**Ongo Homes**

Report and Financial Statements

Year Ended

31 March 2018

FCA Registration Number 7639

Previous Charity Number 1117952

Homes England Registration Number L4486

Previous Company Registration Number 05439434

**Report and financial statements**

**for the year ended 31 March 2018**

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**Executives & Advisors**

**for the year ended 31 March 2018**

**Board Members**

The following members have held office during the year and to the date of this report unless otherwise stated:

**Independent Members:**

R Pometsey

H Lennon M Kenyon

G Dixon M Spittles

S Turner

T Clark

E Cook

**Tenant Representatives**:

A Bairstow (resigned 15th June 2017)

J Norris (appointed 9th May 2017)

**Directors:** Chief Executive A Orrey (resigned 06th April 2018)

Chief Executive S Hepworth (appointed 07th April 2018)

Director of Operations S Hepworth (resigned 06th April 2018)

Communities Director E Stoddart (appointed 07th April 2018)

Director of Resources E Stoddart (resigned 06th April 2018)

Property Director P Stones (appointed 07th April 2018)

Director of Regeneration and Investment P Stones (resigned 06th April 2018)

Resource and Commercial Director A Harrison (appointed 07th April 2018)

Corporate & Compliance Services Director J Sugden (appointed 07th April 2018)

**Secretary and registered office:** E Stoddart (resigned 20th June 2018)

J Sugden (appointed 20th June 2018)

Ongo House, 26-30 High Street, Scunthorpe, North Lincolnshire DN15 6NL

**Auditors** BDO LLP

Central Square

29 Wellington Street

Leeds LS1 4DL

**Bankers:** Barclays Bank plc

One Snowhill

Snowhill Queensway

Birmingham B4 6GB

**Solicitors:**

Womble Bond Dickinson LLP Forbes Solicitors

St Ann’s Wharf Rutherford House

112 Quayside 4 Wellington Street (St John)

Newcastle upon Tyne Blackburn, Lancashire

NE1 3DX BB1 8DD

Wilkin Chapman LLP Trowers and Hamlins

Cartergate House 55 Princess Street

6 Chantry Lane Manchester

Grimsby M2 4EW

DN31 2LJ

**Report of the Board of Management**

**for the year ended 31 March 2018**

**Nature of Business**

Ongo Homes Limited (“Ongo Homes”) is a charitable Community Benefit Society (CBS) regulated by the Financial Conduct Authority (FCA) and a Registered Provider of social housing regulated by Homes England (formerly the Homes and Communities Agency (HCA)).

Ongo Homes Limited changed its status from a limited company to a CBS on 1 October 2017 as it believed an organisation run for the benefit of the wider community and re-investing profits in the community, which is what a CBS does, was more akin to the aims and objectives of Ongo Homes than maintaining its status as a limited company.

On 1 October 2017 the organisation ceased to be registered at Companies House and became registered with the FCA. Whilst the legal status of the organisation changed, the trade remained the same and under the Co-Operative and Community Benefit Societies Act 2014 there was no need to split the trading period within the Annual Report and Financial Statements. This Annual Report and Financials Statements therefore cover the year ended 31 March 2018.

It is a wholly-owned subsidiary of the Ongo Partnership Limited which is not a Registered Provider with Homes England.

The corporate structure of the Ongo Partnership group is clearly defined and the relationship between this CBS, the parent and its other subsidiaries is set out in Intra-Group agreements which were considered and approved by each of their Boards.

The primary role of the CBS is to provide social housing in North Lincolnshire having taken over the ownership and management of North Lincolnshire Council’s 9,950 homes on 26 February 2007.

# Board and Executive Directors

The Board Members and Executive Management Team serving during the period and up to the date of signing the Financial Statements are listed on page 3. None of the Board Members and Executive Management Team hold any interests in the capital of this CBS, or of Ongo Partnership Limited.

Executive Management Team members act as executives within the authority delegated by the Board. The CBS’s insurance policies indemnify Board Members and officers against liability when acting on its behalf.

The Chief Executive is appointed on a permanent contract with a six month notice period. Other Executive Directors have a three month notice period, but are otherwise employed on the same terms as other staff.

The Executive Directors are all members of either the East Riding Pension Fund, a final salary pension scheme, or the defined contribution scheme provided for the Employees, currently through Aviva. They contribute on the same terms as all other eligible staff and the CBS contributes to the schemes on behalf of its employees.

**Report of the Board of Management**

**for the year ended 31 March 2018 (continued)**

# Financial Statements

The Board present their report and audited Financial Statements of the CBS for the year ended 31 March 2018.

**Results**

The CBS made an operating surplus of £14.4m for the year (2017 - £14.2m). The result, after allowing for the expensed cost of environmental works and the past service pension credit, exceeded the business plan upon which the original transfer from the Council was based and the Directors consider this to be an acceptable standard of performance.

**Reserves**

Revenue reserves total £75.9m at the year-end (2017 - £61.4m) and the business plan dictates that this will be utilised for future investment in the provision of social housing.

**External Factors**

We undertake comprehensive stress testing of the business plan and developed with the board an approved recovery plan should a doomsday scenario arise. Therefore we have been able to quickly prepare a plan to address the impact any economic changes on the organisation, with the financial forecasts showing that we will remain in a financially strong position and remain well within our loan covenants.

**Going Concern**

The Financial Statements are prepared on a going concern basis, as the Board is satisfied that the CBS has sufficient resources to continue its activities for the foreseeable future. In making this assessment the Board has considered a wide range of information relating to present and future conditions, including future business plan projections allied to expected grant funding income and currently available banking facilities.

**Governance**

Ongo Homes holds the highest ratings available for both Governance (G1) and financial viability (V1).

**Statement of the Board’s Responsibilities in Respect of the Accounts**

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

In preparing these financial statements, the board members are required to:

* select suitable accounting policies and then apply them consistently;
* make judgements and accounting estimates that are reasonable and prudent;
* state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social housing providers 2014 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 group and CBS will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the CBS’s transactions and disclose with reasonable accuracy at any time the financial position of the CBS and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered

**Report of the Board of Management**

**for the year ended 31 March 2018 (continued)**

**Statement of the Board’s Responsibilities in Respect of the Accounts (continued)**

Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the CBS and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2014.

Financial statements are published on the CBS’s website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the group and CBS’s website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

**Assessment of the effectiveness of Ongo Homes’ system of internal control**

The Board is ultimately responsible for the CBS’s system of internal control and for reviewing 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 provide reasonable assurance that 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 CBS assets and interests.

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 CBS is exposed and is consistent with good practice and regulatory requirements.

The main area in which this is evidenced is as follows:

**Identification and evaluation of key risks**

Management responsibility has been clearly defined for the identification, evaluation and control of significant risks. There is a formal and ongoing process of management review in each area of the CBS’s activities. Reports on significant risks facing the CBS, and any changes to the Risk Map are reported to the Group Audit & Risk Committee which monitors the risk management arrangements. The Executive Team is responsible for regularly reviewing the risks of the CBS and for monitoring mitigation plans against those risks.

A scoring system has been developed that attempts to quantify the original risk before any mitigation and then again after the identified mitigation plans have been completed. Completion of mitigation plans is routinely reviewed by the Audit & Risk Committee.

The Board reviews key strategic risks at least annually to ensure activity remains focussed on the correct areas and adequately take account of changes to the organisation’s circumstances. The output from this work forms a part of the basis for focussing the internal audit programme.

Risk management is embedded into service areas through training and by inclusion in team and individual plans.

Business plans are stress tested and mitigation plans are put in place to cover any adverse crystallising of risks.

**Report of the Board of Management**

**for the year ended 31 March 2018 (continued)**

**Internal Audit**

Independent resources are used to undertake detailed audits on specific internal controls. An annual plan is agreed and each report is summarised for review by the Group Audit & Risk Committee. At each meeting of this group the outstanding audit issues are reviewed to ensure actions are progressing satisfactorily, particularly if higher priority risks are identified by the audits.

The Committee has included focus on fraud prevention, detection and deterrence to those internal audits where risk is perceived to be greatest.

A fraud register is maintained and reviewed at each Committee meeting.

The internal auditors have an opportunity at every Committee meeting to discuss matters without the presence of executives.

**External Audit**

In so far as the Board is aware, all of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the CBS’s auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

The External Auditors have an annual meeting with the Committee without the presence of executives.

**Fraud**

An annual review of the policy is undertaken by the Group Audit & Risk Committee covering prevention, detection recovery and reporting.

The Fraud Register is updated as necessary for all actual and potential frauds committed or attempted to be committed against the CBS and comes to every meeting of the Audit & Risk Committee.

**Reporting, review and corrective action**

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

**Report of the Board of Management**

**for the year ended 31 March 2018 (continued)**

**Statement of the Board’s Responsibilities in Respect of the Accounts (continued)**

The Group Audit & Risk Committee conducts an annual review of the effectiveness of the system of internal control and has taken account of any changes needed to maintain the effectiveness of risk management and control process. This Committee makes an annual report on this matter to the Board. The Board has received this report and has included it within the Financial Statements.

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

### Employment and Equal Opportunities

Employee information is set out in Note 7 of the Financial Statements.

The CBS is committed to the principles of equal opportunities.

**Auditors**

BDO LLP are in the final year of their three year appointment to serve as auditors for the CBS.

**By Order of the Board**

**M Spittles**

**Director Date:**

**Audit and Risk Committee report**

**for the year ended 31 March 2018**

From 1 April 2017 to 31 March 2018 there were four meetings held on

* 17 May 2017
* 10 August 2017
* 12 October 2017
* 15 February 2018

There meetings were attended by:

|  |  |  |
| --- | --- | --- |
| Name | Number of meetings eligible to attend | Number of meetings attended |
| Edgar Patchett | 2 | 2 |
| Andrew Colls | 4 | 4 |
| Avril Bairstow | 4 | 4 |
| Melvin Kenyon | 4 | 4 |
| Gemma Dixon | 4 | 3 |
| Sarah Turner | 3 | - |
| Thomas Clark | 3 | - |

In February 2018 Andrew Colls resigned as Chair of the committee and was replaced, on an interim basis, by Richard Gravestock.

