



# ROSEBERY

HOUSING ASSOCIATION

**LH4026**

## **Report and Financial Statements**

For the year ended 31 March 2015

Rosebery Housing Association Limited  
Charitable Registered Society under the Co-operative & Community Benefit  
Societies Act 2014 No. 27671R

Registered Office:  
Newplan House  
41 East Street  
Epsom  
Surrey  
KT17 1BL

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

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## **ROSEBERY HOUSING ASSOCIATION LIMITED**

### **REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2015

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Charitable Registered Society  
registration number: 27671R

Registered Provider  
registration number: LH4026

Registered Office: Newplan House  
41 East Street  
Epsom  
Surrey KT17 1BL

#### **Board \*:**

Stephen Barklem	Independent	(appointed 29/07/2014) &
	Chair	(appointed 23/9/2014)
Anna Hammond	Chair	(resigned 23/9/2014)
Ade Adebayo	Independent	(resigned 23/9/2014)
Florence Barras	Independent	
Mary Hope	Independent	(resigned 23/9/2014)
Jon Milburn	Independent	
Honorata Rosser	Resident	(resigned 23/9/2014)
Stephen Whitehouse	Resident	(resigned 23/9/2014)
Paul Williams	Independent	(Vice Chair)
Mark McJennett	Independent	(appointed 23/9/2014)
Sukhraj Dhadwar	Independent	(appointed 23/9/2014)
Mak Akinyemi	Independent	(appointed 23/9/2014)
Deborah Pike	Executive	(appointed 27/10/2014)

#### **Senior Management Team:**

Deborah Pike	Chief Executive
Léonie Chettle	Operations Director
Lesley Hobley	Finance Director

#### **Company Secretary:**

Susan McBride	Resigned 13 May 2014
Lesley Hobley	Appointed 14 May 2014

#### **\*Note**

The Association's Board moved to a single-status skills-based governance structure, operating under revised Rules effective from 27 October 2014. With effect from that date the terms "Independent Board Member" and "Resident Board Member" in relation to Rosebery's Board structure no longer apply.

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<b>External Auditors</b>	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 OPA	
<b>Internal Auditors</b>	Mazars LLP Tower Bridge House St Katherine's Way London E1W 1DD	
<b>Legal Advisors</b>	Trowers and Hamlin Solicitors 3 Bunhill Row London EC1Y 8YZ	Capsticks Solicitors LLP 1 St. George's House East St. George's Road Wimbledon, London SW19 4DR
	Sharratts (London) Solicitors 1 The Old Yard Rectory Lane, Brasted Westerham Kent TN16 1JP	Cripps Harries Hall LLP Wallside House 12 Mount Ephraim Road Tunbridge Wells TN1 1EG
	Devonshires LLP 30 Finsbury Circus London EC2M 7DT	
<b>Bankers</b>	National Westminster Bank 115 The High Street Epsom Surrey KT19 8DX	
<b>Funders</b>	The Royal Bank of Scotland Level 7, Premier Place 2 ½ Devonshire Square London EC2M 4BA	Santander 2 Triton Square Regents Place London NW1 3AN
	M & G Investment Management Ltd 5 Laurence Pountney Hill, London EC4R 0HH	
<b>Valuers</b>	Mazars LLP Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN	
<b>Financial Advisors</b>	Centrus Advisors LLP Mermaid House 2 Puddle Dock London EC4V 3DB	

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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The Board presents its annual report and the audited financial statements for the year ended 31 March 2015.

Principal Activity: The Association's principal activity is to provide affordable homes and services as a Registered Provider.

**Operating and Financial Review**

**Overview**

Rosebery exists to provide a choice of quality homes to those that find the open market beyond their reach. It also delivers a wide range of services and ensures that those services to both current and future customers are efficient, effective and achieve standards of excellence. The Association delivers sustainable communities through healthy and positive partnerships with an aim to provide solutions to local problems and challenges and to bring out the best in people and agencies.

The Association is committed to working in partnership with stakeholders in its areas of operation, but predominantly recognise Epsom and Ewell as the 'heartland'. Epsom and Ewell is a relatively affluent area with pockets of inequality and as the major landlord in the area it is committed to working with partners to reduce those inequalities.

The delivery of its core purpose is designed to meet customers changing needs, to help shape a place where people want to live and work and 'to make a positive difference'.

The identification and evaluation of the risks are set out in the Statement of Internal Controls (page 15).

**Profile**

The Association is a charitable Registered Provider (RP), registered with and regulated by the Homes & Communities Agency (HCA). The Association was formed in February 1994 as a result of the stock transfer from Epsom & Ewell Borough Council. It owns and manages 2,732 properties and 633 garages, predominantly in and around Epsom and Ewell with 253 of the properties located across 6 other Boroughs in Surrey and West Sussex.

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**Business Objectives**

There are four key priorities driving business activity:

1. Choice: to provide a range of affordable, quality homes and services ensuring choice where possible.  
Enabling more low/middle income families to find affordable homes in the area where we work and providing a range of incentives, information and opportunities to encourage movement within our existing houses.
2. Cost: To provide excellent customer service at a price which is good value for money.  
We have provided opportunities for our customers to feed back to us giving us insight into their aspirations for us and allowing us to develop a set of services that are not 'one size fits all'. We have evaluated and changed service providers where different or better services can be provided at lower cost without damaging the frontline services.
3. Creativity: To bring added value to the communities where we work.  
We have continued to contribute to and support the Local Strategic Partnership, and have begun to establish clear links between our investment and the opportunities available within our local areas.
4. People: To develop our people to achieve our potential.  
The culture of performance driven results has been embedded across the organisation. Board members possess specialist skills adding to the already strong leadership and governance role they perform.

**Value for Money (VFM)**

This section on VFM is an abridged version of our full VFM self assessment which can be found on our website by using this link: <http://www.rosebery.org.uk/value-for-money> Rosebery VFM self assessment 2014 -15 or by contacting Customer services on 0800 068 7664 and requesting a hard copy. The self assessment is produced for our residents, stakeholders and staff, to set out how we are performing in providing an efficient, cost effective service for all our customers.

**What is VFM?**

Value for Money means managing our resources economically, efficiently and effectively to provide quality services and homes – put simply it is business efficiency. We measure VFM in the context of meeting our objectives as detailed above. We aim to fulfil our objectives by implementing the strategic direction outlined in the Corporate Plan with each reflecting our vision '*To make a positive difference*'. The VFM summary score card below is cross referenced to our objectives.

