set of risks the Group incorporated into their risk assessment.

The new Corporate Plan 2015-18 has been subjected to a strategic risk assessment to identify the emerging individual risks as well as potential risk scenarios. The assessment will inform the comprehensive stress testing exercise scheduled for 2015-16 to test the assurance controls set up against the individual risks identified as well as the robustness of the overall risk and assurance management framework.

The major risks to successful achievement of the Group's objectives going forward are considered in the table below.

Risk	Controls
<p>Regulatory Compliance Failure to have effective governance arrangements in compliance with national standards.</p>	<ul style="list-style-type: none"> • The Board has the appropriate structure, skills and processes in place to function effectively. • The Board regularly assesses its skills and processes, both as individual Board members and as a group, and this is verified independently. • The Board is provided with the appropriate reports and information. • The governance structure of the organisation is independently reviewed at least every three years to ensure that the arrangements are in line with the organisation's business objectives and operational activities as well as national standards.
<p>Failure to achieve / maintain a positive Regulatory Judgment from the HCA.</p>	<ul style="list-style-type: none"> • The Group works closely with the HCA to ensure that they are kept informed of changes in SVHS's financial position or about cases of service failure. • All regulatory returns are completed accurately and in a timely manner and clearly demonstrate the achievements of SVHS.
<p>Failure to ensure the Society complies with its health and safety responsibilities.</p>	<ul style="list-style-type: none"> • Governance arrangements for the monitoring of Health and Safety are robust. • The Health & Safety policy is up to date and effectively implemented and supporting actions are implemented appropriately. • The Gas Safety regulations policy is effectively implemented and supporting actions are implemented appropriately. • The Group's approach to managing COSHH (incl. Asbestos) is implemented effectively. • The Group's approach to managing Fire Risks and Safety Hazards are implemented effectively.
<p>Failure to regularly review and evaluate important risks which may affect the Society's business.</p>	<ul style="list-style-type: none"> • An agreed risk management framework is in place. • The Board has a good understanding of the significant risks faced by the organisation and its total exposure to risk. • The implications for risk are considered in strategic decision making. • The business plan as a whole has been subjected to scenario planning and sensitivity testing (e.g. a reduction in grant rates or available funding) and these issues have been considered by the Board prior to approval. • The Board has formally considered and agreed limits on the use of its financial capacity, paying particular attention to the requirements of lenders' covenants.
<p>Failure to meet national / local standards for Value for Money including both economic and social value.</p>	<ul style="list-style-type: none"> • Plans to improve efficiency and productivity exist and are specific and detailed enough to allow close monitoring of achievement to be carried out. Key performance indicators are agreed and monitored in line with delegated authority. • Partnerships with other organisations have been developed to generate economies of scale. • Pay to staff is reviewed and staff costs are monitored regularly.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Risks and uncertainties (continued)

Risk	Controls
<p>Strategy</p> <p>Failure to ensure that SVHS follows a clear strategic direction, set by the Board.</p> <p>Failure of the management team to demonstrate strong and effective leadership of the staff team.</p>	<ul style="list-style-type: none"> • The Corporate Plan is up to date and reviewed regularly. • The Board has appropriate information to effectively monitor and govern the implementation of the corporate plan. <ul style="list-style-type: none"> • The composition of the management team is reviewed regularly to ensure that adequate skills are available in relation to the current and planned business activities and the risk environment. • The management team regularly reports, and is receptive to challenge by the Board, on performance against the business plan. Reporting includes an assessment of risk from external and operational factors. • The selection of senior management candidates is based upon agreed criteria that enable a fair assessment of their competencies, experience and technical skills.
<p>Environment</p> <p>Failure to effectively monitor, anticipate and respond to changes in the external environment - e.g. Changes to Housing Benefit: Changes to Target Rent Framework (2015-16) (CPI+1%).</p> <p>Failure to maintain a strong and positive relationship with local authorities / other key stakeholders.</p>	<ul style="list-style-type: none"> • Staff and the Board have the relevant skills and information to effectively monitor changes in the external environment and there are processes in place to act upon these. <ul style="list-style-type: none"> • There are two local authority members on the Board. • The Executive is a member of various executive forums. • Stakeholder survey carried out on a regular basis.
<p>Financial Viability</p> <p>Cost of employer's pension contributions greater than planned.</p> <p>Failure to ensure financial viability including compliance with loan covenants.</p> <p>Failure to collect budgeted Social Housing rental income and service charges due to bad debts greater than planned due to impact of Welfare Reform (Bedroom Tax and Universal Credit).</p>	<ul style="list-style-type: none"> • Valuation of the future pension contribution liabilities and to have these regularly reviewed by the Audit Committee. <ul style="list-style-type: none"> • All variables subject to covenants are monitored closely. There is oversight by the Board or nominated sub-committee on a regular basis (at least quarterly). Actual results are produced shortly after the period concerned and are reported promptly to funders. • Financial planning assumptions are checked for reasonableness, both individually and as a set. A good buffer for operational shortfall and risk materialisation is included between plan and the relevant covenants. The financial planning model is validated at appropriate stages in plan production to confirm that it is free from errors and corruption. • The financial planning model is validated at appropriate stages in plan production to confirm that it is free from errors and corruption. <ul style="list-style-type: none"> • To ensure that the Income Management function has the appropriate staff, processes and information to efficiently collect revenue. • To regularly monitor the effective performance of the Income Management function. • To ensure that tenants have up-to-date information and a variety of options for payment
<p>Performance Failure</p> <p>Failure of large corporate projects to deliver expected benefits within planned costs and timescales.</p> <p>Failure of DSO to provide expected quality and volume of service within agreed resources.</p> <p>Failure to prevent or recover quickly from disasters affecting the housing stock.</p> <p>Failure to prevent or recover quickly from disasters affecting the offices, infrastructure or working population.</p>	<ul style="list-style-type: none"> • Clear resources assignment and expectation management. • Red, amber, green (RAG) milestone management. <ul style="list-style-type: none"> • Appropriate in-house and external skills training is carried out. • The performance of the DSO is monitored and reported on at appropriate levels and frequencies. • Modern technology is used to maintain control of job execution. • The cost and quality of the DSO is regularly market tested. <ul style="list-style-type: none"> • Appropriate mechanisms are in place to identify and manage potential disasters affecting housing stock. <ul style="list-style-type: none"> • The Business Continuity Plan is being revised, in accordance with a detailed plan that includes training, testing and review. • The Society has a Business ICT Continuity Plan in place that is reviewed and tested regularly - I.T. Systems are regularly backed up off site and restore procedures tested on a regular basis. • Appropriate safety systems and processes are in place (i.e. Fire systems, COSHH), regularly monitored, and staff responsibilities are clearly understood.

Operating and Financial Review (continued)

For the year ended 31 March 2015

VFM Self-assessment Statement

In accordance with the requirements of the HCA's Economic Regulatory Standard the Group has published its Value for Money Self-Assessment Statement on the website and can be found [here](#). Additionally, the dashboards, linked below, demonstrate VFM efficiencies linking back to the corporate objectives and goals as well as to the resources used to produce the positive outcomes for customers reflected in those dashboards, thereby making it transparent for the Group's customers, its staff, and the Regulator alike, that the Group is maximising the use of resources at its disposal.

Finance

The Board approved challenging budgets for the year to ensure not only compliance with the funders' covenants but also to ensure future long term sustainability of the business while meeting customer service levels and requirements. The Society successfully met the covenant requirements.

The RPI inflation rate for September 2013 was 3.2%. This, combined with a real increase in rents of 0.5% ensured the Group's overall turnover increased by £0.4m to £19.2m (2014: £18.8m). The non-social housing letting income also increased with good income growth resulting from the decision to outsource the management of the market rent portfolio.

Expenditure remained high during the year, although operating costs pleasingly fell by £186k from 2014, largely as a result of management cost and responsive repair cost decreases.

The net result is that the Group is pleased to report a healthy operating surplus of £6.6m (2014: £6m). After accounting for the effect of the Group's investment in development and financing costs the surplus on ordinary activities before tax was £183k (2014: £672k). Taken together with the effect of a further increase in the Group's pensions scheme liability provision of £935k (2014: £393k), as a result of a decrease in the discount rate used to calculate pension scheme liabilities, the Group funds deficit position increased to £28.4m (2014: £27.6m).

Technology

The effective use of technology is key to enabling the Group to realise efficiencies, either through improved services for customers, reducing staff administration time, enabling additional services to be offered to those same customers.

During 2014-15 several new technological projects were completed to enable us to move forward in this regard. These linked to the overall objectives of the Group. They included;

- EDM – Implementation of an electronic document management system linked to our main housing management system, and the scanning and attachment of all active house files and documents.
- Boardpad – an electronic system for preparation and use during Board meetings.
- WhosHome – a data cleanse and analytical tool for the proactive use of data within the housing function
- Gas Servicing – migration of gas servicing function from Jatech Ltd into a keystone module, and then integration into Connect to allow for mobile working.
- Connect Improvements – Improvement to the current mobile working solution to support changes in process and approach within delivery of this service.
- Infrastructure refresh – Replacement of major elements of the ICT infrastructure (switch, SAN, server upgrades) as well as implementation of a virtual desktop solution.

In addition to completing these projects the ICT team resolved 95% of all helpdesk calls within target (2014: 90%), a high percentage of these being resolved right first time.

Our system uptime has improved to 99%, meaning less unproductive time due to system issues.

