



**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS  
  
FOR THE YEAR ENDED  
30 SEPTEMBER 2014**

Registered Office:

Beech House  
28 – 30 Wimborne Road  
Poole  
BH15 2BU

**SANDBOURNE HOUSING ASSOCIATION**  
**(Formerly: Bournemouth Housing Society For The Elderly)**

A REGISTERED PROVIDER

REGISTERED UNDER THE CO-OPERATIVE AND COMMUNITY BENEFIT SOCIETY ACT 2014

REGISTERED NUMBER 12740 R

An (exempt) Charitable organisation

REGISTERED WITH THE HOMES & COMMUNITIES AGENCY

REGISTRATION NUMBER LH0418

**Registered Office:**

Beech House, 28-30 Wimborne Road, Poole, Dorset BH15 2BU

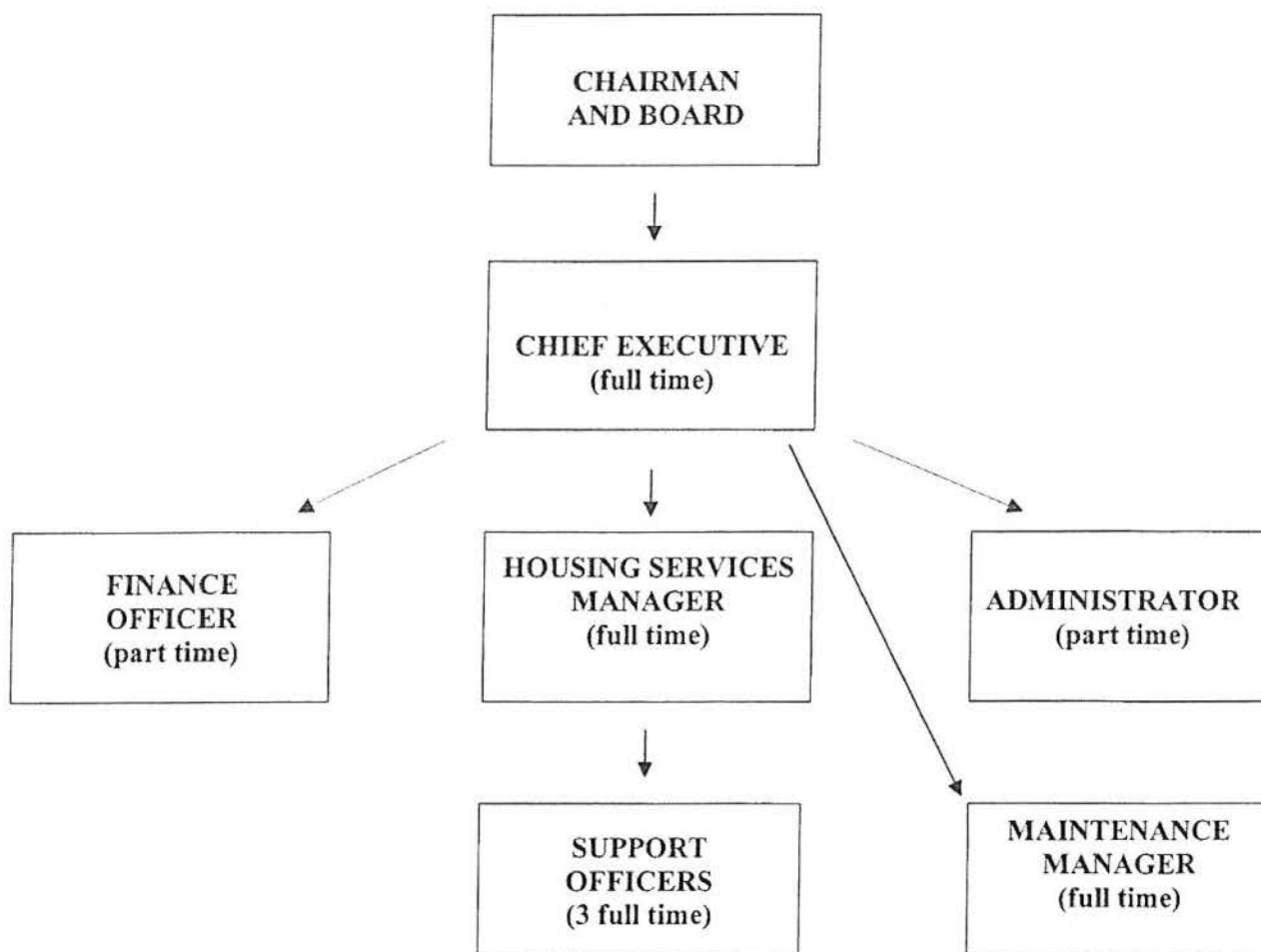
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Website: [www.sandbournehousingassociation.org.uk](http://www.sandbournehousingassociation.org.uk)

A member of the National Housing Federation

**STRUCTURE AND GOVERNANCE OF THE SOCIETY**



**SANDBOURNE HOUSING ASSOCIATION**  
**(Formerly: Bournemouth Housing Society For The Elderly)**

**THE BOARD (2013 – 2014)**

Mr Michael Barrow (from 2008, Chairman from March 2012 )

Mr Christopher Lewis (from 2011, Vice Chairman from March 2012 to March 2013, resigned  
February 2014)

Mr John Gordon (from March 2013)

Mr David Joicey (from March 2013)

Mrs Theresa Saunders (from March 2014)

Mr Ian Kendall (from March 2014)

Mrs Wendy Pittendrigh (from March 2013, resigned November 2014)

Mr Brian Tigg (Resident Member from 2006, resigned November 2014)

Mrs Cheryl Veal  
(Resident Member from March 2011, Vice Chairman from March 2013 to May 2013,  
resigned July 2014)