The key responsibilities of the Group Audit and Risk Committee which enable it to assist the Board in fulfilling its oversight responsibilities are:

* Reviewing the effectiveness of the CBS’s financial reporting and internal control policies.
* Reviewing procedures for the identification assessment and reporting of risk and the effectiveness of risk management.
* Monitoring the integrity of the CBS’s Financial Statements.
* Monitoring compliance with applicable legal and regulatory requirements.
* Agreeing the scope of the Internal Auditors annual audit plan
* Agreeing the scope of the External Auditors audit plan
* Monitoring the qualifications, expertise, resources, independence, performance and effectiveness of the Internal and External Auditors.
* Making recommendations to the Board on the reappointment or otherwise of both the External and Internal Auditors and keeping their fees, terms of engagement and independence under review.

The minutes of each and every Group Audit & Risk Committee meeting are accepted by the Ongo Partnership Board Meeting that follows it. A verbal update is given at both the Ongo Partnership and the Ongo Homes Board.

The Committee has asked that the Chief Executive and the Resource & Commercial Director attend its meetings. Other members of the Executive Team attend as and when required.

Members of the Committee have the opportunity to meet alone and/or to meet with both the Internal and External Auditors who have direct access to the Chair of the Committee.

The Chair of the Committee also receives the management accounts monthly.

The Committee may, at Ongo Partnership’s expense, obtain independent professional advice on any matters covered by its terms of reference.

**Audit and Risk Committee report**

**for the year ended 31 March 2018 (continued)**

The Committee accepts that certain work of a non audit nature is best undertaken by the External Auditors. The Committee reviews the amount of non audit work they perform on an annual basis.

The principal activities undertaken by the Committee in the period under review were as follows:

Internal controls and risks:

* Considered the reports from both the Internal and External Auditors on work undertaken in reviewing and auditing the control environment, to assess the effectiveness of the internal control system.
* Assessing the effectiveness of the internal controls of the CBS and the group and reviewed related disclosures in the Financial Statement.
* Reviewed the Asset and Liability Register.
* Monitored the Data Protection Action Plan and the Plan for the General Data Protection Regulations due to come into force in May 2018.
* Monitored all direct award procurement actions to ensure that the committee was comfortable with the reasons behind these.
* Monitored fraud attempts.
* Monitored Health and Safety as regards to compliance, particularly in relation to fire safety.

Finance reporting:

* Reviewed the Financial Statements of the CBS and as part of this process the significant financial judgements contained therein.
* Reviewed the assumption regarding the preparation of the Financial Statements on a going concern basis, including the supporting information and disclosures contained therein.

Internal audit:

* Agreed the internal audit plan for the period aimed at assessing the effectiveness of policies and processes relating to the key areas of operational and financial risk.
* Received, reviewed and considered the reports from the Internal Auditors with respect to the work they had done with regard to their agreed audit plan.
* Monitored the progress the CBS and the Group had made to implement any recommendations made by the Internal Auditors
* Considered the award of the Internal Audit contract for the following three years; a tender process was undertaken resulting in the appointment of TIAA

External audit:

* Agreed the approach and scope of the audit work to be undertaken by the External Auditors
* Received, reviewed and considered the interim and final management reports of the External Auditors.
* Monitored the progress the CBS and the Group has made to implement any recommendations made by the External Auditors.
* Agreed the fees for the External Audit.
* Considered, evaluated and agreed the appointment of BDO LLP as the External Auditors of the CBS and the Group to the year ended 31st March 2018.

**AUDIT AND RISK COMMITTEE CHAIR DATE:**

**R Gravestock**

**Strategic report**

**for the year ended 31 March 2018**

**VISION**

“To create truly vibrant and sustainable communities.”

**CORPORATE OBJECTIVES**

To enable the CBS to realise this vision its strategy is based on the successful completion of its four key Corporate Objectives:

* Do the basics well.
* Improve lives.
* Be strong financially.
* Grow the business

**The Board has revised the Corporate Plan and Objectives and has reiterated its commitment to build more homes.**

**Nature of business**

The CBS was formed on 28 April 2006. It became operational with the transfer of the housing stock of North Lincolnshire Council on 26 February 2007 and is located in the main town of Scunthorpe.

The CBS’s housing stock at 31st March 2018, which is centred in and around the Scunthorpe area, consisted of 9,428 units for General Needs, Affordable Rent 340 units, 10 units for Supported Housing/housing for older people and 2 units for shared ownership. This stock includes 28 units within General needs put aside for remodelling and/or awaiting demolition. The CBS therefore has a high exposure to the risks associated with a large number of General Needs housing in a concentrated area.

The condition of the stock was reviewed as part of the Stock Transfer, and became the platform on which the CBS built its refurbishment and improvement programme for the following 5 years. This was designed to exceed Decent Homes Standard and was successfully completed in March 2012 and continues to be attained now.

**Compliance with Governance and Financial Viability Standard**

The Board carried out an assessment against the standard for 2017/18 and are pleased to certify that Ongo Homes fully complied with the Governance and Financial Viability standard throughout the financial year.

**NHF Code of Governance**

The Board has adopted the NHF Code of Governance. Following an assessment against the Code the Board is pleased to report that it fully complies with the NHF Code of Governance 2015.

The CBS is governed by a Board of Management of up to 12 non executive members. The current list of members is included on page 3 of these financial statements. The CBS strives to ensure it is able to recruit members from a diverse background to bring together the necessary skills and expertise required to lead a successful and high performing organisation. All Board Members are subject to individual annual assessment by an independent body, which shares its findings with the Board.

**Strategic report (continued)**

**for the year ended 31 March 2018**

The Board delegates the day to day running of the CBS to an Executive Management Team, headed by a Chief Executive and supported by a Property Director, a Communities Director, A Resource and Commercial Director and a Corporate and Compliance Services Director. Members of the Executive Management Team also attend the Board meetings.

Ongo Homes holds the highest ratings available for both Governance (G1) and financial viability (V1).

**Employees**

The CBS recognises that fulfilment of its Corporate Objectives is underpinned by the quality and contributions of its Board and all the people it employs across the organisation. The CBS is committed to investing in its employees and through its annual performance and development process it is able to identify and build upon each and every employee’s development needs to equip them with the necessary skills and experience they require.

The CBS shares information on its objectives, progress and activities through a series of meetings involving executive directors, the senior management team and its employees, and by means of the intranet and other social media sites. It also participates in a Joint Consultative Committee with elected employee representatives and meets regularly to discuss issues relevant to them.

The CBS retains its Gold accreditation from Investors in People, an achievement which demonstrates the CBS’s commitment to maintaining a workplace which values the professional and personal development of its employees

As an equal opportunity employer, the CBS is committed to the equality and diversity agenda regardless of age, race, religion, belief or ability. As such it invites interests from all of its stakeholders and believes that this commitment is fundamental across its organisation and integral in what it seeks to achieve.

**Business planning**

The business planning process is centred on achieving the CBS’s key Corporate Objectives. This includes an assessment of strengths and weaknesses, opportunities and threats related to these objectives. These are discussed annually between the Executive Management Team and the Board and appropriate measures are included within the business plan.

**OPERATIONAL HIGHLIGHTS**

**Investment in the future**

Our main highlights in 2017/18 were:

* Our response to Grenfell disaster, including the installation of sprinkler systems to our high rise blocks.
* The introduction of ‘My Home’, our brand new tenant app
* The Westcliffe regeneration project, including the delivery of the new community hub; The Arc
* Preparation for full GDPR compliance
* Delivery of our new head office building, Ongo House, in partnership with the local authority for occupation May 2018
* Delivery of our refugee support service

**Strategic report (continued)**

**for the year ended 31 March 2018**

**OPERATIONAL HIGHLIGHTS (continued)**

**New Business**

Through working in partnership with the Homes England and North Lincolnshire Council, 103 new properties were completed during 2017/18.

**Improving what we do**

External accreditation is used to measure our performance and effectiveness, especially in front-facing services such as resident involvement or customer services.

By putting ourselves through external scrutiny, the CBS has the opportunity to benchmark not just within the sector but against other industries too.

2017/18 saw the hard work of staff at Ongo being recognised locally and nationally at a number of different award ceremonies. Here’s a selection –

* LABC (Local Authority Building Control) – ‘Best Social / Affordable New Housing Project’ for our Parkwood Avenue development
* Customer Services Team: National Housing Heroes Frontline Team of the Year Award
* Customer Service Excellence accreditation
* Achieved TPAS (tenant participation) accreditation
* National Centre for Diversity (NCFD) awards - won ‘Equality, Diversity and Inclusion lead of the year, won ‘UK steering group of the year’ and Shortlisted for Most Inspiring Individual of the year.

**FINANCIAL REVIEW**

The principal aim of this section is to explain the CBS’s financial performance during the last year and how this is linked and influenced by its:

* capital structure,
* treasury policy,
* sources of liquidity and
* investment plans.

**Financial Performance**

The CBS’s turnover decreased to £44.6m *(2017:£44.8m)* largely as a result of the annual rent decrease of 1%, mitigated by additional one off income realised.

Rent losses from voids and bad debt (expressed as void and bad debt as a percentage of income from lettings) was 2.9% *(2017: 1.4%).* The Board considers void management to be a key performance measurement and, in addition to bad debt and void losses, continually reviews the percentage of void stock in management and void turnaround (re-let) time.