Staff

Turnover

The Board recognises that the success of the Group's business largely depends on its staff. They also understand the need to get the balance right between retaining expertise within the current staff and recruiting new people who have the skills and experience to take the business forward. Staff turnover, as at the end of March 2015, was 21% (2014: 8.98%). This was calculated as "Number of Leavers per month divided by the Total Number of Staff". This figure is above the target set of 10%, and also 12.5% which is the CIPD Annual Turnover statistical measure.

Sickness Absence

Sickness levels, as at the end of March 2015, were 8.39 days, slightly below the target set at 10 days (CIPD: 9.49 days). This includes both short and long-term sickness. It was a key aim to implement a new Group Sickness and Absence Policy and update processes in 2014. The Group's Management team, together with the Staff Consultation Group, were involved in agreeing the new principles. The Group has now uses the Bradford Factor to help monitor and manage sickness absence.

Pensions

The Group participates in two final salary pension schemes, the Gloucestershire County Council Pension Fund (GCCPF) administered by Gloucestershire County Council (GCC); and the Social Housing Pension Scheme (SHPS) administered by the Pensions Trust.

Details are shown in Note 7 to these accounts.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Development

During 2014-15 the Group increased its stock by adding 62 new units. 10 of these properties were designed and built by the Society with grant subsidy from the Homes and Communities Agency (HCA), 51 were secured through planning agreements (Section 106) with a further one unit being secured through the government's mortgage rescue scheme.

The Society received £200k of grant funding from the HCA 2011-2015 "Affordable Homes Programme" in respect of new and completed developments and £64,660 was received in respect of the mortgage rescue property.

The majority of these new homes were transferred into management during the year, 47 into social housing, 10 into affordable rent, 1 into intermediate rent and 4 into shared ownership with a further 2 social housing units and 2 shared ownership units due for early completion during the next financial year.

The Group's development team also provides development services to other registered providers that include Gloucester Rural Housing Association, Cirencester Housing Society and Wydean Housing Association.

Environment

Homes developed by the Group for Target Rent and Affordable Rent tenures will be compliant with the Design and Quality Standards which include the Code for Sustainable Homes Level 3; this is a requirement of the HCA in order to apply an Affordable Rent. All remaining tenures developed by the Group in the future will be built to the current Building Control Regulations.

Customer service

During the last twelve months the Contact Centre has continued to be developed to provide a more holistic service to customers with the aim of resolving a greater number, and a wider range, of enquiries at the first point of contact. The range of tasks now dealt with at the first point of contact include:

- Diagnosing and appointing repairs and inspections
- Taking rent payments and dealing with rent enquiries
- Arranging gas maintenance & servicing appointments
- Answering general letting enquiries
- Logging complaints, comments and compliments
- Processing "Self Service Portal" enquiries
- Processing HomeSwapper registrations
- Completing Anti-Social Behaviour risk assessments

This has been made possible as a result of new technology supporting more efficient processes. With the Contact Centre able to pick up these activities, it has resulted in a more efficient customer service delivery and has freed capacity in the operational teams allowing them to focus on priority activities.

Action plans are currently being developed to widen the role of the Contact Centre further during 2015-16, which will result in greater efficiencies across the organisation.

Customer satisfaction

The Group has a comprehensive approach for capturing customer feedback, which includes a range of regular telephone and paper based satisfaction surveys. Working with Acuity Research the Society conducted a strategic and operational review of customer satisfaction surveys which resulted in a more streamlined and focused approach being adopted from April 2014.

The Board monitors 3 key indicators through the Group's Balance Scorecard on a quarterly basis. These are:

- % of customers satisfied overall with services provided by Severn Vale Housing Society – 92.26% (2014: 93.67%)
- % of customers satisfied with Response Repairs – 92.99% (2014: 95.22%)
- % of customers satisfied with the way their Anti-Social Behaviour case was dealt with – 83.46% (2014: 87.77%)

Additional customer satisfaction results for other service areas within the business are shown below:

- % of customers satisfied with Planned Repairs – 95.20% (2014: 95.56%)
- % of customers satisfied with Estate Services – 81.40% (2014: 85.39%)
- % of customers satisfied with Complaint Handling – 57.14% (2014: 42.86%)
- % of customers satisfied with the Allocation and Lettings process – 97.73% (2014: 93.94%)

Customer complaints

There were 117 formal complaints made during the year. Of these 96 were stage 1; 15 were stage 2; and 6 Stage 3. The highest number of complaints received relate to Responsive Repairs, which is consistent across the social housing sector. The number of complaints received is comparable with landlords of a similar size to Severn Vale and does show a slight decrease from 2013-14.

There have been fewer complaints escalated to stage 2 of the procedure. The Customer Complaints team has been providing greater support to managers with their complaint resolutions as a result of the staffing changes and the new complaint workflows introduced during the year. This workflow has ensured a consistent framework for case management and automated reminders to all of the staff involved.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Customer complaints (continued)

The Group maintained its record of no maladministration identified from the Housing Ombudsman, which reflects the robustness of the procedure and the decision making of investigating and reviewing officers. During 2014-15 the Group had 3 cases referred to the Housing Ombudsman and 2 cases returned. In both cases the Housing Ombudsman's findings were in support of the Group's decision and have in fact commented "SVHS had demonstrated genuine commitment to resolving disputes". A response for the final case is still awaited.

Further complaint process improvements have been identified for 2015-16. This will focus on;

- Development of a process to identify and implement opportunities for learning as a result of complaints received;
- All staff involved in complaint resolution are to complete Housing Ombudsman e-Learning courses and an in-house, knowledge sharing exercises to instil best practise across the organisation, using real-life examples;

Marketing & communications

Effective communication to customers and other stakeholders is a key priority for the Group. Examples of achievements in 2014-15 are:

➤ Public Relations

Over the past twelve months the Group has widened the range of printed media publications used to promote its work in, so as well as gaining some good free publicity in the local media including one front page article it has also gained excellent coverage in sector publications such as a quote in a feature in Inside Housing and an article written by the Chief Executive in 24 Housing. The Group has also featured in Cotswold Life and Housing Technology magazines.

We have also gained significant positive coverage in online publications and in digital media, including 24 Dash, BBC Radio Gloucestershire and local online newspapers. This positive publicity helps raise our profile and build our reputation locally, regionally and within the sector.

A total of 44 articles were published throughout 2014-15; 82% of these were of a positive sentiment.

Advertising Value Equivalent (AVE) measures the perceived value of editorial publicity. AVE is calculated by multiplying the coverage dimensions by the respective media advertising rates. The Group has generated over £16,000 worth of free publicity, a 50% increase on 2013/14.

Over the next 12 months the Group will continue to promote itself through a range of publications (both print and online) in order to reach as many of its stakeholders as possible.

➤ Social Media

The Group continues to promote its work on social media – Twitter and Facebook in particular, along with Linked In, and You Tube.

A significant development in 2014-15 was setting key members of staff up with their own Twitter accounts where they can represent the organisation and help raise its profile and reputation, and build relationships with stakeholders.

Other online and digital activity

In 2014-15 an app was developed for customers to use to contact the Group rather than calling it. They can use it for example to report a repair, report anti-social behaviour and register their interest in getting involved in our work. The app had 285 downloads between November 2014 and March 2015.

Budget management

In 2014-15 a review was completed of the suppliers used by the Marketing and Communications team uses in order to achieve better value for money. This has included changing two of the printing companies used. For example, one printed the quarterly magazine, and in July 2013 the Group spent £3,282 on printing and posting 4,000 copies (£0.82 per copy) and in February 2015 it spent £2,343 on 3,500 copies (£0.67 per copy). This adds up to an annual saving (four issues) of £3,756.

In 2014-15 the Group also started combining the mailing of the magazine with its quarterly rent statements to save money on postage, with four mailings in the year rather than eight.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Marketing & Communications (continued)

Artwork

In 2014-15 a new Digital Communications Intern employed by the Group created high quality artwork, rather than the organisation needing to look to use an external agency for the same level of quality. This saved time as well as money. The design agency charges £120 per hour and so based on the time it takes to produce different types of artwork, examples of approximate savings included:

- Creating the artwork for entries to the 2015 TPAS Awards took 7 hours and would have cost £840 if done by the design agency.
- The animation for the Groups volunteering programme, Give and Gain, took 20 hours and would have cost £2,400 if externally provided.
- Another example of the savings was the development of the app – it would have cost approximately £8,000 if created externally (plus any ongoing maintenance and support costs).

Asset management

Planned maintenance

The Group uses the Keystone Asset Management system to profile and manage its 40-year planned maintenance programme. This enables greater control over the upkeep of its housing stock.

A 5-year Stock Condition Survey is currently in progress and the percentage of these surveys completed at the end of March 2015 was 93% (2014: 80%). The Society continues to carry out surveys on areas that are not currently included in the Keystone system. This will allow the subsequent data to be loaded and these areas to be part of future planned programmes.

These in-house surveys continue to be subject to independent assessment (on a 20% sample survey basis) by external consultants (Faithorn Farrell and Timms). Their audit report return is showing positive trends with the surveys undertaken to date. The Keystone stock database will continue to be subjected to an independent audit on a biannual basis to provide confidence in the data held within Keystone.

As well as working on properties with SAP ratings of under 40 (of which we have 119) or an EPC banding of E-G, the Group has also looked at properties that have no heating. The Group continues to undertake a series of works that includes cavity wall insulation, external wall insulation and the replacement of un-insulated mansard & roofing on non-traditional properties. Two members of the team have completed training during the year and are now able to carry out EPC checks in house saving on the cost of employing consultants to perform these checks.