**HONORARY LIFE MEMBERS**  
NONE

**Chief Executive and Secretary**  
Mr Steven Hayes FCIH,  
(appointed October 2009)

**Finance Officer**  
Mr John Wright ACMA – (appointed January 2013)

**Housing Services Manager**  
Ms Kristine Hyczka DipMgmt  
(appointed November 2009)

**Administrator**  
Mrs Gail Phillips - (appointed December 2012)

**Solicitors:** Tozers  
**Auditors:** Paget Reid York, Chartered Certified Accountants  
**Bankers:** National Westminster Bank

# SANDBOURNE HOUSING ASSOCIATION

## ANNUAL REPORT and FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2014

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### CONTENTS

	PAGE
The Association's Purpose, Values, Objectives, Vision & Reputation	4
Report of the Chairman	7
Statement of Board of Management's responsibilities	10
Report of the Auditors	12
Income and Expenditure account	13
Balance sheet	14
Cash flow statement	15
Notes to the Financial Statements	17
Information regarding Shareholders, Board members, staff and elections	28

## SANDBOURNE HOUSING ASSOCIATION

### THE ASSOCIATION'S PURPOSE, VALUES, OBJECTIVES, VISION AND REPUTATION

#### OUR PURPOSE

The starting point for setting our key strategic objectives for the coming five years is to re-state our underlying purpose as a housing and services provider, and to make sure that our Corporate Plan objectives enable us to fulfil our purposes.

The objects set out in the Rules are:

- A2 The Association is formed for the benefit of the community. Its objects shall be to carry on for the benefit of the community:
- A2.1 the business of providing housing, accommodation, and assistance to help house people and associated facilities and amenities [for poor people or for the relief of aged, disabled, handicapped (whether physically or mentally) or chronically sick people].
- A2.2 any other [charitable] object that can be carried out by a Community Benefit Society registered as a social landlord with the Homes & Communities Agency.

The purpose of Sandbourne Housing Association (SHA) is a charitable aim and historically has been:

*'to provide housing with appropriate support to older people who have insufficient capital or income with which to meet their housing needs in the private market, and are in need of suitable housing or support'.*

We define an older person to normally be at least 55 years of age.

#### OUR VALUES

Our values describe the things which motivate the way we work, how we act and are what SHA stands for as a provider of homes and services. These values are embraced by our Board members and our staff, they drive our way of working and they are:

- To place the charitable and welfare ethos at the heart of our work,
- To meet the continuing housing and support needs of our residents,
- To benefit the people and communities in the Bournemouth area,
- To be responsive to changing needs and aspirations and evolve our activities accordingly,
- To be independent,
- To recognise our roots and history,
- To identify and react quickly to opportunities or threats.

To act:

- Responsibly
- Prudently
- Professionally
- Ethically and honestly in our dealings with all stakeholders

## **SANDBOURNE HOUSING ASSOCIATION**

### **THE ASSOCIATION'S PURPOSE, VALUES, OBJECTIVES, VISION AND REPUTATION**

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#### **OUR OBJECTIVES**

These were drawn up in 2005 with full consultation with our staff and residents and reviewed in 2009 & 2012.

1. To provide a safe, high quality, affordable and secure environment for older people to live independently with a team of staff trained to identify and reduce elements of risk.
2. To offer choice and flexibility to residents within the services offered by the Association.
3. To establish social networks through facilitation of leisure activities and educational services.
4. To promote fair access and diversity in all aspects of the service provided by SHA and its staff.
5. To ensure that residents remain at the heart of the local community through raising awareness of the services available in the area and inviting the community to take part in and provide activities / services within the schemes.
6. To facilitate the appropriate support to enable residents to remain living independently in their homes for as long as possible.
7. To reduce admissions to hospital or length of hospital stay through liaison with other agencies and identification and co-ordination of extra support needs.
8. To empower residents to have a direct say in the way that their homes and services are managed and to play an active role in the continuous improvement and development of systems and services.

#### **OUR VISION FOR SHA for the next five years**

- All our flats will be occupied. We currently budget for a 1.5% void loss.
- All our flats will be maintained to the highest standards with adequate resources put aside for future major works.
- We will have high demand for our accommodation.
- People will be living in accommodation that is suited to their needs.
- There will be very high satisfaction levels amongst our residents (top quartile) compared to national 'status' survey or equivalent measure.

## SANDBOURNE HOUSING ASSOCIATION

### THE ASSOCIATION'S PURPOSE, VALUES, OBJECTIVES, VISION AND REPUTATION

- There will be greater awareness of us in the market.
- The Association will have an excellent accessible interactive 'on line' presence via our website.
- The Association will have highly trained and motivated staff.
- Our policies, procedures and working practices will be maintained to the highest standards.
- Providing excellent 'value for money' will be a key focus of our business activities

### WHAT WILL BE OUR IMAGE OR REPUTATION?

- We run really well appointed schemes and do it efficiently.
- We are a flagship in the community.
- We continue to be financially viable.
- We are ethical and businesslike in our dealings with others.
- We are well led, managed and open to new ideas.

### WHAT WILL WE BE DOING AND WHERE WILL WE BE DOING IT?

- Our geographical focus to remain in Bournemouth and Poole and surrounding areas.
- We will work with other organisations and agencies who provide housing related support and care for our residents.
- We will consider other working arrangements if these benefit our residents and provide value for money

As stated in the Association's Corporate plan (2012)

## **SANDBOURNE HOUSING ASSOCIATION**

REPORT BY THE CHAIRMAN  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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To help members understand the Association's true position, as I did last year I shall extend this report beyond the period covered by the accounts, as far as the end of January 2015.

### **Financial matters**

Financially, the Association is on solid ground, although there have been some challenges.