The percentage of income lost from voids (expressed as income lost from voids in management divided by gross rent) was targeted to be 1.1% in the last financial year. Actual performance in the period to 31 March 2018 was above target at 1.6%, achieved in a difficult operating environment *(2017: 1.0%)*.

Overall rent arrears at the end of the year (expressed as arrears divided by gross rent) were 3.4% *(2017: 5.8%).* In a year that has seen continued difficulties in the general economic environment, to be able to report such a low figure is a credit to the efforts of our employees and the work they carry out with our other specialist partners to address tenants monetary and other financial inclusion issues.

The net movement in housing stock saw an increase to 9,770 *(2017:9,700).* During the year 33 tenants exercised their right to buy their home (RTB). The surplus on the sale of properties was £0.80m (*2017:£1.35m)*.

**Strategic report (continued)**

**for the year ended 31 March 2018**

**FINANCIAL REVIEW (continued)**

**Financial Performance (continued)**

The operating surplus before interest and right to buy has increased by 5% to £13.6m (2017: £12.9m), with operating margin changing from 28.5% (2017) to 30.4% (2018).

The surplus on ordinary activities before taxation for the year decreased by £185k to £11.28m. After the actuarial gain on the defined benefits pension scheme of £3.3m (2017 loss of £7.0m) this leaves a recognised gain to reserves of £14.6m compared to £4.4m in the previous year.

**Capital Structure and Treasury Policy**

The CBS borrowed no new funds during the year, but continued to refurbish and improve its housing stock.

Borrowings at the period end were £60m, a £11m reduction on the prior year, and unused available facilities total an additional £30.0m. This debt is borrowed wholly from a UK bank using a mixture of fixed interest and variable rate loans. The first repayment in on a fixed term loan becomes due in 2022/23.

The treasury strategy is set annually and approved by Ongo Partnership Board. Normal policy is to maintain between 60% and 80% of borrowings at fixed rates of interest. At the end of the financial year 100% of the CBS’s borrowings were at fixed rates of interest. This ratio has occurred due to the restructuring of the loan agreements during the year; previous fixed term debt remains in place, now supplemented by a currently undrawn revolving credit facility. These restructurings of debt were appropriately approved by both the Treasury Committee and the Board.

The CBS does not use hedging instruments other than to fix variable rate debt at the time of drawdown.

The fixed rates of interest range from 3.4% to 6.55% at the year end, with margins on these fixed debts scheduled to increase by 1.25% over the next 6 years. The currently undrawn revolving credit facility incurs a commitment fee of 0.48% on undrawn facilities, and when drawn a margin of 1.2% above LIBOR.

The Bank’s lending agreement requires compliance with a number of covenants. Ongo Home’s position is monitored on an on-going basis and reported to the Board. Recent reports confirmed that the CBS was in compliance with all its loan covenants throughout the year under review and the Board expects to remain compliant in the foreseeable future.

Surplus funds are invested in approved institutions and monitored by the Ongo parent board and the Treasury Committee.

The CBS’s principal credit risk relates to tenant arrears. This risk is actively managed by providing support and advice to those tenants who are eligible for housing benefit and to closely monitor the arrears of those tenants who are able to self fund some or all of their rent. Recent and proposed changes to the benefits system have been identified as one of the CBS’s key risks.

**Cash flows**

Cash inflows and outflows for the period under review are set out in the statement of cash flows. It details:

* net cash inflows from operating activities which are from the management of housing stock;
* returns on investment and servicing of finance due to interest income and interest charges; and
* the net movement on financing.

**Strategic report (continued)**

**for the year ended 31 March 2018**

**FINANCIAL REVIEW (continued)**

**Current liquidity**

Cash and bank balances at the year-end were £18.1m. (2017: £27.8m) Net current assets were £14.8m (2017: £24.3m). Ongo Homes has facilities and security in place to borrow a further £30.0m.

The Board does not consider there to be any seasonal effects on borrowing requirements. The main factor influencing the amount and timing of borrowings is the pace of the development programme. Cash flow forecasts are monitored closely to ensure sufficient funds are available to meet liabilities when they fall due, whilst not incurring unnecessary finance costs, by only drawing on loan facilities when required.

**PRINCIPAL RISKS**

The principal key risks facing the CBS are:

* Operational: effective management of both existing housing stock and of new development programmes
* Financial: welfare reform (income loss); housing stock loss through Right to Buy and replacing stock; future funding availability
* Compliance: having key business skills on the board; compliance with all Homes England regulatory standards
* Strategic: changes in housing policy; new developments

**FUTURE PLANS**

**We want to** **grow by:**

* Securing funding to build new homes
* Maintaining the number of homes we manage by making sure we build more homes than we lose through Right to Buy and regeneration or demolition
* Developing Partnerships and working relationships to enable us to build more homes.

**We want to diversify to:**

Reduce the overall risk profile & our reliance on localised home rental income

Increase our income streams through offering new products & services e.g. roofing, training and employment, maintenance externally.

Increase our local influence by becoming a key provider or enabler of complementary housing related services to our tenants and their communities

Strengthen the bonds between Ongo and existing customers by increasing the range of services offered to help them sustain their tenancies

**STATEMENT OF COMPLIANCE**

The Board confirms that the Strategic Report has been prepared in accordance with the principles set out in the SORP for Registered Providers and the Companies Act.

**By Order of the Board**

**M Spittles**

**Director Date:**

**Value for Money Statement**

**For the year ended 31st March 2018**

**Introduction**

Ongo is a partnership of companies with one shared vision to create and sustain truly vibrant communities.

Its purpose is to provide people with quality homes in safe communities, and support them to live well.

Ongo has three main subsidiaries; Ongo Homes Ltd, Ongo Communities Ltd and Ongo Commercial Ltd, all of which sit under one parent company, Ongo Partnership.

Each is governed by its own board of non-executive directors. Payments to board members are published annually on our website [www.ongo.co.uk](http://www.ongo.co.uk) in accordance with our Transparency Policy.

Ongo Homes Ltd is our registered social housing provider, regulated by The Regulator of Social Housing, formerly Homes and Communities Agency.

It is expected to meet the requirements as set out in its regulatory framework and evidence how it complies with Economic and Consumer Standards.

Annually, we submit a self assessment against the standards.

In 2017/18, The Regulator of Social Housing judged Ongo Homes’ financial viability as V1 and governance as G1, the highest rating available.

In July 2017, Ongo Homes converted from a company limited by guarantee to a Community Benefit Society and thus will only undertake activities which further its charitable objectives. These include:

* The business of providing and managing housing, including social housing, and providing assistance to help house people and associated facilities, amenities and services for poor people or for the relief of aged, disabled or chronically sick people
* To provide recreation or other leisure facilities in the interest of social welfare with the object of improving the conditions of life for the residents of the local authority area in which the association owns or manages housing stock and neighbouring areas
* The promotion for the public benefit of urban or rural regeneration in areas of social and economic deprivation (and in particular in areas in which the association owns or manages housing stock)
* Any other charitable object that can be carried out from time to time by a registered provider of social housing

In 2017/18, Ongo Homes established Ongo Home Sales Ltd and Ongo Developments Ltd through which its build-for-sale programme will be delivered.

**Corporate objectives**

In 2016 we published our 2020 Corporate Plan which sets out four Corporate Objectives:

* To provide excellent value for money services and homes that local people need
* To help tenants improve their lives and sustain their tenancies
* To use excess resources to build new homes that meet local demand
* To grow our group with complementary activities

The objectives are met through the delivery of an annual Operational Plan. Performance against the plan is monitored and reported on monthly in a Balanced Scorecard, which is scrutinised by the Senior Management Team.

In 2017/18, 97% of the 41 actions in the Operational Plan were completed.

The Chief Executive reports progress against the Corporate Objectives at every Ongo Homes Board meeting.

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

**Our approach to achieving Value for Money**

Value for Money means getting the biggest benefit from every investment made.

To provide good value, we seek to understand our assets, know our customers, track our markets and monitor our performance.

Our Value for Money Strategy is centred around six key principles:

* Maximising our return and protecting and understanding our assets
* Understanding and embedding value for money across the group
* Considering value for money in everything we do and setting targets to achieve it
* Understanding what customers want and delivering objectives that meet this
* Being transparent and inclusive
* Having effective governance and value for money structures

In 2017/18 we revised our procurement thresholds, recognising that processes can be undermined if required too frequently or are too intensive for lower value purchases.

We now operate with the following purchasing thresholds:

* Up to £1,000 requires one written quotation
* £1,001 - £10,000 requires two written quotations
* £10,001 - £25,000 requires three written quotations
* £25,001 - £50,000 requires three written quotations but with Procurement Department support
* £50,001 - £181,302 for services & supplies, or £4,551,413 for works. This is an Official Journal of the European Union (OJEU) requirement. This requires a local tender process inviting a minimum of six companies and receiving a minimum of three tender returns
* £OJEU plus requires an OJEU compliant tender process or an appointment via the OJEU compliant framework

Our contract management processes have been strengthened through the further development of the Contract Management Framework, and through improved management of the Contracts and Procurement Register.

All contracts are now included on the register with a rating to alert when they are due to expire, plus when supplier information, such as insurance details, expire.

All managers are required to complete mandatory training on the Contract Management Procedure and Procurement and Tendering Procedure which includes guidance on running contract management meetings.

In 2017/18 we realised savings of £740k.

Of the savings recorded on our VFM Register, over £710k were cashable savings. The restructure of operational teams delivered the highest saving, of £357k, plus a further £72k saving for associated costs such as lease vehicles, fuel and equipment. The renegotiation of contracts realised more than £79k.

Staff are encouraged regularly to seek and record all savings, regardless of value, and so smaller gains are also accounted for, such as a £24k saving to deliver training internally through the Ongo employment support team, negotiating a £2k saving in advertising costs or returning vehicles to the lease company already cleaned, saving £1,400 a year.