The team currently uses a procurement advisor for termed contracts and has tendered for contract works including contracts such as painting; window replacements and external door replacements. Contracts for rewires, boilers and kitchens are currently termed until 2018.

The planned maintenance budget for 2014-15 was £2.311m (2014: £2.426m), and the final actual spend was £2.460m (2014: £2.474m), which included "works outside the survey" of £230k. (Note: The figures included in the statutory accounts have been adjusted for component accounting).

Response repairs

Performance against the "Repairs Completed on Time" indicator for 2014-15 was 89.16% (2013-14: 88.50%), below the target set by the Board of 90%. Despite being below target, performance has continued to improve year on year, where in 2011-12 the performance for "Repairs Completed on Time" indicator was 83.85%.

During this year the Repairs Team has been able to deliver consistent performance and improved services, working towards introducing new working processes through the Asset and Repairs Sprint Project Group. Some of the key improvements from this Group have been around changes to the repairs process, geographical working, new mobile technologies, revised van stocks and the procurement of a new materials supplier.

Voids

234 voids were completed during 2014-15 (2013: 268) with an average spend of £1,691 per property (2013: £1,908). The majority of work is completed by the "In-house Voids team". Weekly meetings are held with the Lettings and Voids Teams to discuss the void properties and prioritise the repairs. This ensures properties are being turned over quickly to meet demand.

Accompanied property viewings are carried out by the Lettings and In-house Works Team, where they agree what works can be completed once the customer moves in or the customer agrees to do themselves to speed up the void turnaround, this is checked and approved by the Voids Supervisor.

An Electrician is now dedicated to voids which allow flexibility within the team. This has eliminated the use of electrical contractors to carry out void electrical PIR reports. The members of the Void team have received training on how to lay vinyl flooring which will reduce the use of contractors. A refresher course has been booked for the team later this year to include damp treatments.

In some cases "Decoration Packs" are used if this approach can be agreed with customers, thereby removing the need to use the "In-house Voids team" to complete full decorations on the voids.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Gas servicing & repairs

At 31 March 2015 there were no properties with an outstanding gas service (2014: 3). The gas service team complete an average of 6 services a day (2014: 6) however with workflow efficiencies delivered through the new gas servicing module indications are that gas servicing will increase to 7 services per day during 2015-16.

Rent losses from voids and bad debts

The Group's ambitious target for the year was to keep rent losses below 0.90% of rental income receivable. The organisation experienced a high number of voids during 2014-15 (283), compared to 2013-14 (268). At the year-end voids as a percentage of rent debit was 0.98% (2014: 1.21%), marginally above the target set.

However, through changing processes there was increased capacity within the Letting team which enabled the Group to absorb increased workloads resulting from the Welfare Reform changes without increasing staffing resources within the Housing team.

Income management

This is the second year of 'Any day, any frequency direct debits' and new streamlined ICT processes. We now have an Income Officer based at Tewkesbury Borough Council's Housing Benefit department two days per week. This has resulted in arrears reducing significantly – at the year-end these were 1.82% of debit against a target of 2.44%, a decrease over previous years (2014: 2.11%). This consisted of current tenant arrears of 1.41% (2014: 1.87%) and former tenant arrears of 0.41% (2014: 0.22%).

The Business Plan target for 2014-15 is to manage total rent arrears within 2.55% of rental income; this not only takes account of a continued landscape of increasing hardship for residents with regards to the Welfare Changes, but it is also driving performance improvements at the same time.

Anti-social Behaviour (ASB)

During 2014-15 the ASB Case Management system was evaluated and the Group has opted to use Orchard Information Systems' Community Action Solution (CAS). This went live for the ASB team on 10th September 2014 and training for the rest of the organisation followed. This was complimented by ASB call handling joint training for the Customer Services and the ASB Team. During 2014-15 the Group also reviewed its policies and procedures relating to Mutual Exchanges to enable a more effective process to be introduced which proactively enforces tenant responsibilities and also meets customer expectations. It also reviewed its Permissions policy (including for instance pets, taking in a lodger, running a business from home etc.) as part of its focus on proactive tenancy management.

The Group has also improved its partnership working and communication between itself, the Police, and the Local Authorities. The Group is also building its reputation in other local authority areas such as Stroud and the Forest of Dean. A result of the new partnership the Group trialled the use of Tewkesbury Borough Council's legal service. This resulted in a reduction of £80 per hour for each ASB legal action taken.

Lettings

Void turnaround times remained well ahead of the targets set for the fourth year running:

- Housing for the Elderly – 24.48 days (2014: 27 days): Target of 30 days
- General Needs – 9.55 days (2014: 7.9 days): Target 15 days
- Combined – 11.97 days (2014: 10.7 days): Target 20 days

This is the first year it has increased after 3 years of consistent reduced void times. There are a number of reasons including an increase in other housing associations having new build properties that have been let to Severn Vale tenants and a number of tenants leaving due to affordability issues and therefore have moved back in with their family.

A review of the open waiting list took place and a decision made to close it, retaining a transfer waiting list and therefore releasing time for the Lettings team to take on accompanied viewings and Shared Ownership sales/re-sales, which has improved the properties accepted at first offer from 73% in 2013/14 to 89% in 2014-15. The Allocations Policy was reviewed with a new application form being devised giving the team more information about the customers financial situation, a rents vulnerability assessment being completed by the customer and the Lettings team so that assistance and support could be provided by accurate signposting to relevant SVHS departments or support agencies.

Grounds maintenance

Throughout 2014-15 the Grounds Maintenance team has continued to implement the findings of the review that was carried out during 2012-13. Implemented improvements included the introduction of seasonal workers to allow for the more efficient utilisation of staff, the investment in fixed assets to allow for a change in the way that grass is cut and disposed of, a move that will save the Society money on tipping costs as well as generating manpower efficiencies by eliminating the time taken to travel to waste tipping sites. The Society has also introduced regional working in the Grounds Maintenance & Caretaking Teams a move that has further eliminated wasted down time and provided manpower efficiencies. During 2015-16 the Society is due to carry out a full "Sprint" review of the Grounds Maintenance & Caretaking process with a view to further identifying and maximising improvement efficiencies.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Elderly services

The Group's Scheme Managers have been trained in the use of Orchard and its Customer Relationship Management system which has given them direct access to rent and repair information for their customers enabling a more direct service to be offered. At its Retirement Forum AGM in March customers were shown the benefits of the completion of Independent Living Plans as agreed in the Group's Service Standard set out last year. The Group has referred over 100 customers to other agencies for help to enable them to maintain their independence and tenancy.

Customer and community involvement

During 2014-15, the Community Involvement Team has continued to support the business in ensuring customer views inform decisions whilst reviewing the organisation's overall approach to customer involvement. Following the Scrutiny Panel value for money assessment of customer involvement in June 2014, the Tenant Participation Advisory Service was commissioned to help SVHS identify opportunities to increase the quality and value of its customer involvement activities. This review, involving a large number of staff and customers, resulted in the following key recommendations:

- Ensure the new corporate plan makes a clear commitment to co-regulation and partnership working with residents
- Make better use of customer intelligence/ insight and use this to initiate and shape business improvements
- Work to improve the feeling amongst residents that SVHS values their opinion and wants them to share
- Work towards a 'skills based' approach to recruiting residents for customer involvement activities in the future
- Focus activities on gathering the views of a wider base of residents by making better use of digital communication methods and existing interactions with customers

Following this review a working group from across the organisation was formed to take these recommendations and use them to develop a new approach. This 'sprint' project has led to a streamlining of customer involvement activities with a focus on task and finish groups where customers can make the biggest difference, the use of SMS/smartphone surveys and ways to capture more customer insight.

The Customer Scrutiny Panel ceased its operations in the autumn of 2014 to make way for a new stakeholder group which will form the backbone of SVHS's future approach to co-regulation. This Stakeholder Senate (the Senate) was launched in June 2015 and gives clear commitments regarding customer insight and community engagement that have been written in to the Corporate Plan for 2015-18.

Customer involvement activities during the year have also shaped the new SVHS mobile app and the Orchard self-service portal (now being completely redesigned following the input of 32 SVHS customers). The first customer text survey in February 2015 resulted in 1,050 responses from customers and the knowledge that at least 770 people are happy to share their views with us using this method in the future. A further 2,133 phone and 566 paper satisfaction surveys were completed with customers in 2014-15 covering a more focussed range of service areas following the satisfaction survey review the previous year. The results of these have helped service managers and the Board to monitor customer perceptions of service performance.

Community development

This year, the Community Team has continued to support residents to sustain their tenancies and assist community groups to maximise their social value. A loan shark awareness week in April 2014 helped to spread the word about illegal lending and actions that can be taken by the Stop Loan Sharks Team to resolve cases and support victims. By the end of 2014-15, 79 customers have been signed up to the MyHome Contents Insurance product following joint working with housing officers to promote the low cost scheme.

Following the launch of Central Park Computer Café in 2013, there have been over 1,100 attendances at the venue from 94 residents, each benefitting from free internet access, support with digital skills and assisted access to online savings and benefits. Many residents have attended the Café for job seeking support and as a result, a new partnership has been formed with LearnDirect and the Job Centre who have used the Café throughout the year to provide Skills4Work and other work related training sessions.