**Why is VFM so important?**

There is a greater emphasis on VFM, due mostly to the need to stretch significantly reduced public funding and so that development can continue and therefore increase the provision of affordable housing. In the current economic environment of increasing costs of funds and the impact of the proposed welfare benefit reforms, VFM has a crucial role to play. It contributes to the headroom required in long-term business plans to enable development to continue, and to improve service standards for our customers to ensure they receive VFM for the rent they pay.



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**VFM – stakeholder focus**

Value for Money has a different emphasis for each of our stakeholders.

- **Residents:** Current residents want their homes properly maintained and an efficient service. New residents want new homes giving them a choice of tenure and house type.
- **Staff:** Staff need to feel valued and motivated in order to reach their potential.
- **Funders:** Funders focus on the overall financial performance and viability of the organisation and also on the condition of the properties on which their loans are secured.
- **Taxpayer:** As we have historically received substantial capital grant from government and also receive Housing Benefit as a substantial part of our rental income, we owe a duty to the taxpayer to ensure that we are maximising this investment both in financial and social terms to enable the provision of new homes.
- **Local Authority partners:** Ensuring delivery of new homes to meet the local housing needs and ensuring existing residents receive quality services

**Performance 2014-15**

The table below is a summary VFM score card detailing our performance in delivering VFM in the context of our objectives. A detailed analysis is contained in our full VFM self assessment.

VFM SUMMARY SCORE CARD							
Objectives	Performance Indicator	Actual 14-15	Benchmarking quartile	Actual 13-14	Trend	Target 14/15	Target 15/16
Choice - quality homes	New Homes delivered in year	36	N/A	26	↑	27	24
	Homes meeting Decent Homes standard	100%	U	100%	↔	100%	100%
	Average SAP rating	73.1	(73.95)	73.0	↔	No target	
Choice - Quality services	Current GN & HfOP arrears as % of yearly rent debit	2.2%	U* (2.6%)	2.3%	↑	< 2.25%	< 2.25%
	Average GN void turnaround time (days)	20.44	M* (17.77)	13.78	↓	< 15 cal days	< 15 cal days
	% of repairs right first time	72.4%	L* (94.88)	98.4%	↓	97.0%	97.0%
	appointments kept as % of appointments made	93.9%	L* (98.31)	99.8%	↓	99.0%	99.0%
	% of dwellings with a valid gas safety certificate	100%	U* (100%)	100%	↔	100%	100%
People	Average sickness days per employee	4.1	U* (4.3)	2.8	↓	< 3.0	< 3.0
	Training per head £	£417	N/A	£1,593	↓	1,724	£1,724
Creativity & choice	% of residents satisfied with overall service	82.5%	L** (88.2%)	86.5%	↓	92.0%	92.0%
	% of residents satisfied their views are taken into account	74.4%	U** (73.2%)	75.9%	↓	81.0%	81.0%
	% of residents satisfied with R&M	86.0%	U** (83.13%)	90.2%	↓	92.0%	92.0%
Cost	% Operating surplus (excluding FTS)	37.3%	26.5%	30.9%	↑	35.1%	34.9%
	% Net surplus	25.9%	15.6%	12.2%	↑	15.8%	6.1%
	EBITDA MRI	202.0%	153.7%	173.7%	↑	177.0%	131.9%
	Net Debt per unit (owned)	£34,839	£22,474	£34,999	↑	£35,851	£37,831
	Gearing	62.3%	93.8%	63.9%	↑	62.8%	62.6%

\* - HouseMark outturn performance data for 2013/14 for Peer Group (London & South East)

\*\* - HouseMark outturn performance for STAR benchmarking club. Q1 2014/15.

NB - figures in *italics* show upper quartile measure as per relevant HouseMark report.

Cost benchmarking quartile figures are from the HCA Global Accounts 2014

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Detailed below is a table which details our Property Numbers together with operating surplus and return on cost.

	General Needs	Housing for the elderly	Shared Ownership	Temporary Accommodation Owned	Keyworker	Total	Temporary Accommodation Leased	Total social Housing
No of properties owned	1,719	185	230	103	4	2,241	61	2,302
% of owned stock	76.7%	8.3%	10.3%	4.6%	0.2%			
Income (£'000)	10,690	1,213	1,355	1,012	28	14,298	600	14,898
Operating surplus £'000	3,705	411	1,083	394	13	5,606	233	5,839
Operating surplus %	34.7%	33.9%	79.9%	38.9%	46.4%	39.2%	38.9%	39.2%
Capital Cost £'000 (excluding WIP)	60,553	6,212	18,767	7,972	437	93,941		93,941

Our General Needs stock contains no affordable rent so the operating surplus and return on assets represent a healthy return. As part of the Affordable Homes Programme 2015-18 we are aiming to convert 20% of general needs voids to affordable rent throughout the year.

Our Housing for older people is comprised mainly of 3 sheltered schemes - John Gale Court, Norman Colyer Court and Tomlin Court

Our Shared ownership stock represents the unsold portion of a shared ownership property after the first tranche sale has been made. The high operating surplus is due to the lower cost base as the obligation for routine and planned maintenance rests with the resident and there are (generally) lower management charges associated with this type of tenure

Our Temporary Housing stock as at 31<sup>st</sup> March 2015 comprises 103 owned units and 61 leased units. The operating surplus on temporary accommodation shows a better comparative return due to the higher rent levels however the return on assets is slightly lower reflecting that many of the Temporary Accommodation properties were purchased on the open market. Of the leased properties, 53 are leased from Guildford Borough Council, 7 from Epsom & Ewell Borough Council (with 6 EEBC leases terminated in the year) and 1 remaining private sector lease. The Temporary Accommodation portfolio review will be completed in 2015/16 (see Section 19 Targets for 2015/16).

Our Keyworker stock comprises 4 properties at Maritime Court in Epsom.