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

**How we measure Value for Money**

Each year we set targets for savings and measure the efficiencies we have achieved through our Value for Money register. This is reported annually to our boards.

We also produce an Assurance Dashboard which is presented to each Ongo Homes Board meeting and reports on how we are delivering on key performance indicators linked to our four Corporate Objectives, plus information on financial, regulatory and legal compliance, key risk indicators and outcomes from internal audits.

Three times a year we carry out a telephone survey of 600 tenants to produce an annual customer satisfaction performance report. We have a group of tenant inspectors who validate the data we collect.

We have maintained high levels of customer satisfaction with 93.8% of tenants reporting they are satisfied with the services they receive - an increase from 92.7% the previous year.

We also ask tenants how satisfied they are that their rent provides good value for money. In 2017/18, 94.1% were satisfied they received good value.

Our Resident Scrutiny Panel is a group of tenants appointed to investigate core services and recommend efficiencies and improvements. It provides an independent assessment and critical challenge with the aim of driving improvements to standards, processes and performance.

Annually, we benchmark our costs and performance to determine how we are positioned against other similar social housing providers and where there is scope for further efficiencies.

We subscribe to HouseMark, a business intelligence company, which runs our data against a peer group. This is presented in a housing sector scorecard, which compares our performance in key indicators against comparable housing providers. This is reported to Ongo Homes Board.

We also refer to the social housing Global Accounts, which is published annually by the Homes and Communities Agency (now The Regulator of Social Housing).

Each year we carry out a salary benchmarking exercise to ensure remuneration costs are line with the local labour market. The Chief Executive’s salary and benefits are published annually as part of the Inside Housing salary survey.

In 2017/18, we achieved the following accreditations, which again provide external assurance of our performance.

* Advice Quality Standard
* Customer Service Excellence
* Leaders in Diversity (including Investors in Diversity)
* Excellence in tenant engagement
* Tenant Participation Advisory Service

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

**Asset management and regulatory considerations**

The Regulator of Social Housing requires providers to:

* Manage resources effectively to ensure viability is maintained while ensuring social housing assets are not put at undue risk (Governance and Financial Viability Standard)
* Understand the return on its assets and have a strategy for optimising the return on assets (Value for Money Standard)
* Maintain a thorough, accurate and up to date record of assets and liabilities (Governance and Financial Viability Standard)
* Ensure homes meet Decent Homes quality (Home Standard)
* Meet statutory requirements to provide for the health and safety of tenants (Home Standard)
* Provide a cost-effective repairs and maintenance service to homes and communal areas (Home Standard)

The Ongo Homes Asset Management Strategy 2017 – 2020 sets out our approach to understanding our assets using a number of tools:

* **Asset & Liability Register**  
  This provides real time access to all property and tenancy information linked to title deeds, market value and charge details.
* **Asset Management System**  
  Currently all stock information is held on the integrated housing management system. A new system is being implemented and it is expected to be operational by the end of 2018. This will significantly improve our ability to maintain a comprehensive stock asset and component database, manage decent homes investment and compliance, monitor sustainability of stock, cost forecasting, manage health and safety compliance, SAP ratings and energy efficiency and stock condition.
* **Sustainability Index**Our Sustainability Index assesses the ongoing viability of properties and estates against a number of indicators, including cost, income projections, management activity, performance and environmental information.
* **Net Present Value (NPV)**Using information from the Sustainability Index**,** we calculate the NPV of properties before any major investment decisions are made. This includes where we should invest, disinvest, dispose or convert particular properties.
* **Regeneration & Sustainability Working Group**To ensure that asset management decisions are well informed and owned by the whole organisations, this group, which includes representatives from across the organisation, meets monthly to determine how we best deliver asset management.
* **External audits**

Asset management data is essential in informing the Business Plan and ensuring the business has enough financial resources to manage and maintain its assets to the necessary standards. In order to satisfy lenders, an annual stock valuation survey is carried out.

The Asset Management Strategy has five objectives:

* To maintain assets to a high standard
* Provide and sustain efficient homes and buildings
* Maximise value for money from our assets
* Keep pace with changing demographics and needs
* Deliver cyclical maintenance and ensure health & safety compliance
* Increase our stock

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

Below are the details of housing stock held at the end of 2017/18.



**New build programme**

One of our Corporate Objectives is to use excess resources to build new homes for social and affordable rent.

In 2017/18 we built 103 new homes for affordable or social rent and acquired a further two which we sold under a Shared Ownership Scheme.

During this period we drew £3.7m of a total £7.8m grant, awarded to us as part of the Government’s Shared Ownership and Affordable Homes programme 2016-21, to fund the continued delivery of our new-build programme.

It is our ambition to more than double the number of homes we build in coming years and have partnered with North Lincolnshire Council to deliver their accelerated construction programme, which is targeted to build 280 new, mixed tenure, affordable homes by 2021.



**Social value**

Our Community Investment Strategy sets out how we will help people improve their lives and sustain their tenancies.

Our priorities are to target our investment in communities where we have housing stock; prioritising our tenants and those most in need, and then use our resources to maximise financial and social return. Our focus is on providing people with education, skills and employment.

**Value for Money Statement (continued)**

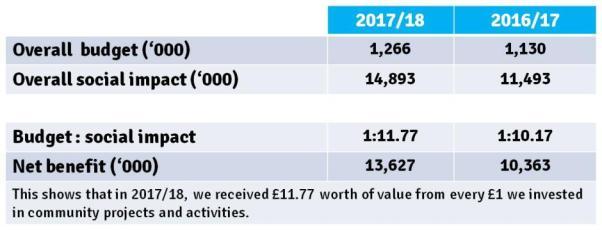
**For the year ended 31st March 2018**

Projects in 2017/18 were funded with £434k from external grants and a £672k subsidy from Ongo Homes. The following outcomes were achieved.



We use a toolkit to determine whether projects have provided value, including measuring economy through the cost of a project; efficiency on how well it was delivered and what waste was eliminated; effectiveness in meeting objectives; and value in how satisfied customers are and the social and environmental impact of the work.

We also use a model developed by HACT, an agency promoting innovation in housing, to measure social return on investment. The HACT model has become the industry standard for measuring social value. In 2017/18 it was calculated for every £1 spent, we provided £11.77 worth of social value.

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**Value for Money Statement (continued)**

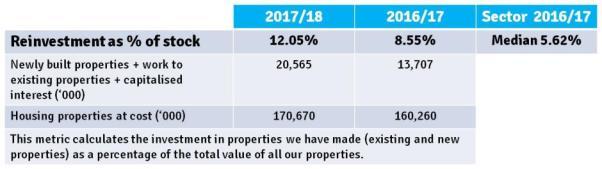
**For the year ended 31st March 2018**

**Metrics**

The Regulator of Social Housing introduced its revised Value for Money Standard and Code of Practice on 1 April 2018. The new standard provides an understanding of how the regulator interprets Value for Money and what it expects from registered providers.

It requires the annual publication of our performance against seven metrics, as below.

Where the data is available and comparable, we have included the sector median from the latest Housing Global Accounts 2016/17.



Our reinvestment in properties, as a percentage of our stock, increased on previous years, and is significantly higher than the median recorded in the Global Accounts.

This is mainly due to us doubling the number of homes we built, from 53 in 2016/17 to 103 in 2017/18, in line with our Corporate Objectives.

We also invested £5m in our current stock, protecting its future demand.

In response to the fatal fire at Grenfell Towers, London, in June 2017, our Board took the decision to retro-fit sprinkler systems in our four high rise blocks of flats. By the end of the year, we had invested £494k on sprinkler systems and £215k on fire stopping, as part of a £1.16m investment.



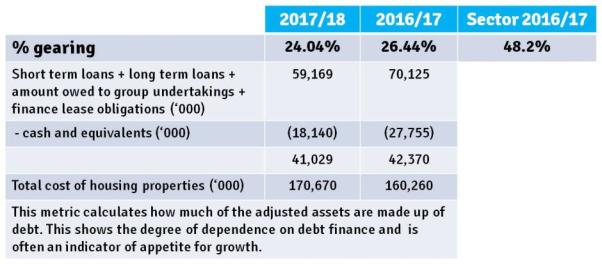
As previously stated, we almost doubled the number of social housing units developed in 2017/18, compared to the previous year. This is part of our Corporate Plan and we anticipate it will increase further in 2018/19 as we continue to deliver our building programme.

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

We also took advantage of the opportunity to purchase the assets of a homeless service in Doncaster, which includes ownership of five properties and the management of a further eight, providing accommodation for up to 50 people.

This complements our existing housing support services and provides a basis from which to develop homeless services further.



Our loan value reduced following a renegotiation of our lending facility with Barclay’s Bank plc. Despite lowering our level of loan, we retained a £30m revolving credit facility to ensure our financial capacity for our ongoing new-build programme.



The current level of Earnings before Interest, Tax, Depreciation and Amortisation (including Major Repairs) demonstrates the soundness of our financial plan, against a banking covenant of 110%.

Delivering our new-build plans will necessitate further borrowing in the medium term and we are positioned to be able to deliver these ambitions.

**Value for Money Statement (continued)**

**For the year ended 31st March 2018**





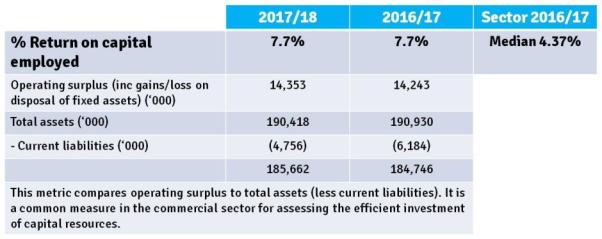
**Value for Money Statement (continued)**

**For the year ended 31st March 2018**

We accept our operating margin is lower than other housing associations. We value the additional services we provide to our tenants to support them in sustaining their tenancies and improving their lives and environments which is why investing in communities is a Corporate Objective.