Ensuring that our service charges did not lead to illegal amounts being paid by Housing Benefit led to adjustments to the amount payable by some residents personally.

However, this was successfully overcome and seems now to be working to everyone's satisfaction.

Six residents at Redlands challenged the appropriateness of our apportionments in the First Tier Rent Tribunal; their challenge was rejected by that Tribunal.

Our financial position is generally good. Costs were controlled, and an increased surplus for the year of £64,219 was achieved.

Equally importantly, our cash flow was closely controlled. At the year end cash in hand was £90,000 higher than at its beginning. This enables us to have confidence on our ability to execute our planned repairs programme.



### **Resident support**

Support to residents worked well through the official period covered by this report.

However, in January we were hit by an announcement that Bournemouth Council was withdrawing the entire Supporting People budget – and this just after giving us a very good report following an audit of our work on this front!

We therefore were required to look at making all staff posts funded by this money redundant and seeking ways to continue serving our residents' needs, but without any corresponding income stream. At the time of writing this remains a current task.

### **2015 and onward**

Members will recall our merger plans. I am pleased to report that these have gone extremely well, final regulatory approval having been given on 27<sup>th</sup> January 2015.

Our operational staff had already been moved to common offices before then, and we are now looking at how to structure our staffing so as to best achieve our aims and serve our residents.

A lot of work will be required, particularly due to the loss of the Supporting People money, before we finalise our views.

However, it already appears that the expected financial benefits of merging are being realised, even though these were not the main reason for merging!

There is no doubt that our increased buying power is enabling us to achieve better value for money.

## SANDBOURNE HOUSING ASSOCIATION

REPORT BY THE CHAIRMAN  
FOR THE YEAR ENDED 30 SEPTEMBER 2014

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We have been approached by another small Housing Society with a view to us taking over their stock and assets.

This idea will be explored once our merged entity has settled down, but on a preliminary view it appears an attractive proposition with benefits for all parties concerned, including all residents.



*Michael Barrow*  
Chairman

Date: 11<sup>th</sup> February 2015

## SANDBOURNE HOUSING ASSOCIATION

### STATEMENT OF BOARD'S RESPONSIBILITIES

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The Co-operative and Community Benefit Society Act 2014 requires that the Board prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Association and of its surplus or deficit for that period. In preparing those financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with The Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006 as amended and the Accounting Direction for private registered providers of social housing in England 2012. The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Homes and Communities Agency (HCA) regulatory framework for social housing in England from April 2012, as amended in April 2014, provides detailed guidance and expectations.

#### **Governance & Value for Money**

The Board is responsible for the Association's system of internal financial control. The Board has established a clear structure, procedures and a system of internal financial control to comply with the provisions of the Housing Corporation Circular 07 / 07 'Internal controls assurance' as amended by the HCA's regulatory framework.

Internal financial controls are those established in order to provide reasonable assurance of:

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

It must be recognised that the systems of internal financial control provide reasonable, but not absolute, assurance against material misstatement or loss.

The key features of the procedures which the Board has established are as follows:

- Careful supervision of the Association's activity maintained by the Board.
- The degree of care exercised by the Board to ensure that SHA continues to operate within both the spirit and the letter of the law and all other regulations within which the Association has to work.
- Well documented systems and procedures which exist to define the authority limits of SHA, staff and the Board.
- Detailed Management Accounts which, together with a comparison with budget and cash flow forecasts are presented quarterly to the Board for approval and noting.
- Approve and establish policies and plans to achieve the Association's objectives.
- Oversee a framework of delegation and control.
- Approve and quarterly monitor each years performance against budget.
- Monitor the Association's performance in relation to plans, budgets, key performance indicators and decisions.
- Take appropriate advice and satisfy itself that the Association's affairs are conducted with propriety.

## **BOURNEMOUTH HOUSING SOCIETY FOR THE ELDERLY**

### **STATEMENT OF BOARD'S RESPONSIBILITIES**

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- Full training is made available for Board members.
- Registers of Board members' Interests, Schedule 1 (or equivalent), Hospitality and Fraud are kept.
- Require regular review of contracts.
- Regular review of contractors and costs.
- Regular review of service delivery issues.
- Regular review of staffing levels and staff terms and conditions of employment.
- All staff have annual performance development reviews undertaken.
- Regular refresh the Board to ensure that members have a balance of skills necessary to hold the executive to account.
- Adopted the latest National Housing Federation 2011 model rules in June 2013.
- Undertake an annual risk register review.
- Undertake an annual review of SHA's standing orders and financial regulations.
- Review all policies and a maximum 3 year intervals.
- All staff and Board members are subject to triennial enhanced disclosure barring service checks..

## INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SANDBOURNE HOUSING ASSOCIATION

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We have audited the financial statements of Sandbourne Housing Association for the year ended 30 September 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement and the related notes (pages 13 to 27). The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **Respective responsibilities of the Board of Management and Auditors**

As explained more fully in the Statement of Board's Responsibilities set out on page 10, the Board of Management is responsible for the preparation of the financial statements which give a true and fair view.

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

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Association's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the board; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**


In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 30 September 2014 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2012.

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

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

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

  
**James Robert Paget FCCA**

Date: 25/2/15

Senior Statutory Auditor, for and behalf of;  
**C.V. PAGET & CO. LTD trading as PAGET REID YORK**  
Registered Auditors & Chartered Certified Accountants  
96 – 98 Castle Lane West  
Bournemouth  
Dorset BH9 3JU

# SANDBOURNE HOUSING ASSOCIATION

## INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	Note	Total 2014 £	Total 2013 £
Turnover	2	1,353,569	1,297,262
Operating costs	2	952,749	952,311
Operating surplus on social housing lettings	2	400,820	344,951
Donations and legacies		-	18,156
Surplus on operating activities before interest		400,820	363,107
Interest receivable and similar income	8	794	745
Interest payable and similar charges	7	(337,395)	(346,584)
Operating surplus for the year	9	64,219	17,268
Transfer from/(to) sinking fund	16/17	-	-
Surplus retained	16/17	64,219	17,268

There were no recognised gains or losses other than the surplus/(deficit) for the periods.  
The results relate to continuing activities.