## **ROSEBERY HOUSING ASSOCIATION LIMITED**

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#### **Key VFM achievements 2014-15**

- New office accommodation secured which will generate c£0.5m savings over the next 5 years - £0.1m in 2014/15.
- Component procurement. Some contracts have been terminated and others have been renegotiated which generate a saving of £0.7m
- Service charges – implementation of new software which reduces the risk surrounding the previous spreadsheet application and reliance on key individuals resulting in an increase in overall efficiency.
- Development – new Homes delivered
  - 20 Shared Ownership and 7 General Needs(GN) units at Noble Park.
  - 9 Temporary accommodation(TA) units (as part of the Temporary Accommodation portfolio review)
  - £2.1m income generated from Shared Ownership First Tranche sales
- Net surplus achieved in excess of budget
- General 'VFM culture' savings made of £56k

#### **Key VFM targets 2015-16**

- Service delivery
  - Review delivery options for IT infrastructure support
- Development of new homes
  - Deliver phase 2 at West Hill Court – 24 TA units
  - Secure 2 new sites
- Increase customer satisfaction – Target 95% by Q4 2015/16
  - Implement STAR survey action plan
  - Develop a Home Standard
- Stock management
  - Complete TA review
  - Implement PLM & portfolio management modules
  - Achieve 20% conversion of GN voids to Affordable Rent(AR)
- Digital strategy
  - Implement mobile working for staff
  - Improve our 'e' offering to residents – improve accessibility
- Complete refinancing exercise – double development capacity

#### **Financial Result**

The result for the year, shown in the Income and Expenditure Account is a retained surplus of £4.1m compared to £2.2m in 2013/14.

#### **Funding and Treasury Management**

The primary function of treasury management is to manage liquidity, funding, investment and the Association's financial risk, including risk from volatility in interest rates. Treasury Policies are reviewed by the Association's Investment Committee and approved by the Board. It is current policy to manage interest rate risk by maintaining between 70% and 90% of the borrowings at a fixed rate of interest. At 31 March 2015 the percentage of borrowings at fixed interest rates was 72%.

As at 31 March 2015 borrowing stood at £85.0m.

As at 31 March 2015 we were in discussions with our current and potential new lenders to restructure our loan portfolio to allow us to raise new finance and continue to develop. This restructuring completed on 17 June 2015. Had this restructure completed prior to the year end, Note 20 Debt would have been as overleaf. The amount of £22.5m due within one year will be funded by the £22.5m deferred element of the Private Placement with £20.0m having been issued on 17 June 2015.

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	<b>2015</b>
	<b>£'000</b>
Loans repayable by instalments:	
Due between one and two years	6,250
Due between two and five years	-
Due in five years or more	54,900
	<b>61,150</b>
Due in one year or less	22,500
<b>Total of all housing loans</b>	<b>83,650</b>
Existing lenders	63,650
Private Placement	20,000
	<b>83,650</b>

We comply with our funding covenants, with no breaches during the year.

**Rents**

Our policy was to increase rent levels annually by a maximum of RPI + 0.5% + £2 per week in line with the Government Rent Restructuring rules. From 2015/16 rent levels will increase annually by a maximum of CPI + 1% in line with the new rent standard effective from 1 April 2015. Newly acquired, developed or re-let properties are let at target rent.

**Cashflows**

We generated an operating cash inflow of £7.9m (2014: £9.4m) which, after net interest payments of £3.1m (2014: £3.3m) and other movements left a cash inflow of £2.9m (2014: £5.0m) in the year. The development programme and cyclical major repairs were the most significant outflows in the year, partly offset by proceeds from staircasing sales and asset management sales.

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**Five year financial position summary**

<b>For the year ended 31 March</b>	<b>2015</b>	<b>2014</b>	<b>Restated 2013</b>	<b>2012</b>	<b>2011</b>
<b>Income &amp; Expenditure Account (£'000)</b>					
Total turnover	17,894	17,501	18,659	15,283	14,614
Income from Lettings	14,898	14,480	13,687	12,807	12,022
Operating surplus	6,386	5,409	5,319	5,601	5,432
Surplus for the year	4,144	2,160	2,018	2,037	1,801
<b>Balance Sheet (£'000)</b>					
Housing properties net of depreciation & capital grants	96,669	96,493	96,199	88,711	85,170
Other fixed assets	534	145	239	361	496
Fixed assets net of depreciation & capital grants	97,203	96,638	96,438	89,072	85,666
Net current assets	7,874	4,398	2,123	7,641	8,937
Total assets less current liabilities	105,077	101,036	98,561	96,713	94,603
Creditors: due after more than one year	87,475	87,443	86,977	86,943	86,547
Reserves	17,602	13,593	11,584	9,770	8,056
	105,077	101,036	98,561	96,713	94,603
<b>Accommodation figures</b>					
Total housing stock (excluding garages) in management at year end	2,732	2,693	2,674	2,615	2,564
<b>Statistics</b>					
Operating surplus for the year as a % of turnover	35.7%	30.9%	28.5%	36.7%	37.2%
Surplus for the year as a % of turnover	23.2%	12.3%	10.8%	13.3%	12.3%
Surplus for the year as a % of income from lettings	27.8%	14.9%	14.7%	15.9%	15.0%
Interest cover	2.5	2.1	2.0	1.9	1.8
Total reserves per home owned	6,590	5,178	4,443	3,837	3,213

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**Maintenance and Asset Management**

Our asset management strategy sets out how we will deliver quality affordable homes by efficient property management incorporating the needs of our residents and other stakeholders, and reflecting both the financial and social return of our homes.

Our homes are well maintained with 100% meeting decent homes standards.

**Health and Safety**

We have prepared detailed health and safety policies and provide regular Board and staff training and education on health and safety matters. A Health & Safety group oversees compliance with all Health and Safety requirements. Our aims are to comply with the Health and Safety Work Act 1974 and all regulations made under it. No breaches were identified during the year.

**Environmental Policy**

We recognise our duty in relation to minimising the affect of our activities on the environment and in supporting our communities to do the same.

**Employees**

Our strength lies in the quality of all of our employees. In particular, our ability to meet our objectives and commitments to residents in an efficient and effective manner depends on their contribution. Information on employees is set out in Notes 9 and 10 of the financial statements.

Our employment policies are aimed at ensuring appropriate staffing levels, training opportunities, benefits and salaries. The employment of disabled people is supported both in recruitment and retention of employees who become disabled whilst in our employment.

Policies take positive steps in line with the requirements of the Equality Act 2010. We encourage local employment initiatives and opportunities. Professional and skilled support is provided by Mentor both in relation to Human Resources and Health and Safety.

Staff are actively encouraged to participate in decision making at all levels, from business planning to service delivery, policies and procedures. This is achieved through team meetings, monthly staff briefings, appraisals, an intranet updated by staff and via interactive staff briefings. This is also recognised externally with the Investors in People Gold Award (IIP).

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**GOVERNANCE ARRANGEMENTS**

**Board Members and Executive Directors**

During the year, the Association undertook a change to its governance structure and moved to a skills-based single-status Board (effective from 27 October 2014). This move followed successful resident consultation and the unanimous approval of the Association's shareholders at the Annual General Meeting on 23 September 2014. The Association's Board now consists of eight Board Members, being seven Non-Executive Board Members recruited for their skills, knowledge and experience and one Executive Board Member, namely the Chief Executive.