We also recognise the critical link between staff engagement and delivering excellent customer service and so invest in the health, welling and personal development of our employees and provide them with the up-to-date systems and equipment they need to enable them to work as efficiently as possible.

Although this approach directly supports our corporate vision and values, the return on these investments is not immediately evident. We are confident our financial planning shows that our decision to further invest in community activities is sustainable and will help us achieve our long term vision.



As part of our Transparency Policy, this statement is also published at www.ongo.co.uk, along with our financial accounts and performance information.

**Independent auditor's report**

**for the year ended 31st March 2018**

**Independent auditor’s report to the MEMBERS of Ongo homes limited**

**Opinion**

We have audited the financial statements of Ongo Homes (“the Association”) for the year ended 31 March 2018 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

* give a true and fair view of the state of the Association’s affairs as at 31 March 2018 and of its surplus for the year then ended;
* have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
* have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

* the board’s use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
* the board have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Association’s ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The board are responsible for the other information. Other information comprises the information included in the annual report,other than the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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**Independent auditor's report (continued)**

**for the year ended 31st March 2018**

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

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

* the information given in the Report of the board of management and Strategic report, including the value for money statement, for the financial year for which the financial statements are prepared is not consistent with the financial statements;
* adequate accounting records have not been kept by the Association; or
* a satisfactory system of control has not been maintained over transactions; or
* the Association financial statements are not in agreement with the accounting records and returns; or
* we have not received all the information and explanations we require for our audit.

**Responsibilities of the board**

As explained more fully in the board members’ responsibilities statement, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board are responsible for assessing the Association’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

**Auditor’s responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor’s report.

**Use of our report**

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

Linda Cooper (Senior Statutory Auditor)

For and on behalf of BDO LLP, statutory auditor

Leeds, UK

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**Statement of comprehensive income**

**for the year ended 31 March 2018**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **Continuing**  **operations** |  | **Continuing operations** |
|  |  |  |  | **Note** | **2018** |  | **2017** |
|  |  |  |  |  | **£'000** |  | **£'000** |
|  |  |  |  |  |  |  |  |
| **Turnover** |  |  |  | 3 | **44,645** |  | 44,771 |
|  |  |  |  |  |  |  |  |
| Operating costs |  |  |  | 4 | **(31,090)** |  | (31,882) |
|  |  |  |  |  |  |  |  |
| Surplus on sale of properties not developed for outright sale |  |  |  | 6 | **798** |  | 1,354 |
|  |  |  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |  |
| **Operating surplus** |  |  |  |  | **14,353** |  | 14,243 |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |
| Other interest receivable and similar income |  |  |  |  | **81** |  | 70 |
|  |  |  |  |  |  |  |  |
| Interest payable and similar charges |  |  |  | 9 | **(2,897)** |  | (2,800) |
|  |  |  |  |  |  |  |  |
| Other finance costs |  |  |  | 10 | **(257)** |  | (98) |
|  |  |  |  |  |  |  |  |
| Gift Aid |  |  |  |  | **-** |  | 50 |
|  |  |  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
| **Surplus on ordinary activities before taxation** |  |  |  |  | **11,280** |  | 11,465 |
|  |  |  |  |  |  |  |  |
| Taxation on surplus on  ordinary activities |  |  |  | 11 | **(17)** |  | (19) |
|  |  |  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |  |
| **Surplus for the financial year** |  |  |  |  | **11,263** |  | 11,446 |
|  |  |  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **Actuarial gains/(losses) on defined benefit pension scheme** |  | **3,296** | (7,010) |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
| **Total comprehensive income for year** |  | **14,559** | 4,436 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
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**Balance sheet**

**at 31 March 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| ***Company Number 5439434*** | **Note** | **2018** | **2018** | **2017** | **2017** |
|  |  | **£'000** | **£'000** | **£'000** | **£'000** |
| **Investments** |  |  |  |  |  |
| Investments  Investments in subsidiaries |  | **20**  **100** |  | -  - |  |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |
|  | 12 |  | **120** |  | - |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
| Tangible fixed assets:  Housing properties  Other |  | **170,669**  **113** |  | 160,260  136 |  |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |
|  | 12 |  | **170,782** |  | 160,396 |
| **Current assets** |  |  |  |  |  |
| Debtors | 13 | **1,376** |  | 2,779 |  |
| Cash at bank and in hand |  | **18,140** |  | 27,755 |  |
|  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |  |
|  |  |  |  |  |  |
|  |  | **19,516** |  | 30,534 |  |
| **Creditors: amounts falling due within one year** | 14 | **(4,756)** |  | (6,184) |  |
|  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |  |
| **Net current assets** |  |  | **14,760** |  | 24,350 |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
| **Total assets less current liabilities** |  |  | **185,662** |  | 184,746 |
| **Creditors: amounts falling due**  **after more than one year** | 15 |  | **(102,752)** |  | (113,492) |
|  |  |  |  |  |  |
| **Provisions for liabilities** | 17 |  | **-** |  | (70) |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |
| **Net assets excluding pension liability** |  |  | **82,910** |  | 71,184 |
|  |  |  |  |  |  |
| Pension liability | 18 |  | **(6,961)** |  | (9,793) |
|  |  |  | **\_\_\_\_\_\_\_** |  | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |
| **Net assets** |  |  | **75,949** |  | 61,391 |
|  |  |  | \_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_ |
| **Capital and reserves** | |  |  |  |  |  |
|  | |  |  |  |  |  |
| Retained surplus | |  |  | **75,949** |  | 61,391 |
|  | |  |  | \_\_\_\_\_\_\_ |  | \_\_\_\_\_\_\_ |

The financial statements were approved by the Board of Directors and authorised for issue on 23rd August 2018.

**M Spittles S Hepworth**

**Director** **Chief Executive**

The notes on pages 33 to 50 form part of these financial statements.

**Statement of changes in equity**

**For the year ended 31 March 2018**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Revenue Reserve** | **Total**  **Equity** |
|  |  |  |  | **£'000** | **£'000** |
|  |  |  |  |  |  |
| **1 April 2017** |  |  |  | **61,391** | **61,391** |
| **Comprehensive income for the year** |  |  |  |  |  |
| **Surplus for the year** |  |  |  | 11,263 | 11,263 |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
|  |  |  |  |  |  |
| Actuarial gain/(loss) on pension scheme |  |  |  | 3,296 | 3,296 |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **Other comprehensive income for**  **the year** |  |  |  | 3,296 | 3,296 |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **Total comprehensive income for the year** |  |  |  | **14,559** | **14,559** |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **31 March 2018** |  |  |  | **75,949** | **75,949** |
|  |  |  |  | \_\_\_\_\_\_ | \_\_\_\_\_\_ |

**Statement of changes in equity *(continued)***

**For the year ended 31 March 2017**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **Revenue Reserve** | **Total**  **Equity** |
|  |  |  |  | **£'000** | **£'000** |
|  |  |  |  |  |  |
| **1 April 2016** |  |  |  | **56,955** | **56,955** |
| **Comprehensive income for the year** |  |  |  |  |  |
| **Surplus for the year** |  |  |  | 11,446 | 11,446 |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
|  |  |  |  |  |  |
| Actuarial gain/(loss) on pension scheme |  |  |  | (7,010) | (7,010) |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **Other comprehensive income for**  **the year** |  |  |  | (7,010) | (7,010) |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **Total comprehensive income for the year** |  |  |  | **4,436** | **4,436** |
|  |  |  |  | **\_\_\_\_\_\_** | **\_\_\_\_\_\_** |
| **31 March 2017** |  |  |  | 61,391 | 61,391 |
|  |  |  |  | \_\_\_\_\_\_ | \_\_\_\_\_\_ |

The notes on pages 33 to 50 form part of these financial statements.

**Statement of cash flows**

**for the year ended 31 March 2018**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Note** | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
| **Cash flows from operating activities** |  |  |  |
| **Surplus for the financial year** |  | **11,263** | 11,446 |
| Adjustments for: |  |  |  |
| Depreciation of fixed assets – housing properties | 12 | **9,252** | 9,429 |
| Depreciation and amortisation of other fixed assets |  | **24** | 35 |
| Amortisation of grants | 15 | **(2,502)** | (2,343) |
|  |  |  |  |
| Net fair value losses/(gains) recognised in profit or loss | 6 | **(798)** | (1,354) |
| Net interest payable/(receivable) |  | **2,816** | 2,729 |
|  |  |  |  |
| Taxation expense | 11 | **17** | 19 |
| Difference between net pension expense and cash contribution |  | **50** | (121) |
|  |  |  |  |
| Decrease/(increase) in trade and other debtors |  | **1,403** | (258) |
| Increase/(decrease) in trade and other creditors |  | **(1,008)** | 1,484 |
|  |  |  |  |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| **Cash from operations** |  | **20,517** | 21,066 |
| Interest paid |  | **(3,154)** | (2,800) |
| Taxation paid |  | **(36)** | - |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| ***Net cash generated from operating activities*** |  | **17,327** | 18,266 |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| **Cash flows from investing activities** |  |  |  |
| Proceeds from sale of tangible fixed assets | 6 | **1,703** | 1,867 |
| Purchases of tangible fixed assets |  | **(21,421)** | (13,707) |
| Purchases of intangible assets |  | **-** | - |
| Receipt of government grant | 15 | **3,704** | 2,718 |
| Interest received |  | **81** | 71 |
| Investment loan repayment |  | **(11,000)** | - |
| Investment in associated undertaking |  | **(20)** | - |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| ***Net cash from investing activities*** |  | **(26,953)** | (9,051) |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
|  |  |  |  |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| **Cash flows from financing activities** |  | **-** | - |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
|  |  |  |  |
| **Net increase/(decrease) in cash and cash equivalents** |  | **(9,626)** | 9,217 |
| Cash and cash equivalents at beginning of year |  | **27,755** | 18,538 |
|  |  |  |  |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | **\_\_\_\_\_\_\_\_\_\_\_** |
| **Cash and cash equivalents at end of year** |  | **18,129** | 27,755 |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_\_\_\_\_ |
| **Cash and cash equivalents comprise:** |  |  |  |
| Cash at bank and in hand |  | **18,140** | 27,755 |
| Bank overdrafts | 14 | **(11)** | - |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_\_\_\_\_ |
|  |  | **18,129** | 27,755 |
|  |  | **\_\_\_\_\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_\_\_\_\_ |

The notes on page 33 to 50 form part of these financial statements.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018**

|  |  |
| --- | --- |
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**Notes forming part of the financial statements**

**for the year ended 31 March 2018**

|  |  |
| --- | --- |
| **1** | **Significant accounting policies** |

The CBS is registered under the Co-Operative and Community Benefit Society Act 2014, and is registered with the Homes England as a social housing provider.