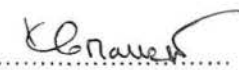


# SANDBOURNE HOUSING ASSOCIATION

## BALANCE SHEET AT 30 SEPTEMBER 2014

	Note	2014 £	2013 £
<b>Fixed assets</b>			
Housing properties - depreciated cost	10	12,895,516	13,059,739
Less: Housing Association grant	10	(2,603,143)	(2,603,143)
		10,292,373	10,456,596
Other tangible fixed assets	10	92,503	87,984
		10,384,876	10,544,580
<b>Current assets</b>			
Debtors	11	90,423	89,681
Cash at bank and in hand		177,593	87,179
		268,016	176,860
<b>Creditors - amounts falling due within one year</b>	12	(257,317)	(250,784)
<b>Net current liabilities</b>		10,699	(73,924)
<b>Total assets less current liabilities</b>		10,395,575	10,470,656
<b>Long-term creditors</b>			
Development loans	13/14	5,659,061	5,798,365
		4,736,514	4,672,291
<b>Capital and reserves</b>			
Share capital	15	37	33
Designated reserves	16	1,855	1,855
Income and expenditure account	17	4,734,622	4,670,403
		4,736,514	4,672,291

These financial statements were approved by the Board on 11th February 2015.

  
Board Member

  
Michael Barrow  
Chairman

  
Steve Hayes  
Chief Executive and Secretary

The approved financial statements were authorised for issue by the secretary on 11th February 2015.

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

# SANDBOURNE HOUSING ASSOCIATION

## CASHFLOW STATEMENT

FOR THE YEAR ENDED 30 SEPTEMBER 2014

	2014 £	2013 £
Net cash inflow from ordinary activities before interest (i)	657,925	606,648
<u>Servicing of finance and returns on investments</u>		
Deposit account interest received	794	745
Loan interest paid	(337,395)	(346,584)
Net cash outflow from servicing of finance and returns on investment	(336,601)	(345,839)
<u>Capital expenditure and financial investment</u>		
Payments for fixed assets and development costs	(124,284)	(95,145)
Insurance income on component disposal	21,674	-
Net cash (outflow) for capital expenditure and financial investment	(102,610)	(95,145)
Net cash (outflow)/inflow before financing	218,714	165,664
<u>Financing</u>		
Increase in long term borrowing - Development loan	-	-
Repayments of long term borrowing - Development loan	(128,304)	(120,579)
Issue of share capital	4	10
Net cash inflow/(outflow) through financing	(128,300)	(120,569)
Increase/(decrease) in cash	90,414	45,095



# SANDBOURNE HOUSING ASSOCIATION

## CASHFLOW STATEMENT CONTINUED

FOR THE YEAR ENDED 30 SEPTEMBER 2014

i) <u>Reconciliation of surplus on operating activities to cash inflow from operating activities</u>	2014	2013		
	£	£		
Surplus on operating activities before interest	400,820	363,107		
Depreciation charges	276,542	207,274		
Insurance recovery on Craigleith roof	(21,674)	-		
Write off of historical fixtures & equipment	6,406	12,790		
Forfeiture of share capital	-	(1)		
(Increase)/decrease in debtors and prepayments	(742)	(22,114)		
Increase/(decrease) in creditors and accruals	(3,427)	45,592		
	<hr/>	<hr/>		
Net cash inflow from operating activities before interest	<u>657,925</u>	<u>606,648</u>		
ii) <u>Reconciliation of net cash flow to movement in net debt</u>	2014	2013		
	£	£		
Increase/(decrease) in cash in the year	90,414	45,095		
Increase in loan term borrowing - Development loan	-	-		
Repayments of long term borrowing - Development loan	<u>128,304</u>	<u>120,579</u>		
Changes in net debt resulting from cashflows	218,718	165,674		
	<hr/>	<hr/>		
Movement in net debt	218,718	165,674		
Net debt brought forward	(5,836,186)	(6,001,860)		
	<hr/>	<hr/>		
Net debt carried forward	<u>(5,617,468)</u>	<u>(5,836,186)</u>		
iii) <u>Analysis of net debt</u>				
	30.09.2013	Cash flow	Non-cash movements	30.09.2014
	£	£	£	£
Cash at bank and in hand	87,179	90,414	-	177,593
Development loans	<u>(5,923,365)</u>	<u>128,304</u>	-	<u>(5,795,061)</u>
	<u>(5,836,186)</u>	<u>218,718</u>	-	<u>(5,617,468)</u>

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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### 1 PRINCIPAL ACCOUNTING POLICIES

**Sandbourne Housing Association (SHA)** is registered with the Homes and Communities Agency (HCA) as a registered provider as defined by The Housing Act 1996, Housing and Regeneration Act 2008, and under the The Co-operative and Community Benefit Society Act 2014.

#### **Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and statements of recommended practice. The accounts comply with the Housing Act 1996, the Accounting Requirements for Registered Social Landlords General Determination 2006, the Statement of Recommended Practice: "Accounting by Registered Social Housing Providers, Update 2010" and the Accounting Direction for private registered providers of social housing in England 2012. The accounts are prepared on the historical cost basis of accounting except as modified by the revaluation of investments and fixed assets.

#### **Turnover**

Turnover represents rental income and service charges receivable net of rent and service charge losses from voids, and revenue grants from local authorities.