During this year the team has supported the interim Executive team in the formation of a new community focussed vision for SVHS and a strategic aim to create 'vibrant, connected communities where people feel safe, well and proud to live' by 2018. Plans to deliver on this aim and its related objectives throughout 2015 and beyond are now in development.

The Group's Community Impact fund has issued 12 grants to community groups in 2014-15 totalling £10,158. These grants, supporting organisations from across the county, have been assessed against the new corporate aims and results promoted via social media, the SVHS website and 24Severn Magazine.

During the summer of 2014, 24 gardens were entered into the competition designed to recognise customer efforts to improve their outdoor space. The competition saw the creation of a guest category 'Primary Schools Gardens', designed to get young residents interested in maintaining green spaces. The Bishops Cleeve Primary Academy won not only this category but also the overall 'best in show' award for their efforts.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Community development (continued)

Garden mentors trained by the Gloucestershire Wildlife Trust continued to support SVHS customers this year in the 2nd year of the project. The huge success of this scheme has been recognised by The NHS who have matched SVHS's investment in the project and more to help cover the costs of the wildlife trust, allowing them to continue their valued support for the initiative. In 2015-16 the project is set to double in size and introduce 2 communal gardens and a community training garden for mentors into the scheme.

Other housing activities

Student accommodation

The Group currently owns 282 Student units over four Student Accommodation blocks. These are let to local Universities as follows:

- University Of Gloucestershire - Ermin Hall, Denmark Road (86 units); Regency Hall, Cheltenham (100 units), St. Mary's (13 units - 35 Bed-spaces)
- University Of Worcester - Sansome Hall (83 units)

All 4 blocks are let on leases for varying periods up to 25 years, but each is subject to a break clause (i.e. *"If either the Landlord or the Tenant shall desire to determine the term hereby granted and shall give to the other party not less than nine calendar months prior notice expiring on the tenth anniversary of the Commencement date of such desire then immediately upon the expiry...the tenant shall yield and deliver up the demised Premises with vacant possession and otherwise..."*); the relevant dates for the breaks being;

- Denmark Road - Commencement Date 19th August 2005; break clause was not exercised
- Regency Hall - Commencement Date 8th September 2006; break clause 2016
- Sansome Hall - Commencement Date 12th September 2008; break clause 2018
- St George's Place - Commencement Date 19th September 2008; break clause 2019

Currently all schemes produce a healthy net income for the Group, after taking expenses such as repairs and refurbishment costs in to account. These are in line with the original approved business case.

Helplines

The Helpline Alarm Service continues to provide a valuable service in the North Cotswolds and in the borough of Tewkesbury with 680 units in operation. The aim is to continue to build up relationships with external agencies such as GP's District Nurses and Village Agents to make sure that the Group has access into the community to provide this service to vulnerable people. The service is also being promoted as a short term option for people recovering from operations and illness. The Group is currently auditing and upgrading its equipment. This upgrade will ensure equipment meets the needs of our customers and the requirements of new digital telephone lines/technology now being put in throughout the country by BT and other providers. The Group will continue to market its information wherever possible and is now working with local social prescribing as part of the Well-being agenda.

The Helpline Alarm Service continues to provide a service to the North Cotswolds and Tewkesbury Borough areas with 680 units in operation.

Financial position

The Group Income and Expenditure Account and Balance Sheet are summarised in Table 1 (page 19) and the following paragraphs highlight key features of the Group's financial position at 31 March 2015.

Accounting policies

The Group's principal accounting policies are set out on pages 28 to 30 of the financial statements. The policies that are most critical to the financial results relate to accounting for housing properties and include the deduction of capital grant from the cost of assets, housing property depreciation and treatment of shared ownership properties. Each of these policies has remained unchanged during the period under review.

Housing properties

At 31 March 2015 the Group owned 3,775 housing properties (2014: 3,723). The properties were carried in the balance sheet at cost (after depreciation and capital grant) of £90m (2014: £86m). The last professional valuation of these properties (completed by Savills) was completed as at 31 March 2014. There was sufficient asset cover to meet existing loan facility arrangements.

The Group's investment in housing properties this year was funded through a mixture of affordable housing grant, operating cashflow and loan finance.

Capital Structure and Treasury Policy

In 2013-14 the Group arranged new loan financing that increased facilities from £113m to £125m, and during 2014-15 the Group drew £5.25m of this loan finance, taking total loan balances to £114.75m as at 31 March 2015 (2014: £109.5m). There have been no further changes to capital structure during the year. After a review by external treasury consultants, the Board decided that no changes were required to treasury policy during the year.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Cashflows

Cash inflows and outflows during the year are shown in the Consolidated Cash Flow Statement (page 26).

Loan drawdowns of £5.25m allowed the Society to invest £6.8m in purchasing new homes for rent during 2014-15. The cash generated from operating activities was £7.8m, an increase of £818k from 2013-14, and was sufficient to meet the interest expense of £6.4m (2014: £5.3m). The net position was an increase in cash held in the year of £742k (2014: decrease of £2m).

Future developments

A key influence on the timing of borrowings is the rate at which development activity takes place. The Board has approved plans to spend £5.2m during the next financial year to develop affordable housing, which will be financed from new borrowings and operating cashflow.

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010.

Operating and Financial Review (continued)

For the year ended 31 March 2015

Table 1 - Group highlights, five-year summary

For the year ended 31 March	2015	2014	2013	2012	2011
	£'000	£'000	£'000	£'000	Restated* £'000
Group income and expenditure account					
Total turnover	19,193	18,819	17,448	16,952	15,200
Income from lettings	16,471	15,904	14,948	14,023	13,193
Other income	2,506	2,557	2,418	2,614	1,891
First tranche shared ownership sales	216	358	83	315	115
Operating surplus	6,602	6,042	5,425	4,043	3,785
Surplus/(deficit) for the year transferred to reserves	183	671	197	(213)	(506)
Group balance sheet					
Housing properties, net of depreciation	107,207	102,968	98,919	94,710	92,370
SHG and other capital grants	(17,239)	(16,990)	(16,816)	(16,537)	(16,409)
Housing properties, net of depreciation and grants	89,968	85,978	82,003	78,173	75,961
Other fixed assets	2,071	1,872	1,941	2,032	1,990
Fixed assets net of capital grants and depreciation	92,039	87,850	83,499	80,205	77,426
Net current (liabilities)/assets	(1,314)	(2,134)	(477)	1,643	(487)
Total assets less current liabilities	90,725	85,715	83,467	81,848	77,464
Loans (due over one year)	114,750	109,500	107,250	105,750	101,000
Other net long-term liabilities	(316)	275	258	206	185
Pension liabilities	4,689	4,279	3,884	3,349	2,809
Reserves					
: restricted	-	-	-	-	-
: revenue	(28,398)	(27,646)	(27,910)	(27,457)	(26,530)
: total	(28,398)	(27,646)	(27,910)	(27,457)	(26,530)
Total loans, pension liability and reserves	90,725	85,408	83,482	81,848	77,464
Accommodation figures					
Total housing stock owned at year end (<i>number</i>)					
Social housing	3,409	3,358	3301	3,282	3,248
Non-social housing	366	365	354	344	348
Statistics					
Growth/(reduction) in revenue	2.80%	6.31%	4.38%	11.5%	(4.49%)
Surplus/(deficit) for the year as % of turnover	0.95%	3.57%	1.13%	(1.26%)	(3.33%)
Surplus/(deficit) for the year as % of income from lettings	1.11%	4.22%	1.32%	(1.52%)	(3.84%)
Rent losses (<i>voids and bad debts as % of rent and service charges receivable</i>)	1.62%	1.87%	1.70%	1.42%	1.61%
Rent arrears (<i>gross arrears as % of rent and service charges receivable</i>)	2.92%	3.31%	2.33%	2.09%	2.23%
Interest cover (<i>Operating surplus divided by interest payable</i>)	102%	114%	106%	96%	94%
Liquidity (<i>current assets divided by current liabilities</i>)	0.65	0.40	0.87	1.63	0.77

* The 2011 figures were restated for the change in the Group's accounting policy as a result of the adoption of component accounting. Prior period reported information was not similarly adjusted because the impact of the change was not deemed material by the Board.

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

For the year ended 31 March 2015

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

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under the Co-operative and Community Benefit Society legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Society and Group for that period. In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice (SORP) Accounting by

Registered Housing Providers Update 2010, 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 Society 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 Group and Society and enable it to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. It is also responsible for safeguarding the assets of the Society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report to the members of Severn Vale Housing Society Limited

We have audited the financial statements of Severn Vale Housing Society Limited for the year ended 31 March 2015 which comprise the Consolidated and Society income and expenditure accounts, the Consolidated and Society statements of total recognised surpluses and deficits, the Consolidated and Society reconciliation of movements in funds, the Consolidated and Society balance sheets, the Consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the housing association's members, as a body, in accordance with regulations made under Section 9 and 13 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the housing 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 housing association and the housing 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 the auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 20, 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 Ethical Standards for Auditors. In addition, we read all the financial and non-financial information in the operating and financial review and Board report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our audit report.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent association's affairs as at 31 March 2015 and of the group and parent's income and expenditure for the year then ended;
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2002, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered Providers of Social Housing 2012.
- have been prepared in accordance with the requirements of the Statement of Recommended Practice (SORP): Accounting for Registered Social Housing Providers

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2002 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained; or
- the parent association has not kept proper accounting records or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the books of account; or
- we have not received all the information and explanations we need for our audit.