The address of the registered office is given on the contents page and the nature of the CBS’s operations and its principal activities are set out in the strategic report.

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Leeds Federated Housing Association includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 “the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland” the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, “Accounting by registered social housing providers” 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires CBS management to exercise judgement in applying the Group's accounting policies.

**Basis of preparation**

The Financial Statements are prepared on a going concern basis, as the Board is satisfied that the CBS has sufficient resources to continue its activities for the foreseeable future.

In making this assessment the Board has considered a wide range of information relating to present and future conditions, including future business plan projections allied to expected income and currently available banking facilities.

|  |
| --- |
|  |
|  |

*Turnover*

Turnover comprises rental, service charge and support charge income receivable in the year and other income and revenue grants receivable in the year.  
Rental Income is recognised from the point where properties are formally let.

*Tangible fixed assets*

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The CBS adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the CBS. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **1** | **Significant accounting policies** *(continued)* |

*Depreciation*

Land is not depreciated.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

**Description Economic useful life (years)**

|  |  |
| --- | --- |
| Housing improvements  Structure  Kitchen  Bathroom  Roofs (pitched)  Roofs (flat)  External doors  Boiler  Electrics  External windows  Mechanical systems  Communal (including Lifts) | 5 - 60  125  20  30  70  20  30  15  40  40  20  20 |

Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
|  | Plant, machinery and vehicles | - | 2 - 100  years |
|  | Fixtures, fittings, tools and equipment | - | 4 - 20  years |
|  | Computers | - | 2 - 3 years |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the statement of comprehensive income.

Computers are included within fixtures, fittings, tools and equipment.

*Works to existing housing properties*

The CBS capitalises expenditure on housing properties which increases the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the rental income, a reduction in future maintenance costs, or a significant extension of the life of the property.

*Impairment of fixed assets and goodwill*

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets that have been previously impaired are reviewed at each reporting date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **1** | **Significant accounting policies** *(continued)* |

*Government grants*

Grants are accounted for under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to the Statement of comprehensive income at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in ‘turnover’ within Statement of comprehensive income in the same period as the related expenditure.

The CBS has not directly benefited from any other forms of government assistance.

*Financial assets*

Financial assets, other than investments and derivatives, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

*Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

*Finance costs*

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

*Current and* *deferred taxation*

The tax expense for the period comprises only current, and not, deferred tax. Tax is recognised in profit or loss, except that a charge attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the CBS's subsidiaries operate and generate taxable income.

Deferred balances are not recognised in respect of any timing differences that have originated but not reversed by the balance sheet date.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **1** | **Significant accounting policies** *(continued)* |

*Value Added Tax*

The CBS is registered for VAT and reclaims VAT on most inputs using the standard partial exemption method. The majority of the CBS income is derived from rental income which is “exempt output” for VAT purposes and restricts our ability to reclaim VAT input tax in full.

*Leases*

All leases are treated as operating leases. Their annual rentals are credited to profit or loss on a straight-line basis over the term of the lease.

*Pension costs*

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The CBS participates in the multi employer Local Government Pension Scheme ‘East Riding Pension Fund’, a group defined benefit pension plan. There is a stated policy for charging the net defined benefit scheme between those group companies that are a party to the scheme and hence a proportion of the defined benefit scheme assets, liabilities, income and costs are recognised by individual group companies in accordance with that policy.

The difference between the fair value of the assets held in the CBS's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the CBS's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the CBS is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

*Holiday pay accrual*

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

*Service charge sinking funds*

Service charge sinking funds are dealt with as creditors due within one year.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **2** | **Judgements in applying accounting policies and key sources of estimation uncertainty** |

In preparing these financial statements, the directors have made the following judgements:

* Determine whether there are indicators of impairment of the CBS's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
* The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation, such as standard rates of inflation, mortality, discount rates and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.

Other key sources of estimation uncertainty

* *Tangible fixed assets (see note 12)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For Housing property assets the assets are broken down into components based on the management’s assessment of the properties. Individual useful economic lives are assigned to these components.

* Rental and other trade Receivables (see note 13)  
    
  The estimate for receivables relates to the recoverability of balances outstanding at year end, with provisions for doubtful debt made in accordance with agreed policy.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **3** | **Particulars of turnover, cost of sales, operating costs and operating surplus** |  |  |  |  |
|  |  |  |  |  |  |
|  |  |  | **Turnover** | **Operating Costs** | **Operating surplus (deficit)** |
|  |  |  | **2018** | **2018** | **2018** |
|  |  |  | **£'000** | **£'000** | **£'000** |
|  |  |  |  |  |  |
|  | **Social housing lettings (Note 4)**  **Other Social Housing Activities** |  | 40,030 | (29,166) | 10,864 |
|  | Charges for support services |  | 708 | (1,628) | (920) |
|  | Supporting people |  | 1 | (3) | (2) |
|  | Other  Amortised grant  Non Amortised grants |  | 18  2,502  - | (18) | -  2,502  - |
|  |  |  |  |  |  |
|  | **Activities other than Social Housing Activities** |  | 43,259 | (30,815) | 12,444 |
|  | Lettings  Other |  | 625  761 | (207)  (68) | 418  693 |
|  |  |  | 1,386 | (275) | 1,111 |
|  |  |  |  |  |  |
|  |  |  | 44,645 | (31,090) | 13,555 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |
|  |  |  | **Turnover** | **Operating Costs** | **Operating surplus (deficit)** |
|  |  |  | **2017** | **2017** | **2017** |
|  |  |  | **£'000** | **£'000** | **£'000** |
|  |  |  |  |  |  |
|  | **Social housing lettings (Note 4)**  **Other Social Housing Activities** |  | 40,206 | (29,407) | 10,799 |
|  | Charges for support services |  | 758 | (1,788) | (1,030) |
|  | Supporting people |  | 54 | (6) | 48 |
|  | Other  Amortised grant  Non Amortised grants |  | 595  2,343  63 | (595) | -  2,343  63 |
|  |  |  |  |  |  |
|  | **Activities other than Social Housing Activities** |  | 44,019 | (31,796) | 12,223 |
|  | Lettings  Other |  | 179  573 | (43)  (42) | 136  530 |
|  |  |  | 752 | (86) | 666 |
|  |  |  |  |  |  |
|  |  |  | 44,771 | (31,882) | 12,889 |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

**4** **Income and expenditure from social housing lettings**  General Older & **Tota**l Total

Needs Supported Affordable **2018** 2017

£’000 £’000 £’000 **£’000** £’000

**Income**

Rents net of identifiable service charges 38,529 143 1,358 **40,030** 40,206

Service charge income 708 - -  **708** 758

**Support charges -** 1 **- 1**  54

Amortised government grants 2,408 9 84 **2,501** 2,343

Non Amortised Grants -  - - **-** 63

Tenant recharges 18 - - **18** 595

Turnover from social housing lettings 41,663 153 1,443 **43,259** 44,019

**Expenditure**

Management 5,479 20 193  **5,692** 4,873

Service charge costs 1,567 6 55 **1,628** 1,788

Routine maintenance 4,920 - - **4,920** 5,310

Planned maintenance 1,444 - - **1,444** 1,256

Major repairs expenditure 1,740 - - **1,740** 2,499

Bad debts 509 - - **509** 134

Depreciation of housing properties 8,928 33 315 **9,276** 9,464

Support charges - 910 - **910** 873

Group recharges 4,784 18 169 **4,971** 5,415

Operating expenditure on social housing lettings 29,371 987 732 **31,090** 31,882