Prior to the Rule change on 27 October 2014, Rosebery was governed by a Board comprising of seven Independent Members, three Resident Members and one Board Co-optee. but had held one vacancy in each respective Independent and Resident category of membership pending the changes to the Constitution).

Our Board members are drawn from a background of professional, and commercial experience, providing a skills mix appropriate to the business and its vision.

Board members are remunerated and remuneration levels have been externally validated and benchmarked by an independent Board remuneration consultant and are subject to independent triennial review.

The senior management team are listed on Page 3. These executive officers hold no interest in the shares and act as executives within the authority delegated by the Board. The Residents' Panel was launched in April 2011 with a clear position within the organisation's governance structure and the power to hold the Board and executive to account. Residents are selected by a rigorous recruitment process before joining the Panel and are supported by a programme of training and development which ensures they develop the necessary skills to effectively challenge and scrutinise services.

**Codes of Governance**

In accordance with the Governance Standard under the Regulatory Framework, we are required to adopt a governance code. The Association has adopted and complies with the National Housing Federation's 'Excellence in Governance' Code, with no areas on non-compliance identified for the year. We have adopted the NHF Code of Conduct 2012 and as Federation Members we are required to comply or explain against the provisions of this Code. The Association complies fully with the provisions of the NHF Code of Conduct 2012.

We are committed to upholding and adhering to the high standards of these Codes.

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**Statement of Responsibilities of the Board for the Report and Financial Statements**

The Board is responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice for each financial year which give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that year.

In preparing those 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 and Statement of Recommended Practice "Accounting by registered social housing providers (Update 2010)" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping adequate 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 requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008, and the Accounting Direction for Private Registered providers of Social Housing 2012.

The Board is also responsible for establishing and maintaining a satisfactory system of control over its books of account in respect of housing activities, cash holdings, all receipts and remittances and for safeguarding the assets of the Association and for taking reasonable steps for the prevention and detection of fraud and other irregularities.



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**STATEMENT OF INTERNAL CONTROLS ASSURANCE**

The Board has overall responsibility for establishing and maintaining our system of internal control and for reviewing its effectiveness.

The Board recognises that the system of internal control is designed to manage, rather than eliminate risks of failure to achieve our business objectives, and to provide reasonable rather than absolute assurance against material misstatements or losses.

The process for identifying, evaluating and managing the significant risks we face is on-going and has been in place throughout the year under review, and up to the date of approval of the Report and Financial Statements. The process is regularly reviewed by the Board and managed by the Executive Team. The approach is risk based in relation to internal controls and is consistent with the principles set out in the former Housing Corporation circular 07/07: Internal controls assurance. Although this circular is no longer in force, it is still considered to be good practice to follow the guidance it contains.

Not all risk can be entirely avoided, however the Board are committed to the mitigation of risk wherever possible.

The Board has delegated management authority for reviewing the internal controls systems to the Audit and Risk Committee. Minutes of the Audit and Risk Committee are presented to the subsequent Board to keep the Board apprised of progress. The Audit and Risk Committee and Board review policies regularly and a cycle has been established to ensure regular review continues.

Key elements of the control framework include:

**Identification and Evaluation of Key Risks**

We identify and record risks on the corporate risk register drawing on the experience of staff and Executive members, knowledge of the housing sector trends and local market conditions. Input is received from professionals which includes internal auditors and Board Members. The evaluation of risks is arrived at by way of a scoring system which assesses specific risks by considering the potential impact and likelihood of occurrence to arrive at a residual risk value. It is the Board's responsibility to approve the risk management strategy and approve the Risk Register on a regular basis. In addition, risk is reviewed regularly throughout the year at Executive and Senior Management levels. Risks are in turn monitored by the Audit and Risk Committee at each meeting throughout the year and reported to and approved by Board.

Our key risks can be categorised as:

Financial Risk	Developmental Risk	Operational Risk
Legislative Risk	Reputational Risk	Political & Economic Risk

**Financial Risk**

We manage financial risk by regularly reviewing our financial position and using Business Plan Modelling to identify the impact of potential risks in the future. The model has been used throughout the year to evaluate development opportunities and financial scenarios.

**STATEMENT OF INTERNAL CONTROLS ASSURANCE (continued)**

We have a robust Business Plan in place, which has been approved by the Board and provides the basis for our annual budgets. A system of budgetary control ensures that Management Accounts are prepared, reported on and reviewed by the Executive Team and Board on a regular basis.

A separate, specialist Investment Committee operates and provides an additional level of control and monitoring. This is supported by our external treasury advisors.

**Developmental Risk**

We have redesigned the Development Strategy to reflect reduced future public funding and to realign development aspirations with our core business principles in supporting the local community.

The Business Plan model has been used to assess our financial viability in the context of the development programme to provide adequate assurances.

**Operational Risk**

Our policies and procedures are regularly reviewed and updated, forming part of on-going service reviews and team plans. There is a commitment for continuous development across the Executive Team, Managers and all staff to minimise future operational risks.

There is an on-going system of Board reporting and Board participation in all decisions. This ensures that new initiatives are reviewed at the highest level before they are progressed.

**Legislative Risk**

We use the services of reputable legal advisors, keep abreast with sector specific legislative changes and take reasonable steps to ensure that this category of risk is minimised.

**Reputational Risk**

We have in place a Code of Conduct and Probity Policy for our Board Members and staff. We also have policies covering Anti-Corruption (incorporating provisions of the Bribery Act 2010) and Anti-Money Laundering.

We have established procedures in place for dealing with requests for information from the press. We recognise that it cannot always control our image and therefore act to protect our reputation wherever possible. Procedures are in place to ensure that contact with the media is managed effectively.

We are also aware of the need to maintain our reputation with our partners and clients. If our reputation is threatened, appropriate steps will be taken to minimise damage whilst upholding our integrity in our dealings with external bodies or individuals.