Grant Thornton UK LLP

Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Birmingham
13th July 2015

Consolidated Income and Expenditure Account

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	3	19,193	18,819
Operating costs	3	(12,591)	(12,777)
Operating surplus	4	6,602	6,042
Surplus on sale of housing properties through RTB and RTA	4,12	42	39
Interest receivable and similar income	5	3	5
Interest payable and similar charges	6	(6,447)	(5,303)
Other finance costs	7	(17)	(111)
Surplus on ordinary activities before taxation		183	672
Tax on surplus on ordinary activities	8	-	-
Surplus for the financial year	19	183	672

All of the above results derive from the continuing operations of the Group.

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 28 to 44 form part of these financial statements.

Society Income and Expenditure Account

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	3	19,193	18,819
Operating costs	3	(12,591)	(12,777)
Operating surplus	4	6,602	6,042
Surplus on sale of housing properties through RTB and RTA	4,12	42	39
Interest receivable and similar income	5	3	5
Interest payable and similar charges	6	(6,447)	(5,303)
Other finance costs	7	(17)	(111)
Surplus on ordinary activities before taxation		183	672
Tax on surplus on ordinary activities	8	-	-
Surplus for the financial year	19	183	672

All of the above results derive from the continuing operations of the Society.

Historical costs surpluses and deficits were identical to those shown in the income and expenditure account.

The notes on pages 28 to 44 form part of these financial statements.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Group		Society	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Surplus for the financial year	183	672	183	672
Actuarial gains and losses arising on pension scheme liabilities	(935)	(393)	(935)	(393)
Total recognised (deficits)/surpluses relating to the financial year	<u>(752)</u>	<u>279</u>	<u>(752)</u>	<u>279</u>

Reconciliation of Movements in Group's and Society's funds

For the year ended 31 March 2015

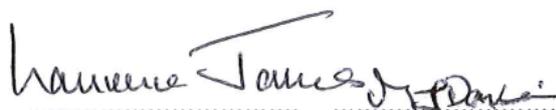
	Group		Society	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Opening total funds	(27,646)	(27,925)	(27,646)	(27,925)
Total recognised (deficits)/surpluses relating to the year	<u>(752)</u>	<u>279</u>	<u>(752)</u>	<u>279</u>
Closing total funds	<u>(28,386)</u>	<u>(27,646)</u>	<u>(28,398)</u>	<u>(27,646)</u>

Consolidated and Society Balance Sheets at 31 March 2015

	Note	Group 2015 £'000	Society 2015 £'000	Group 2014 £'000	Society 2014 £'000
Tangible fixed assets					
Housing properties - gross cost	9	125,217	125,217	119,306	119,306
Housing properties - SHG	9	(17,239)	(17,239)	(16,990)	(16,990)
Housing properties - depreciation	9	(18,010)	(18,010)	(16,338)	(16,338)
		<hr/>	<hr/>	<hr/>	<hr/>
Housing properties		89,968	89,968	85,978	85,978
Head office building	11	1,522	1,522	1,565	1,565
Other tangible fixed assets	11	549	549	307	307
Investments in subsidiary	14	-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
		92,039	92,039	87,850	87,850
Current assets					
Debtors due within one year	13	1,194	1,194	915	915
Stocks		71	71	107	107
Cash at bank and in hand		1,125	1,125	383	383
		<hr/>	<hr/>	<hr/>	<hr/>
		2,390	2,390	1,405	1,405
Creditors: Amounts falling due within one year	16	(3,704)	(3,704)	(3,539)	(3,539)
		<hr/>	<hr/>	<hr/>	<hr/>
Net current (liabilities)		(1,314)	(1,314)	(2,134)	(2,134)
		<hr/>	<hr/>	<hr/>	<hr/>
Total assets less current liabilities		90,725	90,725	85,716	85,716
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Creditors: Amounts falling due after more than one year	17	114,434	114,434	109,083	109,083
Net pension liability	7	4,689	4,689	4,279	4,279
		<hr/>	<hr/>	<hr/>	<hr/>
		119,123	119,123	113,362	113,362
Capital and reserves					
Revenue reserve deficit	19	(28,398)	(28,398)	(27,646)	(27,646)
		<hr/>	<hr/>	<hr/>	<hr/>
Group and Society funds		(28,398)	(28,398)	(27,646)	(27,646)
		<hr/>	<hr/>	<hr/>	<hr/>
		90,725	90,725	85,716	85,716
		<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 28 to 44 form part of these financial statements.

The financial statements were approved by the Board on 13 July 2015 and signed on its behalf by:



Laurence James
Board Chair

Mark Davies
Vice Chair



Tim Knight
Chief Executive



Julie Jones
Finance and Development
Director

Consolidated Cash Flow Statement

For the year ended 31 March 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities	A		7,848		7,030
Returns on investments and servicing of finance					
Interest received		3		5	
Interest paid		(6,293)		(5,636)	
Net cash outflow from returns on investment and servicing of finance			(6,290)		(5,631)
Capital expenditure and financial investment					
Purchase of housing properties including capitalised improvements		(7,018)		(6,512)	
Social housing grant received		249		174	
Surplus on sale of housing properties through RTB and RTA		42		39	
Payments to acquire other fixed assets		(446)		(184)	
Sale of housing properties		1,107		828	
Net cash outflow from capital expenditure and other financial investment			(6,066)		(5,655)
Net cash outflow before financing			(4,508)		(4,256)
Financing					
Housing loans received		5,250		2250	
Net cash inflow from financing			5,250		2,250
Increase/(decrease) in cash in year	B		742		(2,004)

Notes to the Consolidated Cash Flow Statement

For the year ended 31 March 2015

	2015		2014	
	£'000	£'000	£'000	£'000
(A) Reconciliation of operating surplus to net cash inflow from operating activities				
Operating surplus	6,602		6,042	
Depreciation charges	1,919		1,787	
Refinancing fees amortised	(77)		(693)	
Increase in debtors	(279)		(150)	
Increase in creditors	165		(141)	
Decrease in stock	36		(57)	
Loan interest accrual	-		333	
Increase in sinking fund	24		18	
Pension operating costs	222		308	
Pension contributions paid	(764)		(417)	
		7,848		7,030
(B) Reconciliation of net cash inflow to movement in net debt				
Cash at bank and in hand at start of year	383		2,387	
Cash at bank and in hand at end of year	1,125		383	
Increase/(decrease) in cash in year		742		(2,004)
Cash inflow from increase in debt		(5,250)		(2,250)
Change in net debt resulting from cashflows		(4,508)		(4,254)
Net debt at start of year		(109,117)		(104,863)
Net debt at end of year		(113,625)		(109,117)
(C) Analysis in changes of net debt				
	At 31 March 2015	Cashflow	At 31 March 2014	
	£'000	£'000	£'000	
Bank	1,125	742	383	
Debt due after one year	(114,750)	(5,250)	(109,500)	
	(113,625)	(4,508)	(109,117)	

The notes on pages 28 to 44 form part of these financial statements.

Notes to the Financial Statements

For the year ended 31 March 2015

1. Legal Status

The Society is registered under the Co-operative and Community Benefit Societies Act 2014 with the reference number 28557R and is registered with the HCA as a housing provider under reference L4171.

2. Accounting Policies

Basis of Accounting

The financial statements of the Group and Society are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2010 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2013.

Basis of Consolidation

The Society is required to prepare Group accounts, which include the results of the Society and its subsidiaries Severn Vale Housing Properties Limited and Severn Vale Housing Association Limited.

Turnover and Revenue Recognition

Turnover comprises rental income receivable in the year, income from shared ownership first tranche sales, sales of properties built for sale and other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants receivable in the year.

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Housing Properties

Principally housing properties are stated at historical cost less depreciation. The cost of housing properties includes:

- Land acquisition costs
- Development costs
- Architects and other professional fees directly related to the acquisition and construction of properties
- Expenditure incurred in respect of improvements

Expenditure costs on schemes which are subsequently aborted are written off in the year in which it is recognised that the schemes will not be developed to completion. Schemes are classified in the relevant note as being 'completed' or 'under construction'. Schemes are transferred to "completed schemes" on practical completion and, where appropriate, when the final grant funding is due.

Works to existing properties are works which result in an increase in the net rental income, such as a reduction in future maintenance costs, or result in a significant extension of the useful economic life of the property in the business. Only the direct overhead costs associated with new developments or improvements are capitalised.

Shared ownership properties are included in housing properties at cost, less the first tranche sale proceeds and any provisions needed for depreciation or impairment.

Social Housing Grant

Social Housing Grant (SHG) is allocated by the HCA and utilised to reduce the capital costs of housing properties, including land costs. The amount of SHG is calculated on the qualifying costs of the scheme in accordance with the instructions issued from time to time by the HCA. Where developments have been financed wholly or partly by SHG, the cost of those developments has been reduced by the amount of grant received.

Where grants are received in advance they are carried forward as current liabilities to be matched against future capital expenditure as it is incurred. SHG receivable in respect of schemes under construction is included as a debtor in the financial statements. SHG receivable in respect of rent loss is disclosed within income from lettings.

SHG is repayable under certain circumstances, primarily following the sale of a property. SHG is normally available to be recycled and is credited to a recycled capital grant fund and included in the balance sheet under creditors.