**Operating surplus/(deficit) on social housing lettings 12,292 (834) 711 12,169** 12,137

Void losses 629 2 22 653 413

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |
| --- | --- | --- |
| **5** | **Operating surplus** | |
|  |  | **2018** | | **2017** |
|  |  | **£'000** | | **£'000** |
|  | This is arrived at after charging/(crediting): |  | |  |
|  |  |  | |  |
|  | Depreciation of tangible fixed assets | **9,276** | | 9,464 |
|  | Impairment of tangible fixed assets | **-** | | - |
|  | Operating lease expense | **333** | | 315 |
|  | Fees payable to the CBS's auditor and its associates for other services to the CBS: Taxation compliance services | **11** | | 36 |
|  |  | \_\_\_\_\_\_\_ | | \_\_\_\_\_\_\_ |
|  | All fees for the audit of the CBS's annual accounts are paid by the ultimate parent company of the Group |  | |  |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **6 Other operating income - Sale of Properties not Developed for Outright Sale** | | | | |
|  |  |  | **2017/18** |  |
|  |  | **RTB Sales** | **Cost of Sales** | **Total** |
|  |  | £'000 | £'000 | £'000 |
| Proceeds of Sales | | **1,703** | **(903)** | **800** |
| Disposal costs |  | **(2)** | **-** | **(2)** |
|  |  |  |  |  |
| Surplus |  | **1,701** | **(903)** | **798** |
|  |  |  |  |  |
|  |  |  | **2016/17** |  |
|  |  | **RTB Sales** | **Cost of Sales** | **Total** |
|  |  | £'000 | £'000 | £'000 |
| Proceeds of Sales | | **1,869** | **(513)** | **1,356** |
| Less Costs of Sale | | **(2)** | **-** | **(2)** |
|  |  |  |  |  |
| Surplus |  | **1.867** | **(513)** | **1,354** |

|  |  |  |  |
| --- | --- | --- | --- |
| **7** | **Employees** |  |  |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  | Staff costs (excluding directors who are paid by the group) consist of: |  |  |
|  |  |  |  |
|  | Wages and salaries | **5,622** | 5,554 |
|  | Social security costs | **539** | 576 |
|  | Cost of defined benefit scheme (see note 18) | **2,639** | 1,729 |
|  | Cost of defined contribution scheme | **62** | 100 |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | **8,862** | 7,959 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **7** | **Employees (continued)** |

The average number of employees (excluding directors) during the year was as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **Number** | **Number** |
|  |  |  |  |
|  | Wardens, caretakers and cleaners | **26** | 26 |
|  | Craft | **35** | 49 |
|  | Administration | **141** | 175 |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | **202** | 250 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

A defined contribution pension scheme is operated by Ongo Partnership on behalf of the employees of all the Ongo group subsidiary undertakings. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £62k (2017 - £47k). Contributions amounting to £9k (2017 - £4k) were payable to the fund at year end and are included in creditors.

|  |  |  |  |
| --- | --- | --- | --- |
|  | The remuneration paid to staff (including executive management) earning over £60,000 upwards is as follows: | | |
| **Full time equivalents of staff paid from £60,000**. | | |  | **2018**  **FTE** | |  | 2017  FTE |
| Banding | | |  |  | |  |  |
| £60,000-£69,999 | | |  | 3.00 | |  | 1.00 |
| £70,000-£79,999 | | |  | - | |  | - |
| £80,000-£89,999 | | |  | - | |  | - |
| £90,000-£99,999 | | |  | - | |  | - |
| £100,000-£109,999 | | |  | - | |  | - |
| £110,000-£119,999 | | |  | - | |  | - |
| £120,000-£129,999 | | |  | - | |  | - |
| £130,000-£139,999 | | |  | - | |  | - |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  |  |  |
| **8** | **Directors' remuneration** |  |  |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Directors' emoluments (Paid by Ongo Partnership Limited) | **513,066** | 599,483 |
|  | CBS contributions to money purchase pension schemes | **105,595** | 122,426 |
|  | Amounts paid to Ongo Partnership in respect of directors' services | **551,546** | 644,444 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

Directors’ costs are paid by Ongo Partnership Limited and the relevant portion is recharged to Ongo Homes (with a mark-up) through their management fee.

There were no directors in the group's defined contribution pension scheme (2017 - 0). All four directors accrued benefits under the group's defined benefit pension scheme during the year (2017 - 4).

Emoluments of the Chief Executive, who was also the highest paid director, were £183,754 (2017 - £145,277). CBS pension contributions of £34,095 (2017 - £37,088) were made to a defined benefit scheme on his behalf. As a member of the LGPS pension scheme, the pension entitlement of the Chief Executive is identical to that of other members with no enhanced or special terms applying.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |  |
| --- | --- | --- | --- |
| **9** | **Interest payable and similar charges** |  |  |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Interest on bank loans and overdrafts | **2,897** | 2,800 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
| **10** | **Other finance costs** |  |  |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  | Net interest on net defined benefit pension liability | **257** | 98 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

|  |  |
| --- | --- |
| **11** | **Taxation on profit on ordinary activities** |

Ongo Homes Limited is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore meets the definition of a charitable company for UK corporation tax purposes. Accordingly, this CBS has ‘charitable status’ and is potentially exempt from taxation in respect of income and capital gains arising from certain categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Deferred tax balances are not recognised.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | **2018** | **2017** |
|  | *UK corporation tax* |  |  | **£'000** | **£'000** |
|  |  |  |  |  |  |
|  | Current tax on profits of the year |  |  | **17** | 19 |
|  | Adjustment in respect of previous periods |  |  | **-** | - |
|  |  |  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |
|  | Total current tax |  |  | **17** | 19 |
|  |  |  |  |  |  |
|  |  |  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  | Taxation on profit on ordinary activities |  |  | **17** | 19 |
|  |  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

The tax assessed for the year is lower than the standard rate of corporation tax in the UK applied to profit before tax. The differences are explained below:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Profits on ordinary activities liable to tax | **11,280** | 11,465 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | Profit on ordinary activities at the standard rate of  corporation tax in the UK of  19 % (2017 -   20%) | **2,143** | 2,293 |
|  |  |  |  |
|  | Effects of: |  |  |
|  | Income not taxable | **(2,126)** | (2,274) |
|  | Group relief surrendered/(claimed) | **-** | - |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | Total tax charge for period | **17** | 19 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **12** | **Tangible fixed assets** |  |  |  |  |  |
|  |  |  | **Freehold** | **Plant,** | **Fixtures,** |  |
|  |  |  | **Housing** | **machinery** | **fittings,** |  |
|  |  |  | **Land and** | **and** | **tools and** |  |
|  |  |  | **buildings** | **vehicles** | **equipment** | **Total** |
|  |  |  | **£'000** | **£'000** | **£'000** | **£'000** |
|  | *Cost or valuation* |  |  |  |  |  |
|  | At 1 April 2017 |  | 218,904 | 1,936 | 481 | 221,321 |
|  | Additions |  | 20,565 | - | - | 20,565 |
|  | Disposals |  | (1,318) | - | - | (1,318) |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |
|  | At 31 March 2018 |  | **238,151** | **1,936** | **481** | **240,568** |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  | *Depreciation* |  |  |  |  |  |
|  | At 1 April 2017 |  | (58,644) | (1,935) | (346) | (60,925) |
|  | Provision for year |  | (9,252) | (1) | (23) | (9,276) |
|  | Disposals |  | 415 | - | - | 415 |
|  | Impairment |  | - | - | - | - |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |
|  | At 31 March 2018 |  | **(67,481)** | **(1,936)** | **(369)** | **(69,786)** |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  | *Net book value* |  |  |  |  |  |
|  | At 31 March 2018 |  | **170,670** | **-** | **112** | **170,782** |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |  |
|  | At 31 March 2017 |  | 160,260 | 1 | 135 | 160,396 |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

A summary of the unit mix of freehold housing is as follows:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Accommodation in Management at 31 March** | | |  |  |  |  |
|  |  |  |  | **2018** |  | **2017** |
|  |  |  |  | **Units** |  | **Units** |
| General needs | |  |  | 9,416 |  | 9,436 |
| Supported Housing / Housing for older people | | |  | 23 |  | 10 |
| Affordable rent | |  |  | 330 |  | 241 |
| New Build Shared Ownership | | | | 2 |  | 2 |
| Empty (awaiting demolition or redevelopment) | | | | 12 |  | 11 |
|  |  |  |  |  |  |  |
|  |  |  |  | 9,783 |  | 9,700 |

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**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **12** | **Tangible fixed assets** *(continued)* |

The net book value of the housing stock may be further analysed as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | **Complete**  **Housing**  **for letting** | **Property under construction** | **Total** |
|  | **Cost** | **£'000** | **£'000** | **£'000** |
|  |  |  |  |  |
|  | At start of the period | 213,368 | 5,536 | 218,904 |
|  | Additions | 5,729 | 14,836 | 20,565 |
|  | Disposals  Transfer between categories | (1,318)  8,791 | (8,791) | (1,318)  - |
|  |  | \_\_\_\_\_\_\_ | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |  |
|  |  | 226,569 | 11,582 | 238,151 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

**Depreciation**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | At start of the period | (58,644) | - | (58,644) |
|  | Additions | (9,252) | - | (9,252) |
|  | Disposals | 415 | - | 415 |
|  | Transfer between categories | - | - | - |
|  |  | \_\_\_\_\_\_\_ | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |  |
|  |  | (67,481) | - | (67,481) |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |
|  | Net Book Value at end of period | 159,088 | 11,582 | 170,670 |
|  |  |  |  |  |
|  | Net Book Value at start of period | 154,724 | 5,536 | 160,260 |

|  |  |  |  |
| --- | --- | --- | --- |
| **13** | **Debtors** |  |  |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Trade debtors | 2,707 | 4,587 |
|  | Provision for bad & doubtful debts | (2,320) | (2,268) |
|  | Amounts owed by group undertakings | 646 | - |
|  | Other debtors | 28 | 109 |
|  | Prepayments and accrued income | 315 | 351 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | 1,376 | 2,779 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

All amounts shown under debtors fall due for payment within one year.

The impairment loss recognised in the profit or loss for the period in respect of bad and doubtful trade debtors was £508,510 (2016/17: £(379,624)).