## **STATEMENT OF INTERNAL CONTROLS ASSURANCE (continued)**

### **Political & Economic Risk**

Recent political decisions which impact on housing associations and their tenants have come into force. This has been influenced by the continuing economic challenges. We are aware of the additional or changed requirements upon us in particular:

- Introduction of affordable rents and the potential impact of Local Housing Allowance caps, direct payments, freeze on working age benefits and Universal Credit. The proposed reduction in the Universal credit Cap to £23k pa has been assessed and included in our Welfare benefit reform action plan
- Local Authorities are still coming to terms with the new freedoms to dictate policies on tenure and allocation
- The changing role of the HCA as the Regulator of Social Housing in England, which has resulted in a new regulatory framework with effect from 1 April 2015. Particular attention is being paid to the requirements re: stress testing the Business Plan to destruction and a comprehensive Assets and liabilities register
- Introduction of Right to Buy for Housing Association tenants. An initial impact assessment has been undertaken which suggests limited impact for Rosebery given the high market value of properties in our operating area

### **Controls and Correction**

From the above risk process, Executive Directors are required to ensure a robust control structure is in place to address key risks. Executive Directors are tasked with monitoring and amending the controls in place to ensure they remain appropriate in changing business circumstances. The Board confirms that where problems are identified, necessary action is taken to remedy any significant failings or weaknesses and ensure the control environment meets this requirement. Changes in the risk map are also reviewed regularly by the Board and the Audit and Risk Committee.

### **Fraud**

During the financial year no frauds took place. The Audit and Risk Committee have reviewed the Fraud Register. It is satisfied that high levels of internal control are in place.

We have an Anti-Corruption strategy in place comprising Anti-Bribery, Anti-Fraud & Theft and Money Laundering policies. An Anti-Corruption strategy is essential to ensure that we mitigate exposure to bribery, corruption, money laundering, fraud or theft. The policies are also designed to protect our reputation and that of our stakeholders.

In addition the Whistleblowing Policy and Procedure sets a framework that provides protection for employees and Board Members who disclose confidential information, where they truthfully believe a wrongdoing or malpractice is being or is about to be committed.

### **Performance Information and Financial Reporting Systems**

Systems include a long term financial plan, a detailed budget for the year ahead, detailed management accounts produced on average within 10 days of the month end and detailed performance reports issued to all staff on a monthly basis. The Executive scrutinise these monthly and they are challenged and reviewed by the Board quarterly. Board, Executive, Senior management and staff review performance regularly. In addition, performance information is benchmarked, scrutinised and challenged by residents via a Resident Scrutiny Panel and validated by senior staff and residents through a range of reality checks value for money assessments and internal quality checking.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**FINANCIAL REVIEW AND BOARD REPORT**  
For the year ended 31 March 2015

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**Internal Audit Assurance**

The internal audit framework and the risk management process are subject to regular review by internal audit professionals who advise the Board and Executive and report regularly to the Audit and Risk Committee. The internal auditors make an annual report to the Audit and Risk Committee reviewing the effectiveness of the system of internal controls. The Audit and Risk Committee provides an annual report to the Board.

New Internal Auditors have been appointed during the past year with Mazars LLP, following a tendering exercise. They replace Grant Thornton (UK) LLP.

The Board confirms that there is an on-going process for identifying and managing significant risk faced by the Association. This process has been in place throughout the year under review, up to the date of approval of the annual report and accounts. The annual report from our internal Auditors for 2014/15 was positive.

**Going Concern**

After reviewing the budget for 2015/16, the 2015 30 year Business Plan and the availability of funding for the programme of new development, improvements and repair, the Board has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Financial Statements.

**Non-adjusting event after the balance sheet date**

In the Government's budget statement of 8 July 2015, the Government stated its intention to mandate:

- a reduction in social housing rents (including affordable rents and social rents) by 1% each year for the next four years, from April 2016; and
- tenants living in social housing and earning more than £30,000pa (£40,000pa in London) will be required to pay market rent.

This event occurred after the balance sheet date and does not provide additional information about, nor represent a change in, conditions that existed at that date. Therefore, in accordance with Financial Reporting Standard 21 "Events after the balance sheet date", the Government's budget statement is a non-adjusting post balance sheet event. The financial statements do not reflect the possible financial consequences of the matters described below.

**Properties carried at cost**

As per the accounting policy on page 27, Rosebery carries its social housing properties at cost net of Social Housing Grant, depreciation and impairment. Where we determine that government intentions represent an indicator of impairment according to the underlying accounting framework (whether of specific classes of housing property or across the portfolio) we will be required to perform a review for impairment on assets or appropriate cash generating units affected in the financial year to 31 March 2016. We will record an impairment charge in the financial statements to 31 March 2016 where we identify assets or cash generating units subject to impairment review that are carried at an amount greater than their recoverable amount. However, until further details of the intentions are made available Rosebery has been unable to determine specific details, of any financial impact.

**Borrowings**

The Association borrows against future rental income. A reduction in rental income may mean that the Association cannot borrow as easily in the future or that borrowings will only be available at a higher cost. Roseberry has recently carried out a refinancing exercise which is detailed on page 10 of the Financial Review.

## **ROSEBERY HOUSING ASSOCIATION LIMITED**

### **FINANCIAL REVIEW AND BOARD REPORT**

For the year ended 31 March 2015

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#### **Development plans**

The current capital commitments presented within note 27 have been determined on the basis of a predictable sustainable increase in rents for the foreseeable future. Government's intentions will require the Investment Committee to reconsider the plans and may result in the Association scaling back certain developments so as to operate within revised rental income forecasts. This work is not complete as at the date of signing these financial statements.

#### **Going concern**

Rosebery's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announced intentions have led to a reassessment of Rosebery's 30-year plan and other budget/forecast data as well as an assessment of any imminent or likely breach in borrowing covenants. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

#### **Annual General Meeting**

The Annual General Meeting will be held on 22 September 2015 at Newplan House, Epsom.

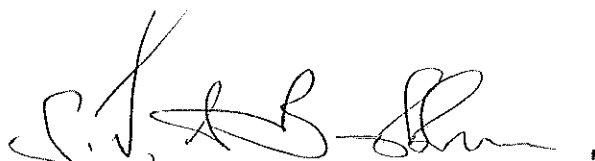
#### **Auditor**

BDO LLP were appointed as auditors during the year and have expressed their willingness to continue in office. A resolution to re-appoint them will be proposed at the annual general meeting.

#### **Statement of disclosure to the auditor:**

- (a) So far as the Board Members are aware, there is no relevant audit information of which the Association's auditors are unaware and
- (b) They have taken all the steps that they ought to have taken as Board Members in order to make themselves aware of any relevant audit information and to establish that the Association's auditors are aware of that information.

The report of the Board Members was approved by the Board on 28 July 2015 and signed on its behalf by:



Stephen Barklem  
Chair

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ROSEBERY HOUSING ASSOCIATION LIMITED**

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

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

***Respective responsibilities of the board and auditors***

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

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

A description of the scope of an audit of financial statements is provided on the FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

***Opinion on financial statements***

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2015 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 prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing April 2012.