Major Repairs & Planned Maintenance

Expenditure on housing properties which has resulted in an improvement which is additional to the existing structure or provides additional facilities, or which enables the Group to derive additional income from the property, is capitalised. Other major repairs are charged to the Income and Expenditure account in the year they are incurred.

Development administration expenditure is charged to the income and expenditure account in the year it is incurred. Expenditure on initial purchase of land and buildings is capitalised and disclosed as part of properties in the course of construction within the tangible fixed assets note.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

2. Accounting Policies (continued)

Depreciation

Depreciation is provided for on a straight-line basis on the net cost of completed housing properties less the cost of the land. The group separately identifies the major components which comprise its housing properties, and charges depreciation so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful life. For housing properties, the cost is also net of SHG and other capital grants.

Other tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is charged on the asset cost less residual value on a straight-line basis over the expected economic useful lives of the assets at the following rates:

Properties:	Years
Structure	
Traditional General Needs Stock Built Pre-war	50
Non-Traditional Construction Units	60
Traditional General Needs Stock Built 1946-1964	75
Traditional General Needs Stock Built 1964-1980	100
Traditional General Needs Stock Built Post 1980	120
Student Accommodation	100
Roofs	60
Kitchens	20
Bathrooms	30
Windows	30
Heating	30
Other tangible fixed assets:	Years
Office Furniture and Equipment	4
Computer Equipment and Software	2
Leased Assets	10
Head Office	50
Motor Vehicles	10

The Group's policy is to capitalise all costs relating to a capital project or any other asset costing more than £2,000.

Pension Costs

The Group participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Gloucestershire County Council Pension Fund (GCCPF).

For the SHPS, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

For the GCCPF, scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net surplus or deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the Statement of Total Recognised Gains and Losses.

Bad and Doubtful Debts

Provision is made against rent arrears of current and former tenants of the Group as well as other miscellaneous debts to the extent that their recovery is considered doubtful.

Right to Buy

Under the terms of the transfer agreement dated 27 April 1998 a proportion of the proceeds from right to buy sales are shared with Tewkesbury Borough Council. On completion of a right to buy sale contract, the full proceeds are credited to the Income and Expenditure account and the share payable to the Council is treated as a cost of sale.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

2. Accounting Policies (continued)

Deferred Taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

VAT

The Group charges value added tax (VAT) on some of its income and is able to recover part of the VAT it incurs on its expenditure. The financial statements include VAT to the extent it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable and receivable at the year end is included as a current liability or asset.

Stocks

Stocks consisting of stationery, IT consumables and the Direct Service Organisation's maintenance parts, are stated at the lower of cost and net realisable value.

Interest

Interest is charged to the income and expenditure account on an accruals basis as it is incurred.

Operating Leases

Rentals paid under operating leases are charged to the income and expenditure account as incurred. Rental income from operating leases is recognised in the income and expenditure account on a receivable basis.

Restricted Reserves

Restricted reserves are those funds received for which the use is subject to legislation or by the terms on which the funds were given.

Housing Loans

All borrowings are initially stated at the fair value of the consideration received. Finance costs are charged to the income and expenditure account over the term of the borrowings. Interest payable but not yet paid at the year-end is shown as accrued interest within creditors due within one year.

Liquid Resources

Liquid resources comprise short term treasury deposits with the Group's bankers.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. Turnover, Cost of Sales, Operating Costs and Operating Surplus

GROUP - continuing activities

	Turnover £'000	2015 Operating costs £'000	Operating surplus £'000
Social housing lettings	16,471	(11,417)	5,054
Other social housing activities			
Lifelines	106	(73)	33
External contract work	143	-	143
First tranche shared ownership sales	216	(141)	75
Other	97	-	97
	562	(214)	348
Non-social housing activities			
Lettings	1,918	(723)	1,195
Other	44	(38)	6
Disposal of housing properties	198	(199)	(1)
	2,160	(960)	1,200
Turnover from continuing activities	19,193	(12,591)	6,602

GROUP - continuing activities

	Turnover £'000	2014 Operating costs £'000	Operating Surplus £'000
Social housing lettings	15,904	(11,578)	4,326
Other social housing activities			
Lifelines	109	(70)	39
External contract work	145	-	145
First tranche shared ownership sales	358	(189)	169
Other	66	-	66
	678	(259)	419
Non-social housing activities			
Lettings	1,875	(695)	1,180
Other	41	(31)	10
Disposal of housing properties	321	(214)	107
	2,237	(940)	1,297
Turnover from continuing activities	18,819	(12,777)	6,042

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

3. Turnover, Cost of Sales, Operating Costs and Operating Surplus (continued)

Particulars of Income and Expenditure

GROUP

	General Needs housing £'000	Supported housing and housing for older people £'000	Shared ownership £'000	Affordable Rent £'000	Total for social housing lettings £'000	Market rents £'000	Garages £'000	Student let £'000	Other £'000	2015 Total £'000	2014 Total £'000
Income from lettings											
Rent receivable net of identifiable service charges	13,374	1,700	455	199	15,728	706	167	1,125	10	17,736	17,223
Service charges receivable - housing benefit allowable	296	559	47	-	902	-	-	-	34	936	876
Gross rents receivable	13,670	2,259	502	199	16,630	706	167	1,125	44	18,672	18,099
Less rent losses from voids	(111)	(39)	(9)	-	(159)	(15)	(65)	-	-	(239)	(279)
Total income from lettings	13,559	2,220	493	199	16,471	691	102	1,125	44	18,433	17,820
Expenditure on lettings activities											
Services	(341)	(529)	(8)	(2)	(880)	(9)	-	-	(8)	(897)	(864)
Management	(4,367)	(535)	(154)	(63)	(5,119)	(55)	-	(77)	(78)	(5,329)	(5,500)
Housing asset depreciation	(989)	(135)	(59)	(54)	(1,237)	(197)	-	(238)	-	(1,672)	(1,535)
Bad debts	(63)	-	-	-	(63)	-	-	-	-	(63)	(59)
Routine maintenance	(2,282)	(78)	(8)	(3)	(2,371)	(37)	(3)	(41)	(23)	(2,475)	(2,512)
Major repairs / aborted development schemes	(1,747)	-	-	-	(1,747)	(57)	-	(9)	(2)	(1,815)	(1,836)
Total expenditure on letting activities	(9,789)	(1,277)	(229)	(122)	(11,417)	(355)	(3)	(365)	(111)	(12,251)	(12,306)
Operating surplus	3,770	943	264	77	5,054	336	99	760	(67)	6,182	5,514

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

4. Operating surplus

Surplus is stated after charging:

	2015 £'000	2014 £'000
Depreciation of housing properties	1,672	1,535
Depreciation of other tangible fixed assets	248	252
Auditors' remuneration:		
External auditors	23	23
Taxation services	8	8
Internal auditors	32	24
	<u> </u>	<u> </u>

5. Interest receivable and other income

	2015 £'000	2014 £'000
Interest receivable (other)	3	5
	<u> </u>	<u> </u>

6. Interest payable and similar charges

	2015 £'000	2014 £'000
Interest on bank loans	(6,370)	(5,226)
Refinancing fees amortised	(77)	(77)
	<u> </u>	<u> </u>
	<u>(6,447)</u>	<u>(5,303)</u>

7. Employees

The average number of persons employed during the year was:

	2015 No	2014 No
Directors	3	3
Business services	18	18
Developments	2	2
Finance	5	5
ITC	4	5
Community	3	5
Housing (incl. scheme managers)	40	41
Planned maintenance	6	8
Responsive repairs	<u>33</u>	<u>35</u>
	114	122
	<u> </u>	<u> </u>

There is no material difference between the average number of persons employed disclosed above and the full-time equivalents.

Staff costs:	2015 £'000	2014 £'000
Wages and salaries	3,357	3,735
Employer's contribution - national insurance	306	313
Employer's contribution - pension	326	360
	<u> </u>	<u> </u>
	<u>3,990</u>	<u>4,408</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

7. Employees (continued)

The Directors are defined for this purpose as the Chief Executive and any other person who is a member of the Senior Management Team reporting to the Chief Executive or directly to the Board and whose total emoluments exceed £40,000 per year. None of the Board Members received any emoluments.

	Salary & N.I. £'000	Benefits in kind £'000	Pension contributions £'000	2015 £'000	2014 £'000
Former Chief Executive – Hugh Aldridge	-	-	-	-	197
Current Chief Executive - Tim Knight	127	2	25	154	114
Interim Finance Director – David Johnson	44	-	5	49	-
Operations Director - Judith Tector	49	1	8	58	108
Business Services Director - Ann Wolstencroft	<u>138</u>	<u>1</u>	<u>7</u>	<u>144</u>	<u>100</u>
	<u>358</u>	<u>4</u>	<u>45</u>	<u>407</u>	<u>519</u>

Total expenses reimbursed to the Board Members £3,279 (2014: £3,368)

2 of the Directors were ordinary members of the GCCPF during 2013-14 (2013: 3), the remaining 2 Directors were members of the SHPS. No enhanced or special terms apply and the Group makes no contribution to any individual pension arrangements. The value of the Group's contribution to the GCCPF was £33k (2013: £51k) and to the SHPS fund was £12k (2013: £9k).