#### **Supporting People contracts**

Income relating to Supporting People services is accounted for as follows:

- Block gross chargeable contracts – Supporting People receipts from block gross chargeable contracts are treated as "Supporting People contract income" under "Other social housing activities" within turnover in the Income and Expenditure account. Bad debts are included in "Operating costs" and debtors are included in "Rental debtors".
- Block subsidy contracts where the income is collected from the service users under a contract separate from the tenancy agreement is included as "Other Supporting People income" under "Other social housing activities" within turnover in the Income and Expenditure account. Bad debts are included in "Operating costs" and debtors are included in "Rental debtors".
- Block subsidy contracts where the income is collected from tenants under the terms of the tenancy agreement is included as "Charges for support services" as part of income from social housing lettings within turnover in the Income and Expenditure Account. Bad debts are included within "Operating costs" and debtors are included within "Rental debtors".

#### **Legacies and donations**

Donations received are recognised when the society is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the society being notified of an impending distribution or the legacy being received.

#### **Housing properties**

As required by FRS 15, the Association has reviewed the economic useful lives of its housing properties and now depreciates the property costs, less grants, freehold land and residual value.

Housing properties in the course of construction are stated at cost and not depreciated. Housing properties are transferred to completed properties when they are ready for letting.

Expenditure on existing housing properties which results in an enhancement of economic benefits of the asset such as an increase in the net rental stream over the life of the property is capitalised.

#### **Housing Association / Social Housing grants**

Housing properties are stated at cost less accumulated depreciation. Where developments have been financed wholly or partly by a Housing Association / Social Housing grant, the cost of those developments has been reduced by the amount of the grant received.

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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### 1 PRINCIPAL ACCOUNTING POLICIES (continued)

#### Capitalisation of Development Overheads and Finance Costs

The labour cost of the time spent by staff is capitalised only to the extent that it is incremental to the development process and directly attributable to bringing the properties into their intended use.

Where finance costs are capitalised this is done only when

- (a) finance costs are being incurred
- (b) expenditures for the asset are being incurred; and
- (c) activities that are necessary to get the asset ready for use are in progress.

Capitalisation of directly attributable costs cease when substantially all the activities that are necessary to get the tangible fixed asset ready for use are complete even if the asset has not yet been brought into use.

#### Component Accounting

Housing properties are split between the structure and those major components which require periodic replacement. Replacement or restoration of such major components are capitalised and depreciated over the average estimated useful life which has been set taking into account professional advice, Sandbourne Housing Associations asset management strategy and the requirements of the Decent Homes Standard.

#### Fixed assets and depreciation

Tangible fixed assets, except freehold land, are stated at cost less accumulated depreciation and capital grants. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

##### Housing properties

Structure	100 years
Major components	20 to 50 years
Freehold office buildings	100 years
Furniture and equipment	10% & 20% on the reducing balance

Where components are replaced before the end of their useful economic lives an additional depreciation charge is booked to reduce the net book value to nil before the asset and accumulated depreciation is written off. Freehold office buildings are incorporated into the sheltered housing block known as 'Woodlands' and therefore are not shown separately in note 10. The office was moved to a separate leased premises in September 2014.

#### Designated Reserves

The Association designates those reserves which have been set aside for uses which prevent them, in the judgement of the Committee, from being regarded as part of the free reserves of the Society.

#### Taxation

No taxation is payable on the charitable surpluses of Sandbourne Housing Association.

Irrecoverable VAT which can be attributed to a capital item or expenditure is added to the cost of the capital item or expenses where practicable and material.

#### Pension Costs

The Association operates a defined contribution scheme for the benefit of its employees. The cost of contributions are written off in the year they are payable.

SANDBOURNE HOUSING ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

2 PARTICULARS OF INCOME AND EXPENDITURE FROM LETTINGS

	Total 2014	Supported housing	Contracted out Extra care housing	Admin	Total 2013	Supported housing	Contracted out Extra care housing	Admin
	£	£	£	£	£	£	£	£
<b>Income</b>		(171 units)	(31 units)			(171 units)	(31 units)	
Rent receivable net of identifiable service charges	987,092	837,229	149,863	-	955,543	809,805	145,738	-
Less: Rent losses from voids	(9,411)	(7,251)	(2,160)	-	(14,506)	(10,762)	(3,744)	-
	977,681	829,978	147,703	-	941,037	799,043	141,994	-
Service charge income	276,452	228,448	48,004	-	256,976	214,441	42,535	-
<b>Other social housing activities:</b>								
Supporting people contract income	99,436	97,011	2,425	-	99,249	97,011	2,238	-
<b>Turnover from social housing lettings</b>	<b>1,353,569</b>	<b>1,155,437</b>	<b>198,132</b>	<b>-</b>	<b>1,297,262</b>	<b>1,110,495</b>	<b>186,767</b>	<b>-</b>
<b>Expenditure</b>								
Staff costs including training (see note 6)	219,781	61,552	-	158,229	228,913	52,958	-	175,955
Service charge maintenance & repairs	113,611	85,952	27,659	-	106,629	80,005	26,624	-
Routine repairs & maintenance contracts	52,009	41,584	10,004	421	66,431	57,503	8,299	629
Planned maintenance	6,296	5,903	393	-	30,132	27,688	2,444	-
Empty property works	32,718	29,790	2,928	-	34,543	30,596	3,947	-
Depreciation of housing properties	194,924	169,611	25,313	-	193,691	169,992	23,699	-
Depreciation on component disposals (less insurance recovery)	49,495	709	48,786	-	919	919	-	-
Depreciation of fixtures & equipment	10,449	5,110	281	5,058	12,664	5,501	253	6,910
Loss on write off of historical fixtures & equipment	6,406	-	-	6,406	12,790	9,707	-	3,083
Bad debts - Rent arrears written off	5,315	4,627	688	-	-	-	-	-
Other costs	261,745	137,743	34,643	89,359	265,599	141,412	54,821	69,366
<b>Operating costs on social housing lettings</b>	<b>952,749</b>	<b>542,581</b>	<b>150,695</b>	<b>259,473</b>	<b>952,311</b>	<b>576,281</b>	<b>120,087</b>	<b>255,943</b>
<b>Operating surplus on social housing lettings</b>	<b>400,820</b>	<b>612,856</b>	<b>47,437</b>	<b>(259,473)</b>	<b>344,951</b>	<b>534,214</b>	<b>66,680</b>	<b>(255,943)</b>