***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 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;



**ROSEBERY HOUSING ASSOCIATION LIMITED**

**INDEPENDENT AUDITOR'S REPORT**

For the year ended 31 March 2015

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- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- a satisfactory system of control has not been maintained over transactions; or
- the 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.

*BDO LLP*

BDO LLP, statutory auditor  
Gatwick, West Sussex  
United Kingdom  
Date: ~~29~~<sup>30</sup> July 2015

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

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**INCOME AND EXPENDITURE ACCOUNT**  
For the year ended 31 March 2015

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		<b>2015</b>	2014
	<b>Note</b>	<b>£'000</b>	£'000
<b>TURNOVER</b>	3	<b>17,894</b>	17,501
Cost of Sales	3	<b>(1,635)</b>	(1,657)
Operating costs	3	<b>(9,873)</b>	(10,435)
<b>OPERATING SURPLUS</b>		<b>6,386</b>	5,409
Surplus on sale of fixed assets	6	<b>876</b>	27
Interest receivable	7	<b>41</b>	10
Interest payable	8	<b>(3,159)</b>	(3,286)
<b>SURPLUS FOR THE FINANCIAL YEAR</b>	23	<b>4,144</b>	2,160

All amounts relate to continuing activities. There is no difference between the results disclosed in the income and expenditure account and those modified on an historical cost basis.

The notes on pages 26 to 53 form part of these financial statements.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**  
For the year ended 31 March 2015

**STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Surplus for the financial year	<b>4,144</b>	2,160
Actuarial (losses) in respect of defined benefit pension scheme	<b>(135)</b>	(151)
Total recognised surpluses and deficits relating to the year	<b>4,009</b>	2,009

**RECONCILIATION OF MOVEMENTS IN FUNDS**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Opening total funds	<b>13,593</b>	11,584
Total recognised surpluses relating to the year	<b>4,009</b>	2,009
	<b>17,602</b>	13,593

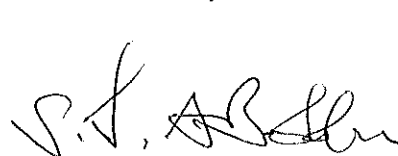

The notes on pages 26 to 53 form part of these financial statements.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**BALANCE SHEET**  
As at 31 March 2015

			2015	2014
	Note	£'000	£'000	£'000
<b>Tangible fixed assets</b>				
Housing properties	12	<b>130,458</b>		130,432
Less: Social housing grant	12	<b>(33,789)</b>		(33,939)
Net book value		<b>96,669</b>		96,493
Other tangible fixed assets	13	<b>534</b>		145
		<b>97,203</b>		96,638
<b>Current assets</b>				
Properties for sale	15	<b>528</b>		311
Debtors	16	<b>1,201</b>		876
Cash at bank and in hand		<b>10,237</b>		7,303
		<b>11,966</b>		8,490
<b>Creditors: amounts falling due within one year</b>	17	<b>(4,092)</b>		(4,092)
<b>Net current assets</b>		<b>7,874</b>		4,398
<b>Total assets less current liabilities</b>		<b>105,077</b>		101,036
<b>Creditors: amounts falling due after more than one year</b>	18	<b>85,454</b>		85,368
<b>Provision for pension liability</b>	9	<b>2,021</b>		2,075
<b>Capital and reserves</b>				
Non equity share capital	22	-		-
Revenue reserve	23	<b>17,602</b>		13,593
		<b>105,077</b>		101,036

The notes on pages 26 to 53 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 28 July 2015 and are signed on their behalf by:

**Stephen Barklem**  
Chair

**Paul Williams**  
Vice Chair



**Lesley Hobley**  
Secretary

**ROSEBERY HOUSING ASSOCIATION LIMITED****CASH FLOW STATEMENT**

For the year ended 31 March 2015

		<b>2015</b>	2014
	<b>Note</b>	<b>£'000</b>	<b>£'000</b>
<b>Net cash inflow from operating activities</b>	24	<b>7,888</b>	9,351
<hr/>			
<b>Returns on investments and servicing of finance</b>			
Interest received	7	<b>41</b>	10
Interest paid	8	<b>(3,159)</b>	(3,286)
<hr/>			
<b>Net cash (outflow) from returns on investments and servicing of finance</b>		<b>(3,118)</b>	(3,276)
<hr/>			
<b>Capital expenditure</b>			
Purchase and construction of housing properties	12	<b>(4,830)</b>	(5,402)
Social housing grant – received	12	<b>526</b>	3,216
Purchase of other fixed assets	13	<b>(542)</b>	(85)
Sale of housing properties	6	<b>3,010</b>	1,590
Repaid to Council	6	<b>-</b>	(398)
<hr/>			
<b>Net cash (outflow) from capital expenditure and financial investment</b>		<b>(1,836)</b>	(1,079)
<hr/>			
<b>Increase in cash</b>	25,26	<b>2,934</b>	4,996
<hr/>			

The notes on pages 26 to 53 form part of these financial statements.

**1. Legal Status**

The Association is incorporated under the Co-operative and Community Benefit Societies Act 2014.

**2. Principal Accounting Policies**

**Basis of accounting**

The financial statements are prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social housing providers Update 2010 (SORP 2010) and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

**Turnover**

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

**Revenue recognition**

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. Income from first tranche sales and sales of properties built for sale is recognised at the point of legal completion of the sale. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met.

**Value added tax**

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

**Interest payable**

Interest payable is charged to the income and expenditure account in the year.

**Pensions**

The Association participates in two funded multi-employer defined benefit schemes, the Social Housing Pension Scheme (SHPS) and the Surrey County Council Superannuation Scheme (SCCS). The Association also participates in a defined contribution scheme provided by SHPS for new employees, where contributions are accounted for as they fall due.

For the SHPS scheme, it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers on a consistent and reasonable basis. The Association therefore accounts for these schemes as if they were defined contribution schemes with the income and expenditure account charged with the contributions payable for the year. The SCCS Scheme is also a multi-employer defined benefit scheme where the Association's share of assets and liabilities can be allocated to the Association.



The Association's share of the surplus or deficit on the SCCS scheme is recognised in full in the Association balance sheet, with assets measured at market value and liabilities measured using the projected credit method. Actuarial gains and losses are recognised in the statement of recognised surpluses and deficits. Current and past service costs are recognised as an operating expense. The unwinding of the discount on scheme liabilities along with the difference between the actual and expected return on scheme assets is included in the income and expenditure account as 'other finance expense/income'.

Further details in respect of all schemes are given in note 9.