The full time equivalent number of staff who received emoluments:

	2015 No.	2014 No.
£100,001 to £110,000	1	2
£110,001 to £120,000	-	1
£130,001 to £140,000	1	-
£140,001 to £150,000	2	1

Pension Scheme

The Group participates in two pension schemes. One is run by the Pensions Trust which administers the Social Housing Pension Scheme (SHPS). The other is the GCCPF run by Gloucestershire County Council (GCC) as an admitted body. Both schemes provide defined benefit schemes. SHPS also provide a defined contribution scheme.

a) Social Housing Pension Scheme

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

We operate a final salary 1/60th accrual rate benefit structure that is now closed to new employees. We offer a career average re-valued earnings (CARE) structure with a 1/60th accrual rate; this is also closed to new employees. New employees are entitled to join the SHPS defined contribution scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

7. Employees (continued)

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

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

SPHS Employer Contributions

	2015	2014
	£	£
Career Average Earnings	23,588	20,365
Final Salary	97,481	114,992
Defined Contribution	<u>79,547</u>	<u>42,082</u>
	<u>200,616</u>	<u>177,439</u>

As at 31 March 2015, there were 71 active members of the Scheme employed by the Group (2014: 51). The annual pensionable payroll in respect of these members was £1,880,069 (2014: £1,440,924). The Group continues to offer membership of the Scheme to its employees.

b) Gloucestershire County Council - Local Government Scheme (GCCPF)

The Gloucestershire County Council Pension Fund (GCCPF) is a funded scheme with the assets held in separate Trustee administered funds.

The Group's pension costs for this Scheme are determined with the advice of independent qualified actuaries. Triennial actuarial valuations of the Pension Scheme are performed by a qualified actuary using the projected unit method. The most recent formal actuarial review of this Pension Scheme was at 31 March 2013.

In order to assess the actuarial valuation of the Group's liabilities in respect of this Scheme at 31 March 2015, the actuaries have rolled forward the actuarial value of the liabilities reported in the previous triennial valuation as at 31 March 2013, allowing for changes in financial assumptions as prescribed under FRS 17.

The major assumptions used by the actuary in assessing Scheme liabilities on an FRS 17 basis were:

	2015	2014
Rate of increase in salaries	3.8%	4.1%
Rate of increase in pensionable payments	2.4%	2.8%
Discount rate	3.2%	4.3%
Rate of price inflation	2.4%	2.8%
Expected return on assets	3.2%	5.9%

The valuation was carried out using the PA92C2033 mortality table for non pensioners and PA92C2007 mortality table for pensioners. The table below illustrates the assumed life expectancy in years for Pension Scheme members at age 65 using these mortality assumptions:

2014	Males Assumed life expectancy in Years at age 65	Females Assumed life expectancy in Years at age 65
Current Pensioners	22.5	24.6
Future Pensioners	24.4	27.0

2015	Males Assumed life expectancy in Years at age 65	Females Assumed life expectancy in Years at age 65
Current Pensioners	22.5	24.6
Future Pensioners	24.4	27.6

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

7. Employees (continued)

The fair value of assets in the Scheme and expected rates of return were:

	2015 £'000	2015 %	2014 £'000	2014 %	2013 £'000	2013 %
Equities	8,573	3.2	7,026	6.6	6,518	5.7
Bonds	1,970	3.2	1,951	3.8	1,477	3.4
Property	811	3.2	585	4.8	521	3.9
Cash	232	3.2	195	3.7	174	3.0
	<hr/>		<hr/>		<hr/>	
Fair value assets	11,586		9,757		8,690	
Actuarial value of liability	(16,275)		(14,036)		(12,574)	
	<hr/>		<hr/>		<hr/>	
Recoverable deficit in the scheme	(4,689)		(4,279)		(3,884)	
Deferred tax	-		-		-	
	<hr/>		<hr/>		<hr/>	
Net pension liability	(4,689)		(4,279)		(3,884)	
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>	

Analysis of the amount charged operating costs:

	2015 £'000	2015 % of payroll	2014 £'000	2014 % of payroll	2013 £'000	2013 % of payroll
Current service cost	146	28.2	211	27.1	185	22.1
Past service cost	76	14.7	97	12.5	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amount charged to operating costs	222	39.6	308	39.6	185	23.6
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Analysis of the amount charged to other finance costs:

	2015 £'000	2015 % of payroll	2014 £'000	2014 % of payroll	2013 £'000	2013 % of payroll
Expected return on pension assets	582	112.4	455	58.5	414	49.3
Interest on pension scheme liabilities	(599)	(115.6)	(566)	(72.8)	(516)	(61.5)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Amounts charged to other finance costs	(17)	(14.3)	(111)	(14.3)	(102)	(12.2)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net revenue account cost	239		419		287	
	<hr/> <hr/>		<hr/> <hr/>		<hr/> <hr/>	

Analysis of the amount recognised in Statement of Total Recognised Surpluses and Deficits (STRSD):

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Actuarial (loss) / gain recognised in STRSD	(975)	(393)	(665)	(714)	1,823
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cumulative actuarial loss recognised in STRSD	(4,950)	(3,975)	(3,582)	(2,917)	(2,203)
	<hr/> <hr/>				

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

7. Employees (continued)

Amounts recognised in the Balance Sheet:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	11,586	9,757	8,690	7,445	7,085
Present value of funded liabilities	(16,275)	(14,036)	(12,574)	(10,794)	(9,894)
	(4,689)	(4,279)	(3,334)	(3,349)	(2,809)
Present value of unfunded liabilities	-	-	-	-	-
Unrecognised past service costs	-	-	-	-	-
Net liability recognised in the balance sheet	(4,689)	(4,279)	(3,884)	(3,349)	(2,809)

Reconciliation of opening and closing balances of the fair value of scheme assets:

	2015 £'000	2014 £'000	2013 £'000
Opening fair value of scheme assets	9,757	8,690	7,445
Expected return on assets	582	455	414
Contributions by members	39	53	57
Contributions by employer	764	417	417
Actuarial (losses) / gains	878	493	668
Benefits paid	(434)	(351)	(311)
Closing fair value of Scheme assets	11,586	9,757	8,690

Reconciliation of opening and closing balances of the present value of scheme liabilities:

	2015 £'000	2014 £'000	2013 £'000
Opening scheme liabilities	14,036	12,574	10,794
Current service cost	146	211	185
Interest cost	599	566	516
Contributions by members	39	53	57
Actuarial losses / (gains)	1,813	886	1,333
Past service costs / (gains)	76	97	-
Benefits paid	(434)	(351)	(311)
Closing scheme liabilities	16,275	14,036	12,574

Major categories of plan assets as a percentage of total plan assets:

	2015 %	2014 %	2013 %
Equities	74	72	75
Bonds	17	20	17
Properties	7	6	6
Cash	2	2	2

Amounts for the current and previous four accounting periods:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	11,586	9,757	8,690	7,445	7,085
Present value of scheme liabilities	(16,275)	(14,036)	(12,574)	(10,794)	(9,894)
Deficit on scheme	(4,689)	(4,279)	(3,884)	(3,349)	(2,809)
Experience adjustment on plan liabilities	878	493	668	(258)	(29)
Experience adjustment on plan assets	-	-	17	(130)	305

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

8. Tax on Surplus on Ordinary Activities

Taxation charge for the period from 1 April 2013 to 31 March 2014:

	2015 £'000	2013 £'000
Surplus on ordinary activities before tax	183	672
Tax on surplus on ordinary activities at UK tax rate 21% (2014: 23%)	38	155
Effects of:		
Expenses not deductible for tax purposes	48	441
Fixed assets differences	399	-
Amounts (charged)/credited directly to STRGL	(196)	-
Chargeable gains	16	-
Capital allowances in excess of depreciation	(63)	-
Difference between accounting and tax profits on property disposals	0	3
Decrease in tax losses	(338)	(603)
Defined benefit scheme timing differences	86	-
Other timing differences	10	4
Total current tax charge	-	-

9. Tangible Fixed Assets - Properties

Group and Society

	Freehold housing properties completed £'000	Freehold housing properties in the course of construction £'000	Shared ownership properties completed £'000	Shared ownership properties in the course of construction £'000	Non-social housing properties completed £'000	Total £'000
Cost						
At 1 April 2014	81,581	1,554	8,551	-	27,620	119,306
Additions	1,292	5,047	-	538	-	6,877
Schemes completed	5,466	(5,466)	277	(277)	-	-
Disposals	(767)	-	(199)	-	-	(966)
At 31 March 2015	87,572	1,135	8,629	261	27,620	125,217
Depreciation and Impairment						
At 1 April 2014	(13,415)	-	(387)	-	(2,536)	(16,338)
Charged in year	(1,532)	-	(59)	-	(416)	(2,007)
Eliminated on disposal	321	-	14	-	-	335
At 31 March 2015	(14,626)	-	(432)	-	(2,952)	(18,010)
b) Social Housing and Other Grant						
At 1 April 2014	(15,367)	-	(1,623)	-	-	(16,990)
Receivable during year	-	(265)	-	-	-	(265)
Schemes completed	(265)	265	-	-	-	-
Recycled Capital Grant	-	-	16	-	-	16
At 31 March 2015	(15,632)	-	(1,607)	-	-	(17,239)
Net book value at 31 March 2015	57,314	1,135	6,590	261	24,668	89,968
Net book value at 31 March 2014	52,799	1,554	6,541	-	25,084	85,978

Notes to the financial statements (continued)

For the year ended 31 March 2015

10. Tangible Fixed Assets - Expenditure on Works to Existing Properties

Group and Society

	2015 £'000	2014 £'000
Amounts capitalised	1,347	911
Amounts charged to income and expenditure account	1,747	1,834
	<u>3,094</u>	<u>2,744</u>
Social Housing Grant	2015 £'000	2014 £'000
Total accumulated SHG receivable at 31 March was:		
Capital grants	17,239	16,990
	<u>17,239</u>	<u>16,990</u>