Included in 'Depreciation on component disposals' is £21,674 of insurance receipts relating to the replaced Craigleith roof (2013: £NIL)

Included in 'Routine repairs & maintenance contracts' is £10,532 of insurance recovery receipts for storm and water damage (2013: £NIL)

Included in 'Other costs' is a £2,128 contribution receipt from Crumbs for work on the communal kitchen at St Kilda (2013: £NIL)

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

### 3 CHARGES FOR SUPPORT SERVICES AND ASSURED TENANCIES

#### Charges for support services receivable eligible for housing benefits

The time and cost required to gather this information would be excessive, therefore this information has not been disclosed in these financial statements.

#### Average assured tenancy rent

	2014	2013
	£	£
Average assured tenancy rent (increase: 4 %), including full Supporting People charge	<u>6,735</u>	<u>6,477</u>

### 4 BOARD OF MANAGEMENT MEMBERS' EMOLUMENTS

None of the members of the Board of Management received remuneration during the year.

	2014	2013
	£	£
Total expenses reimbursed to the committee members not chargeable to United Kingdom Tax	<u>104</u>	<u>77</u>

### 5 DIRECTORS' EMOLUMENTS

	2014	2013
	£	£
The aggregate emoluments paid to Directors (excluding pension)	<u>61,800</u>	<u>81,406</u>
The emoluments paid to the highest paid Director (excluding pension)	<u>61,800</u>	<u>57,500</u>
The pension contributions paid on behalf of highest paid Director (no other pension contributions paid on behalf of directors)	<u>3,600</u>	<u>3,011</u>

The Chief Executive is an ordinary member of the defined contribution scheme. No enhanced or special terms apply. There are no additional pension arrangements. The RSHP paid total contributions of £3,600 (2013: £3,111). The £81,406 in 2013 includes £23,906 salary and redundancy costs for previous Finance Director.

### 6 EMPLOYEE INFORMATION

The average monthly number of persons under a contract of service during the year was:

	2014	2013	Expressed as full time equivalents	
			2014	2013
Office & secretarial staff	3	4	2	3
Housing and support officers	4	4	4	4
Maintenance	1	1	1	1
	<u>8</u>	<u>9</u>	<u>7</u>	<u>8</u>

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

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

### 6 EMPLOYEE INFORMATION (continued)

Staff costs during the year:	2014	2013
	£	£
Wages and salaries	188,690	184,973
Social security costs	16,844	16,415
Redundancy	-	18,690
Employment settlement	-	8,500
	<u>205,534</u>	<u>228,578</u>
Wages and salaries capitalised	-	-
Holiday pay accrual	914	-
Maintenance manager salary included in repairs and cleaning	(7,898)	(7,401)
Training	6,398	1,522
Agency costs, casual wages etc	14,833	6,214
	<u>219,781</u>	<u>228,913</u>

Pension costs of £3,600 (2013: £3,111) are included in Other Costs.

### 7 INTEREST PAYABLE

	2014	2013
	£	£
Housing development bank loan interest	<u>337,395</u>	<u>346,584</u>

### 8 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014	2013
	£	£
Deposit account interest	<u>794</u>	<u>745</u>

### 9 OPERATING SURPLUS

	2014	2013
	£	£
Operating surplus is stated after:		
Depreciation of owned assets	205,373	206,355
Depreciation on component disposals (less insurance recovery)	49,495	919
Loss on write off of historical fixtures & equipment	6,406	12,790
Bad debts - Rent arrears written off	5,315	-
Auditors' remuneration:		
Audit fees	7,006	7,434
Non audit services	6,712	1,920

**SANDBOURNE HOUSING ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

**10 TANGIBLE FIXED ASSETS**

Freehold Housing Properties held for letting

	Supported housing completed Schemes	Category 2.5 Extra Care completed Schemes	Total
	£	£	£
<b>Cost</b>			
At 30 September 2013	11,743,319	2,984,988	14,728,307
Additions: New properties	-	-	-
Improvements to existing properties	3,058	-	3,058
Replacement of components (see below)	21,106	77,706	98,812
Disposals of properties	-	-	-
Write off of replaced components	(4,472)	(75,000)	(79,472)
At 30 September 2014	11,763,011	2,987,694	14,750,705
<u>Less Housing Association/Social Housing grants:</u>			
At 30 September 2014 & 30 September 2013	(453,143)	(2,150,000)	(2,603,143)
Net cost at 30 September 2014	11,309,868	837,694	12,147,562
<b>Depreciation</b>			
At 30 September 2013	1,621,171	47,397	1,668,568
Provided in the year on assets held at year end	169,611	25,313	194,924
Provided in the year on replaced components	709	70,460	71,169
Eliminated on disposal	-	-	-
Write off of replaced components	(4,472)	(75,000)	(79,472)
At 30 September 2014	1,787,019	68,170	1,855,189
Net book amount at 30 September 2014	9,522,849	769,524	10,292,373
Net book amount at 30 September 2013	9,669,005	787,591	10,456,596

Book values of Land included in above are £949,773 for Sheltered schemes and £25,496 for Extra Care Schemes.

Included within 'Freehold Housing Properties' is capitalised finance costs as per FRS 15 *Tangible Fixed Assets*.