### **Housing properties**

Housing properties are principally properties available for rent and are stated at cost less depreciation, impairment and social housing grant(SHG). Cost includes the cost of acquiring land and buildings, development costs, interest charges and associated development overheads incurred during the development period and expenditure incurred in respect of component replacements.

Works to existing properties which extends their useful economic life or result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Where a development has been evaluated as one scheme but comprises more than one tenure such that one or more tenures is expected to generate a surplus whilst one or more tenures has an equivalent use value below the costs less attributable grant, the full surplus on the scheme is not recognised but is reduced by the amount of the shortfall.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover and the remaining element is classed as a fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment. Subsequent tranches sold ('staircasing sales') are disclosed in the income and expenditure account after the operating result as a surplus or deficit on sale of fixed assets.

### **Social housing grant**

Social housing grant (SHG) is receivable from the Homes and Communities Agency (formerly from the Housing Corporation) and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the income and expenditure account in the same period as the expenditure to which it relates.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

### **Other grants**

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

### **Depreciation of housing properties**

In order to reflect the different constituent elements of housing properties, where a property comprises two or more major components with substantially different useful economic lives, each component is accounted for separately and depreciated over its useful economic life. Expenditure relating to the subsequent replacement or renewal of components is capitalised as incurred. Depreciation is charged on a straight line bases over the assets expected useful economic lives. For structure only, depreciation is charged after taking into account any social housing grant. The useful economic lives for the identified components are as follows:

Land	Not depreciated
Structure	100 Years
Roof	70 Years
Boiler	15 Years
Windows & Doors	30 Years
Electrics	30 Years
Bathrooms	30 Years
Kitchens	20 Years
Lifts	30 Years

Properties held on leases are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

### **Impairment**

Housing properties which are depreciated over a period in excess of 50 years are subject to impairment reviews annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred.

Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down is charged to operating surplus.

### **Other tangible fixed assets**

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Freehold buildings	2%
Long leasehold property	Over life of lease
Furniture, fixtures and fittings	25%
Computers and office equipment	33.3%
Motor vehicles	25%

### **Leased assets**

Rosebery does not hold any assets under finance leases.

**Properties for Sale**

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

**Right to Buy**

Under the terms of the transfer agreement, proceeds from right to buy sales are shared with Epsom & Ewell Borough Council. On completion of a right to buy sale contract only proceeds attributable to the Association are credited to the income and expenditure account.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**3. Turnover, cost of sales, operating costs and operating surplus**

<b>2015</b>				
	<b>Turnover</b>	<b>Cost of Sales</b>	<b>Operating Costs</b>	<b>Operating Surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social housing lettings</b>	<b>14,898</b>	<b>-</b>	<b>(9,059)</b>	<b>5,839</b>
<b>Other social housing activities</b>				
Shared ownership sales	2,113	(1,635)	-	478
Other	536	-	(479)	57
	<b>2,649</b>	<b>(1,635)</b>	<b>(479)</b>	<b>535</b>
<b>Non-social housing activities</b>				
Lettings	347	-	(335)	12
	<b>347</b>	<b>-</b>	<b>(335)</b>	<b>12</b>
	<b>17,894</b>	<b>(1,635)</b>	<b>(9,873)</b>	<b>6,386</b>
<b>2014</b>				
	<b>Turnover</b>	<b>Cost of Sales</b>	<b>Operating Costs</b>	<b>Operating Surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Social housing lettings</b>	<b>14,480</b>	<b>-</b>	<b>(9,645)</b>	<b>4,835</b>
<b>Other social housing activities</b>				
Shared ownership sales	1,987	(1,657)	-	330
Other	703	-	(486)	217
	<b>2,690</b>	<b>(1,657)</b>	<b>(486)</b>	<b>547</b>
<b>Non-social housing activities</b>				
Lettings	331	-	(304)	27
	<b>331</b>	<b>-</b>	<b>(304)</b>	<b>27</b>
	<b>17,501</b>	<b>(1,657)</b>	<b>(10,435)</b>	<b>5,409</b>

**ROSEBERRY HOUSING ASSOCIATION LIMITED**  
NOTES TO THE REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 March 2015

**3. Income and expenditure from social housing lettings**

	2015				2014	
	General Needs Housing	Supported Housing & Housing for Older People	Temporary Social Housing	Key Worker Housing	Low Cost Home Ownership	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	10,336	994	1,532	27	1,101	13,547
Service income	354	219	80	1	254	933
Turnover from social housing lettings	10,690	1,213	1,612	28	1,355	14,898
Management	(3,060)	(329)	(183)	(7)	(99)	(3,678)
Services	(462)	(162)	(84)	-	(167)	(875)
Routine maintenance	(1,219)	(79)	(245)	(2)	(11)	(1,556)
Planned maintenance	(1,040)	(110)	(80)	-	(10)	(1,240)
Bad debts	15	(1)	(43)	-	(7)	(36)
Property lease charges	-	-	(249)	-	-	(249)
Impairment of housing properties	-	-	-	-	-	-
Depreciation of housing properties	(1,122)	(121)	(101)	(6)	22	(1,328)
Accelerated Depreciation	(97)	-	-	-	-	(97)
Operating costs on social housing lettings	(6,985)	(802)	(985)	(15)	(272)	(9,059)
Operating surplus on social housing lettings	3,705	411	627	13	1,083	5,839
Rent losses from Voids	29	8	127	1	16	181
						86

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
NOTES TO THE REPORT AND FINANCIAL STATEMENTS  
For the year ended 31 March 2015

**3. Turnover, cost of sales, operating costs and operating surplus (contd.)**

	<b>£'000</b>	<b>£'000</b>
	<b>2015</b>	<b>2014</b>
Garage and intermediate lettings	<b>347</b>	331

**4. Accommodation in management and development**

At the end of the year accommodation in management for each class of accommodation was as follows:

	<b>2015</b>	<b>2014</b>
	<b>No.</b>	<b>No.</b>
<b>Social housing</b>		
General needs housing	<b>1,719</b>	1,709
Supported housing and housing for older people	<b>185</b>	185
Low cost home ownership	<b>230</b>	217
Temporary social housing	<b>103</b>	98
Key worker housing	<b>4</b>	4
<b>Total social housing</b>	<b>2,241</b>	2,213
Leasehold properties	<b>418</b>	404
Garage lettings	<b>633</b>	638
Intermediate and other	<b>12</b>	7
<b>Total owned</b>	<b>3,304</b>	3,262
Accommodation managed for others	<b>61</b>	69
<b>Total managed</b>	<b>3,365</b>	3,331
Accommodation in development at the year end	<b>43</b>	77

The Association manages accommodation for Guildford Borough Council.