Housing Properties book value, net of depreciation & grant; & offices net book value comprises:

	2015 £'000	2014 £'000
Freehold land and buildings	89,968	85,978
Long leasehold land and buildings	-	-
	<u>89,968</u>	<u>85,978</u>

11. Tangible Fixed Assets - Other

Group and Society

	Head office building £'000	Office equipment fixtures and fittings £'000	Vehicles £'000	Group Total £'000
Cost				
At 1 April 2014	2,130	2,457	58	4,445
Additions	-	446	-	446
	<u>2,130</u>	<u>2,903</u>	<u>58</u>	<u>5,091</u>
At 31 March 2015	2,130	2,903	58	5,091
Depreciation				
At 1 April 2014	(565)	(2,150)	(58)	(2,772)
Depreciation charged in year	(43)	(204)	-	(248)
	<u>(608)</u>	<u>(2,354)</u>	<u>(58)</u>	<u>(3,020)</u>
At 31 March 2015	(608)	(2,354)	(58)	(3,020)
Net book value at 31 March 2015	<u>1,522</u>	<u>549</u>	<u>-</u>	<u>2,071</u>
Net book value at 31 March 2014	<u>1,565</u>	<u>307</u>	<u>-</u>	<u>1,872</u>

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

12. Sale of Properties

	2015 Housing properties RTB £'000	2015 Housing properties RTA £'000	2015 Other housing properties £'000	2015 Total £'000	2014 Total £'000
Sale proceeds	335	-	414	749	1,241
Less: Cost of sales (non-cash)	(66)	-	(199)	(265)	(367)
Less: Cost of sales (cash)	(17)	(1)	(141)	(159)	(228)
Less: Cost of Capital Improvements	(49)	-	-	(49)	(22)
Less: Amount due to Tewkesbury Borough Council	(160)	-	-	(160)	(225)
Transfer to Disposal Proceeds fund	-	-	-	-	(84)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Surplus on disposal	43	(1)	74	116	315
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Cost of sales includes legal and valuation fees incurred in connection with the sale of properties.

13. Debtors

	Group 2015 £'000	Society 2015 £'000	Group 2014 £'000	Society 2014 £'000
Amounts falling due within one year				
Arrears of rents and service charges	546	546	599	599
Less: Provision for doubtful debts	(127)	(127)	(117)	(117)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	419	419	482	482
Other debtors	506	506	230	230
Car loans *	36	36	103	103
Prepayments and accrued income	233	233	100	100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	1,194	1,194	915	915
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

* Car loans are made to employees of the Group under an assisted car purchase scheme and are repayable in instalments over a period not exceeding 5 years.

14. Investments

	Group 2015 £	Society 2015 £	Group 2014 £	Society 2014 £
Investment in subsidiary	-	2	-	2
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Investment in subsidiary consists of 100% of the issued share capital of Severn Vale Housing Properties Limited, being two £1 shares.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

15. Deferred Taxation

Potential deferred taxation asset not provided for in the accounts is as follows:

	Group 2015 £'000	Society 2015 £'000	Group 2014 £'000	Society 2014 £'000
Accelerated capital allowances	726	726	875	875
Tax losses	(2,123)	(2,123)	(2,747)	(2,747)
Other timing differences	<u>(1)</u>	<u>(1)</u>	<u>(91)</u>	<u>(91)</u>
Total deferred tax	<u>(1,398)</u>	<u>(1,398)</u>	<u>(1,963)</u>	<u>(1,963)</u>

16. Creditors: Amounts falling due within one year

	Group 2015 £'000	Society 2015 £'000	Group 2014 £'000	Society 2014 £'000
Trade creditors	1,364	1,364	897	897
Rent and service charges received in advance	408	408	238	238
Other taxation and social security	25	25	14	14
Loan Interest accrual	659	659	659	659
Other creditors	163	163	75	75
Accruals	551	551	1,188	1,188
Recycled Capital Grant fund	227	227	210	210
Disposal Proceeds fund	84	84	84	84
Special projects	223	223	174	174
	<u>3,704</u>	<u>3,704</u>	<u>3,539</u>	<u>3,539</u>

Time taken to pay creditors was 26 days (2014: 22 days).

The amounts included in creditors in respect of the Disposal Proceeds Fund represent the net proceeds of properties sold under the Right to Acquire legislation. These amounts may only be spent on items of expenditure allowed under Right to Acquire legislation. The Recycled Capital Grant Fund represents the amount of SHG received in respect of those properties sold later.

17. Creditors: Amounts falling due after more than one year

	Group 2015 £'000	Society 2015 £'000	Group 2014 £'000	Society 2014 £'000
Housing loans repayable by instalments due after more than 5 years	114,750	114,750	109,500	109,500
Refinancing fees amortised over 10 years	(616)	(616)	(693)	(693)
Unutilised contributions from leaseholders and tenants	300	300	275	275
	<u>114,434</u>	<u>114,434</u>	<u>109,083</u>	<u>109,083</u>

The Group and Society have a total loan facility of £125m.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

18. Called-up Non Equity Share Capital

Five ordinary members of the Board of Management each hold one share of £1 in the Society, as do a nominee of the Tenants Forum and of the Council. The shares are non-transferable and non-redeemable and carry no rights to receive either income or capital repayments. They are thus classified as non-equity shares in accordance with Financial Reporting Standard 4. The shares provide members with the right to vote at General Meetings, but do not provide any rights to dividends or distributions on winding up.

	Group 2015 £	Society 2015 £	Group 2014 £	Society 2014 £
Shares of £1 each issued and fully paid: As at 1 April 2014 and 31 March 2015	6	6	7	7

19. Reserves

Group	Revenue deficit £'000	Group total 2015 £'000
At 1 April 2014	(27,646)	(27,646)
Losses on revaluation on pension scheme liabilities	(935)	(935)
Surplus for the year	183	183
	<hr/>	<hr/>
At 31 March 2015	(28,398)	(28,398)

Company	Revenue Deficit £'000	Company total 2015 £'000
At 1 April 2014	(27,646)	(27,646)
Losses on revaluation on pension scheme liabilities	(935)	(935)
Surplus for the year	183	183
	<hr/>	<hr/>
At 31 March 2015	(28,398)	(28,398)

20. Recycled Capital Grant Fund

The Group and Society utilised disposal proceeds as follows:

	2015 £'000	2014 £'000
At 1 April 2014	210	124
Recycled from disposals	16	86
	<hr/>	<hr/>
At 31 March 2015	226	210

No allowance is made for notional interest on the sale proceeds.

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

21. Disposal Proceeds Fund

The Group and Society utilised disposal proceeds as follows:

	2015 £'000	2014 £'000
At 1 April 2014	84	-
Recycled from disposals	-	84
	<hr/>	<hr/>
At 31 March 2015	84	84
	<hr/> <hr/>	<hr/> <hr/>

No allowance is made for notional interest on the sale proceeds.

22. Surplus on the sales of housing properties through RTB and RTA

	2015 £'000	2014 £'000
Disposal proceeds	334	562
Carrying value of fixed assets	(292)	(439)
	<hr/>	<hr/>
Disposal Proceeds Fund	42	123
	-	(84)
	<hr/>	<hr/>
	42	39
	<hr/> <hr/>	<hr/> <hr/>

23. Commitments and Contingencies

The Group and Society's expenditure commitments are as follows:

	2015 £'000	2014 £'000
Capital commitments		
Capital expenditure contracted for but not provided for in the financial statements	6,261	4,037
	<hr/> <hr/>	<hr/> <hr/>

The above commitments will be financed primarily through borrowings.

The Group and Society had no contingent liabilities at 31 March 2015 (2014: Nil).

24. Units in Management

	2015 Number	2014 Number
General needs accommodation	2,787	2,745
Affordable rents accommodation	33	23
Mortgage rescue	9	9
Sheltered accommodation	410	410
Shared ownership	162	163
Rent to Home Buy	8	8
	<hr/>	<hr/>
Total social housing	3,409	3,358
Market rents	84	83
Student accommodation	282	282
	<hr/>	<hr/>
	3,775	3,723
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Financial Statements (continued)

For the year ended 31 March 2015

25. Related Party Transactions

Car loans have been provided and are available on common terms to all staff, the balance of which is shown in note 13. No Car loans were advanced to a director during the year (2014: £Nil). At the year end, the balance was £Nil (2014: £4,554).

The tenancies of the Tenant Representatives as detailed on page 3 are on the same terms and conditions as other tenants of the Group. They cannot use their position as Board Members to their advantage in their relationship with the Group.

26. Subsidiary Undertakings

Severn Vale Housing Properties Limited (SVHP) is a private company, and its principal activity is property leasing. It is a subsidiary by virtue of the fact that Severn Vale Housing Society holds 100% of the shares in SVHP, and thus is able to direct the activities of the company; and therefore in accordance with Financial Reporting Standards and the Co-operative and Community Benefit Societies Act 2014, the Group is required to prepare consolidated financial statements.

Severn Vale Housing Association Limited (SVHA) is a private company incorporated on 4 November 2005. Its principal activities will be charitable but it is currently dormant and will remain so until suitable opportunities for using it are identified.

26. Stocks

Stock consists of consumable items held for use within the business.