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **14** | **Creditors: amounts falling due within one year** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Bank overdrafts (secured) | 11 | - |
|  | Payments received on account | - | 758 |
|  | Trade creditors  Amounts owed to group undertakings | 234  289 | 195  220 |
|  | Corporation tax | 17 | 16 |
|  | Taxation and social security | 168 | 170 |
|  | Accruals and deferred income | 3,908 | 4,349 |
|  | Other creditors | 129 | 476 |
|  |  | \_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  | 4,756 | 6,184 |
|  |  | \_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

The bank overdrafts are secured by a floating charge over the assets of the CBS.

|  |  |
| --- | --- |
| **15** | **Creditors: amounts falling due after more than one year** |

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  |  |  |  |
|  | Bank Loans | **60,000** | 71,000 |
|  | Less: Loan Issue Costs | **(831)** | (875) |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  | Bank loans | **59,169** | 70,125 |
|  | Deferred Capital Grants | **43,583** | 43,367 |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | **102,752** | 113,492 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

Deferred Capital Grants are summarised below:

|  |  |  |
| --- | --- | --- |
| At start of the year | **43,367** | 42,992 |
| Grants received during the year | **2,718** | 2,718 |
| Released to income during the year | **(2,502)** | (2,343) |
|  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |
| At end of the year | **43,583** | 43,367 |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

The maturity of sources of debt finance is as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  |  | **Bank**  **Loans and** | **Bank**  **Loans and** |
|  |  |  | **Overdrafts**  **2018** | **Overdrafts**  **2017** |
|  |  |  | **£'000** | **£'000** |
|  |  |  |  |  |
|  | In one year or less, or on demand |  | **11** | - |
|  | In more than one year but not more than two years |  | **-** | - |
|  | In more than two years but not more than five years |  | **-** | - |
|  | In more than five years |  | **59,169** | 70,125 |
|  |  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |  |
|  |  |  | **59,180** | 70,125 |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

The bank loans are secured by specific charges over the CBS’s housing properties and floating charges on all of the CBS’s assets and are repayable at varying rates of interest.

|  |  |
| --- | --- |
| **16** | **Financial instruments** |

The CBS's financial instruments may be analysed as follows:

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  | **Financial assets** |  |  |
|  | Financial assets that are debt instruments measured at amortised cost | **20,875** | 32,451 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | **Financial liabilities** |  |  |
|  | Financial liabilities measured at amortised cost | **63,439** | 75,146 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors, other creditors and accruals.

Information regarding the group’s exposure to and management of credit risk, liquidity risk, market risk, cash flow interest rate risk, and foreign exchange risk is included in the Directors’ report.

|  |
| --- |
|  |
| **17** | **Provisions for liabilities** |  |  |  |
|  |  |  |  |  |
|  |  |  |  |  |
|  |  |  | **Dilapidations** | **Total** |
|  |  |  | **£'000** | **£'000** |
|  |  |  |  |  |
|  | At 1 April 2017 |  |  |  |
|  | Charged to profit or loss |  | 70 | 70 |
|  | Charged to other comprehensive income |  | (70) | 10 |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |
|  | At 31 March 2018 |  | **-** | **70** |
|  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

Dilapidations provisions relating to re-instating office premises to their original condition at the end of the operating lease have been released during the year following the purchase of the property.

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **18** | **Pensions** |

Two pension schemes are operated by the CBS.

**Defined contribution pension scheme (Aviva)**

This scheme, which commenced in 2012 is open to all staff employed by the CBS. The assets are held independently in a separately administered fund. The pension cost for this scheme, which reflects contributions payable at rates specified in the rules of the plan, was £61,898.

**Defined benefit pension scheme (LGPS)**

The CBS participates in the multi employer Local Government Pension Scheme, ‘East Riding Pension Fund’, a final salary scheme, which was established under an irrevocable Deed of Trust. The Deed determines the appointment of trustees to the fund. The scheme is managed by a corporate trustee accountable to the pension scheme members. The trustees of the fund are required to act in the best interests of the beneficiaries.

On 31 March 2018 there were 187 employees of the CBS in the LGPS. This scheme is only offered to new employees who are already members of the scheme through previous other employment.

Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme was carried out at 31 December 2012 and updated to 31 March 2018 (and 2017) by a qualified independent actuary. Contributions to the scheme are made by the CBS based on the advice of the actuary and with the aim of making good any deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **2018** | **2017** |
|  |  | **£'000** | **£'000** |
|  | *Reconciliation of present value of plan liabilities* |  |  |
|  |  |  |  |
|  | At the beginning of the year | **53,780** | 38,856 |
|  | Current service cost | **2,349** | 1,606 |
|  | Interest cost | **1,426** | 1,382 |
|  | Actuarial gains | **-** | - |
|  | Benefits paid | **(862)** | (848) |
|  | Participant contributions | **422** | 451 |
|  | Changes in financial assumptions | **(745)** | 11,146 |
|  | Other experience | **-** | 1,812 |
|  | Past service costs  Changes in demographic assumptions | **290**  **(2,342)** | 123  (748) |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | At the end of the year | **54,318** | 53,780 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |  |
| --- | --- | --- | --- |
| **18** | **Pensions** *(continued)* |  |  |
|  |  | **2018** | 2017 |
|  | *Reconciliation of fair value of plan assets* | **£'000** | £'000 |
|  |  |  |  |
|  | At the beginning of the year | **43,987** | 35,952 |
|  | Interest income on plan assets | **1,169** | 1,284 |
|  | Contributions by group | **2,854** | 2,399 |
|  | Return on assets (excluding amounts included in net interest | **209** | 5,200 |
|  | Benefits paid | **(862)** | (848) |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | At the end of the year | **47,357** | 43,987 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | Net pension scheme liability | **(6,961)** | (9,793) |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | *Amounts recognised in the profit and loss amount are as follows:* |  |  |
|  | *Included in administrative expenses:* |  |  |
|  | Current service cost | **2,349** | 1,606 |
|  | Past service cost | **290** | 123 |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | **2,639** | 1,729 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | *Amounts included in other finance costs* |  |  |
|  | Net interest cost | **(257)** | 98 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  | *Analysis of actuarial (gain)/loss recognised in other comprehensive income* |  |  |
|  | Actual return less interest income included in net interest income | **(209)** | (5,200) |
|  | Experience gains and losses arising on the scheme liabilities | **-** | 1,812 |
|  | Changes in assumptions underlying the present value of the scheme liabilities  Changes in demographic assumptions | **(745)**  **(2,342)** | 11,146  (748) |
|  |  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |  |
|  |  | **(3,296)** | 7,010 |
|  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

|  |  |  |
| --- | --- | --- |
|  | **2018** | **2017** |
| *Composition of plan assets* | **£'000** | **£'000** |
|  |  |  |
| European equities | **33,623** | 33,430 |
| European bonds | **6,630** | 4,399 |
| Property | **5,683** | 4,839 |
| Cash | **1,421** | 1,320 |
|  | **\_\_\_\_\_\_\_** | \_\_\_\_\_\_\_ |
|  |  |  |
| Total plan assets | **47,357** | 43,988 |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |
| Actual return on plan assets | **1,378** | 2,338 |
|  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |
| --- | --- |
| **18** | **Pensions** *(continued)* |
|  |  | | **2018** | **2017** |
|  |  | | **%** | **%** |
|  | *Principal actuarial assumptions used at the balance sheet date* | |  |  |
|  |  | |  |  |
|  | Discount rates | | **2.7** | 2.6 |
|  | Future salary increases | | **2.2** | 2.0 |
|  | Future pension increases | | **-** | - |
|  | Inflation assumption | | **2.4** | 2.4 |
|  | Mortality rates | |  |  |
|  | - for a male aged 65 now | | **20.9yrs** | 22yrs |
|  | - at 65 for a male member aged 45 now | | **22.2yrs** | 22yrs |
|  | - for a female aged 65 now | | **23.6yrs** | 24yrs |
|  | - at 65 for a female member aged 45 now | | **25.3yrs** | 24yrs |

|  |  |  |  |
| --- | --- | --- | --- |
| **19** | **Share capital** |  |  |

The CBS is limited by Guarantee and does not issue shares.

|  |  |
| --- | --- |
| **20** | **Commitments under operating leases** |

The CBS had lease payments under non-cancellable operating leases as set out below:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  | **2018** | 2017 |
|  |  | **Land & buildings**  **£’000** | **Equipment**  **£’000** | **Vehicles**  **£’000** | **Total**  **£’000** | Total  £’000 |
| In 1 year |  | **60** | **-** | **154** | **214** | 314 |
| In 2 years |  | **19** | **-** | **54** | **73** | 172 |
| In years 3 to 5 |  | **54** | **-** | **13** | **67** | 290 |
| After five years |  | **-** | **-** | **-** | **-** | 127 |
|  |  | **133** | **-** | **221** | **354** | 903 |

|  |  |
| --- | --- |
| **21** | **Related party disclosures** |

The ultimate controlling party is Ongo Partnership Limited and its consolidated accounts are available to the public from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

Other than transactions with the group parent and other group subsidiaries, the CBS does not believe it has any ‘Related Parties’ and therefore no Sales were made during the year to related parties.

One Board member is a tenant of the CBS. Tenant Board Members have a standard tenancy agreement and they are required to fulfil the same obligations and receive the same benefits as other residents. They cannot use their position to their advantage.

**21**

**Notes forming part of the financial statements**

**for the year ended 31 March 2018 *(continued)***

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **22** | **Capital commitments** |  |  |  |  |
|  |  |  |  | **2018** | **2017** |
|  |  |  |  | **£'000** | **£'000** |
|  |  |  |  |  |  |
|  | Contracted but not provided for |  |  | **19,528** | 25,402 |
|  | Authorised but not contracted for |  |  | **22,313** | 10,928 |
|  |  |  |  | \_\_\_\_\_\_\_ | \_\_\_\_\_\_\_ |
|  | The CBS Expects these commitments to be financed with: | | |  |  |  |  |
|  |  |  |  |  |  |
|  | Grants |  |  | **10,477** | 5,484 |
|  | Internal Funding |  |  | **31,364** | 30,846 |
|  |  |  |  | **\_\_\_\_\_\_** | \_\_\_\_\_\_ |
|  |  |  |  | **41,841** | 36,330 |
|  |  |  |  | \_\_ \_\_\_\_ | \_\_\_\_\_\_\_ |
|  |  |  |  |  |  |