\*The cumulative amount of finance costs included in the cost of tangible fixed assets total £271,058. (2013: £271,058)

Housing Association / Social Housing grants may be repayable in certain circumstances. No such circumstances are as yet anticipated.

Table of components capitalised in the year

Component	Amount	Estimated useful life
Roof		50 years
Flat roof	77,706	20 years
Flat kitchens	6,521	20 years
Communal kitchens		20 years
Bathrooms	14,585	30 years
Heating boilers		30 years
Windows & external doors		30 years
Internal doors		30 years
Lifts		30 years
Call & alarm systems		20 years
Total	98,812	

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

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

### 10 TANGIBLE FIXED ASSETS (continued)

#### Furniture and equipment

<u>Cost</u>	<u>£</u>
At 30 September 2013	186,180
Additions during the year	22,414
Disposals during the year	(13,955)
At 30 September 2014	194,639
 <u>Depreciation</u>	
At 30 September 2013	98,196
Provided in the year	10,449
Eliminated on disposal	(6,509)
At 30 September 2014	102,136
 Net book amount at 30 September 2014	92,503
 Net book amount at 30 September 2013	87,984

Additions during the year include items related to the office relocations and merger with Broadway Park Housing Association (BPHA). The costs of certain items have been shared with BPHA, only the Sandbourne Housing Association share of these costs are included. As these costs were incurred late in the financial year and in some instances were incomplete it is not considered appropriate to charge depreciation on them in 2014.

### 11 DEBTORS

	2014	2013
	£	£
Amounts falling due within one year:		
Rents owing	28,379	38,712
Allpay account	24,053	18,594
Other debtors & prepayments	37,991	32,375
	90,423	89,681



# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

### 12 CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	£	£
Rents prepaid	25,197	25,622
Taxation and social security	6,200	4,349
Other creditors	50,395	43,090
Retentions held on building projects	-	6,563
Accruals	39,525	46,160
Housing development bank loans	136,000	125,000
	<u>257,317</u>	<u>250,784</u>

### 13 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
	£	£
Housing development bank loans	<u>5,659,061</u>	<u>5,798,365</u>

### 14 HOUSING DEVELOPMENT BANK LOANS

The loans comprise two bank loans secured by a first legal charge on all freehold properties excluding the Highfield site. This represents funding for the Woodlands, Gladman House and Craigleith developments. The facilities are repayable as follows: £3,567,302 (2013: £3,642,977) over thirty years at a fixed rate of 6.05% and £2,227,759 (2013: £2,280,388) over 25 years at 5.26% fixed for the first 15 years. Both are due for repayment in 2036.

#### Maturity analysis estimates

Less than one year	136,000
More than one year but less than two years	144,000
More than two years but less than five years	484,000
Five years or more	<u>5,031,061</u>
	<u>5,795,061</u>

**SANDBOURNE HOUSING ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2014**

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**15 SHARE CAPITAL**

	2014 £	2013 £
Allotted, issued and fully paid		
At 30 September 2013	33	24
Issued during the year	4	10
Cancelled during the year	-	(1)
At 30 September 2014	<u>37</u>	<u>33</u>

No share carries any right to interest, dividend nor bonus. Shareholders do not have rights to the assets on dissolution.

**16 DESIGNATED RESERVES**

	Capital reserve £	Refurbishment reserve £	Total £
At 30 September 2013	1,855	-	1,855
Transfers for the year	-	-	-
Spending on refurbishments	-	-	-
At 30 September 2014	<u>1,855</u>	<u>-</u>	<u>1,855</u>

**17 INCOME AND EXPENDITURE ACCOUNT**

	2014 £	2013 £
At 30 September 2013	4,670,403	4,653,135
Surplus/(deficit) for the year	64,219	17,268
Transfers for the year from designated reserves	-	-
At 30 September 2014	<u>4,734,622</u>	<u>4,670,403</u>

**18 PENSION COSTS**

The cost for the year of the defined contribution pension scheme was £3,600 (2013: £3,111) and there were no outstanding or prepaid contributions at the balance sheet date.

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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### 19 CAPITAL COMMITMENTS

Work initially planned to start in 2014 resulting from a stock condition survey undertaken in 2012 was deferred due to the need to replace the roof at the Craigleith site.

The work required relates mainly to lift, door and electrical upgrades with a tendered cost of £214,026 to be financed from operation revenues and/or available loan finance.

It is anticipated that this will now form part of a larger programme of work which will include the conversion of offices at Woodlands and communal lounge at Highfield to living accommodation, to be funded with joint Sandbourne Housing Association and BPHA resources.

### 20 OPERATING LEASE COMMITMENTS

SHA has entered into a 60 month lease agreement for the hire of a photocopier in September 2014 at £150 per quarter. Termination is on a three month notice period.

In December 2012 SHA entered into an eight year fixed price contract for the supply and maintenance of equipment for its 5 communal laundries. Cost for all rental and repairs are £2145 + VAT per month. The lease contract can be terminated by giving three months written notice.

The new office premises of SHA at Beech House in Poole, shared with BPHA, is for a lease of 10 years with a 5 year break clause. Rent is payable quarterly for £4166 with this cost shared equally between SHA and BPHA.

### 21 RELATED PARTIES

Theresa Saunders, Cheryl Veal and Brian Tigg served as Board members during the year and are also tenants of the Association. Their tenancies are on normal commercial terms similar to all other tenants and they cannot use their position to their advantage. Cheryl Veal and Brian Tigg resigned from the Board during the reporting year.

Steve Hayes, Chief Executive, served as a board member of Broadway Park Housing Association until January 2013.

A relative of a staff member is a tenant at Craigleith. The staff member and the Chief Executive were excluded from the Boards decision to agree the tenancy. The standard terms of tenancy were applied and commenced in 2011.

Board member Chris Lewis, had previously been employed with Bournemouth Borough Council. Bournemouth Borough Council pay the Association 'Supporting People' contract income. During the year £99,436 (2013: £99,249) was paid to the Association.

Baqus Denley King acted as employers agent/project manager on Craigleith's redevelopment. In 2011 they undertook a stock condition survey on other premises which required ongoing project management by them. Payments to Baqus Denley King of £NIL (2013:£NIL) were made during the year for these projects.

During the year SHA has shared some costs relating to the merger with Broadway Park Housing Association (BPHA), they also now share the same serviced offices at Beech House, Poole. See note 24.

Total costs relating to the merger and office share incurred by SHA in the year are £42,520 of which £20,246 represents capital costs. BPHA owes SHA £1,037 at the balance sheet date from shared costs.

# SANDBOURNE HOUSING ASSOCIATION

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 2014

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### 22 ULTIMATE CONTROLLING PARTY

Sandbourne Housing Association is controlled by the Board

### 23 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 September 2014 nor at 30 September 2013.

### 24 POST BALANCE SHEET EVENTS

#### Proposed merger with Broadway Park Housing Association (BPHA)

An application for the merger was submitted to the Homes and Communities Agency (HCA) in August 2014 whereby Broadway Park Housing Association (BPHA) would transfer its engagements (TOE) into Sandbourne Housing Association and thereafter cease to exist. The merger has been subject to resident consultation and both Boards are fully supportive. In January 2015 the HCA gave their formal consent. The last hurdle which was approval from the Financial Conduct Authority (FCA) was received and became effective on 27 January 2015. Members of the now ceased to exist BPHA Board have been agreed to serve on Sandbourne Board. It has also been agreed that subject to those co-opted members being elected at this AGM that the current Chairman of the now ceased BPHA will be elected at the Board meeting after the AGM to become the Chairman of Sandbourne and the existing Chairman of Sandbourne (Michael Barrow) will be elected as Vice Chairman. The Current Chief Executive of Sandbourne will remain as Chief Executive and the Chief Executive of BPHA will become Finance Director of Sandbourne. Staff contracts have been novated across from BPHA to SHA under TUPE legislation since the Balance Sheet date.

#### Loss of Supporting People income

Sandbourne in common with all social landlords in Bournemouth have had their Supporting People (SP) contracts cancelled or varied due to spending cuts. This is despite Sandbourne receiving a very good annual service review report from SP (available to view and download from our web site). The result is that Sandbourne will lose that SP income effective from 22 June 2015. The effect is that those services that are funded by SP will end unless alternative funding is put in place which is unlikely. It is unlawful for SP services to be subsidised through rent. A separate service charge could be levied though any such charge would not be eligible for benefit. At present 80% of our residents currently receive benefit for that SP of £10.88 a week. It is with regret that Sandbourne have had to put all 3 x support officers plus the 1 x housing services managers jobs 'at risk' of redundancy. Residents have been informed. The Board meeting due immediately after the AGM will be making decisions on a revised staffing structure and formally agreeing to any redundancy notices to be issued to those 'at risk' staff.

#### Conversion of office space at Woodlands and communal lounge at Highfield

Planning consent has been received in January 2015 to convert the old registered office in Woodlands into 3 x 1 bedroom flats for the elderly and the communal lounge at Highfield into 1 x 2 bedroom flat for the Elderly. This work is due to commence by March 2015 and be completed by June 2015 along with converting BPHA offices in Poole into 2 x 2 bedroom flats for families and other work in Stourwood Ave and Belle Vue sites in Bournemouth.

## **SANDBOURNE HOUSING ASSOCIATION**

### **INFORMATION REGARDING SHAREHOLDERS, BOARD MEMBERS and ELECTIONS**

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#### **Shareholders**

Applicants wishing to become Shareholders should apply in writing to SHA's Registered Office, setting out their reasons for applying and appropriate skills and qualities.

They will pay the sum of £1, which shall be returned if their application is not approved.

Not more than one third of shareholders may be residents of SHA. As at 30<sup>th</sup> September 2014 there were 37 shareholders of which 10 were residents.

#### **Resident Board members**

Resident Board members are elected by residents, not Shareholders. They do not have to be Shareholders of SHA to be eligible to stand. When a Resident Board member retires, all Residents will be notified approximately one month before the Annual General Meeting asking for nominations within a specified time. If a ballot is required, this will be arranged before the AGM, due in March each year, and the results announced at the AGM and on Resident noticeboards.

At any one time, one third of the Board may be residents; ideally, with representatives from all sites. The final decision to accept nominations / membership, including resident members, is at the discretion of the Board. In the interests of transparency and good governance, the Board will make the reasons for any non-acceptance known to residents and shareholders.

#### **Board members**

Full details of current Board members, their skills and qualifications were sent out to all Shareholders with this Annual Report. The Board currently has a range of suitable skills to govern the Association and further Board members with targeted skills will also be sought to further enhance effective governance of the Society as vacancies arise.

The Board accepts and complies with the most recent National Housing Federation code of governance, "Excellence in governance - July 2010" and the "Code of Conduct 2012 with good practice for members - October 2012".

#### **Staff**

The Association is staffed with capable and effective officers, led by Steven Hayes, Chief Executive since October 2009. Before joining SHA Steven had worked in social housing for 30 years, the last 20 years holding senior management level roles in housing associations and Local Authorities.

John Wright, Finance Officer, recruited and appointed in January 2013. He is Chartered Institute of Management Accountants (ACMA) qualified and brings significant social housing related accounts experience to the post.

Kris Hyczka, Housing Services Manager, recruited in September 2009 and appointed by SHA in November 2009. She has a Diploma in Housing Management and brings a wide breadth of housing experience and skills to the post.