The Association owns 6 supported housing units (2014: 6) where the support is provided by another body who contract with the Supporting People Adminstrating Authority.



**ROSEBERY HOUSING ASSOCIATION LIMITED**  
**NOTES TO THE REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 March 2015

**5. Operating surplus**

The operating surplus is arrived at after charging :

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Depreciation of housing properties	<b>1,334</b>	1,433
Depreciation of other tangible fixed assets	<b>153</b>	179
Impairment of housing properties	-	545
Operating lease rentals		
- land and buildings	<b>462</b>	493
- office equipment and computers	<b>37</b>	35
Auditors' remuneration (excluding VAT)		
- for audit services	<b>24</b>	15

**6. Surplus on sale of fixed assets - housing properties**

	Property fixed assets £'000	Shared Ownership staircasing sales £'000	Non Social Properties £'000	<b>2015</b>	2014
				<b>£'000</b>	£'000
Disposal proceeds	442	1,817	768	<b>3,027</b>	1,590
Carrying value of fixed assets	(238)	(1,343)	(341)	<b>(1,922)</b>	(1,165)
Sales Expenses	(1)	(4)	(12)	<b>(17)</b>	-
	<u>203</u>	<u>470</u>	<u>415</u>	<b>1,088</b>	<u>425</u>
Less Council's share	(167)	(45)	-	<b>(212)</b>	(398)
	<u>36</u>	<u>425</u>	<u>415</u>	<b>876</b>	<u>27</u>

**7. Interest receivable and other income**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Interest receivable and similar income	<b>41</b>	10
	<u>41</u>	<u>10</u>

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**8. Interest payable and similar charges**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Loans and bank overdrafts	<b>3,112</b>	3,214
Finance charges on defined benefit pension scheme	<b>47</b>	72
	<b><u>3,159</u></b>	<u>3,286</u>

**9. Employees**

Average monthly number of employees expressed as full time equivalents:

	<b>2015</b>	2014
	<b>No.</b>	No.
Administration	<b>17</b>	15
Development	<b>1</b>	2
Housing, support and care	<b>15</b>	17
	<b><u>33</u></b>	<u>34</u>

Employee costs:

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Wages and salaries	<b>1,282</b>	1,278
Social Security Costs	<b>126</b>	115
Pension Costs	<b>195</b>	180
	<b><u>1,603</u></b>	<u>1,573</u>

The figures above include staff costs capitalised in respect of development team members as follows:

Capitalised Staff costs:	<b>£'000</b>	£'000
Wages and salaries	<b>23</b>	52
Social Security Costs	<b>2</b>	5
Pension Costs	<b>-</b>	1
	<b><u>25</u></b>	<u>58</u>

The number of employees whose earnings fell above £60k band:

	<b>2015</b>	2014
£60,000 - £69,999	<b>2</b>	1
£80,000 - £89,999	<b>1</b>	-
£90,000 - £99,999	<b>-</b>	1
£100,000 - £109,999	<b>1</b>	-

**9. Pension Commitments**

**Defined Benefit Pension Schemes:**

**Social Housing Pension Scheme (SHPS)**

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

The Scheme is a multi-employer defined benefit scheme. Employer participation in the Scheme is subject to adherence with the employer responsibilities and obligations as set out in the 'SHPS House Policies and Rules Employer Guide'.

The Scheme operated a single benefit structure, final salary with a 1/60th accrual rate until 31 March 2007. From April 2007 three defined benefit structures have been available, namely:

- 1.1. Final salary with a 1/60th accrual rate.
- 1.2. Final salary with a 1/70th accrual rate.
- 1.3. Career average revalued earnings (CARE) with a 1/60th accrual rate.

From April 2010 a further two defined benefit structures have been available, namely:

- 1.4. Final salary with a 1/80th accrual rate.
- 1.5. Career average revalued earnings (CARE) with a 1/80th accrual rate.

A defined contribution benefit structure was made available from 1 October 2010.

A Career average revalued earnings (CARE) structure with a 1/120th accrual rate was made available from 1 April 2013. This structure is contracted-in to the State Second Pension scheme.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can operate one open defined benefit structure plus CARE 1/120th, plus the defined contribution benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

Rosebery currently operates Final Salary with 1/60th accrual rate for active members.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine the level of future contributions required, in respect of each benefit structure, so that the Scheme can meet its pension obligations as they fall due. From April 2007 the split of the total contribution rate between member and employer is set at individual employer level, subject to the employer paying no less than 50% of the total contribution rate. From 1 April 2010 the requirement for employers to pay at least 50% of the total contribution rate no longer applies.

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**9. Pension Commitments (Contd.)**

The actuarial valuation assesses whether the Scheme's assets at the valuation date are likely to be sufficient to pay the pension benefits accrued by members as at the valuation date. Asset values are calculated by reference to market levels. Accrued pension benefits are valued by discounting expected future benefit payments using a discount rate calculated by reference to the expected future investment returns.

During the accounting period Rosebery paid contributions at the rate of 13.7% member contributions varied between 5.1% and 6.1%.

As at the balance sheet date there were 6 active members of the Scheme employed by Rosebery. The annual pensionable payroll in respect of these members was £183,551.

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

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67.0%.

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

The financial assumptions underlying the valuation as at 30 September 2011 were as follows:

<b>Valuation Discount Rates:</b>	<b>% p.a.</b>
Pre-Retirement	7.0
Non Pensioner Post Retirement	4.2
Pensioner Post Retirement	4.2
Pensionable Earnings Growth	2.5 per annum for 3 years, then 4.4
Price Inflation (RPI)	2.9
<b>Pension Increases:</b>	
Pre 88 GMP	0.0
Post 88 GMP	2.0
Excess Over GMP	2.4

Expenses for death-in-service insurance, administration and Pension Protection Fund (PPF) levy are included in the contribution rate.

The valuation was carried out using the following demographic assumptions:

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**9. Pension Commitments (Contd.)**

Mortality pre-retirement – 41% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

Mortality post retirement – 97% SAPS S1 Male / Female All Pensioners (amounts), Year of Birth, CMI\_2009 projections with long term improvement rates of 1.5% p.a. for Males and 1.25% p.a. for Females.

The long-term joint contribution rates required from April 2013 from employers and members to meet the cost of future benefit accrual were assessed at:

<b>Benefit Structure</b>	<b>Long-term Joint Contribution Rate (% of pensionable salaries)</b>
Final salary with a 1/60th accrual rate	19.4
Final salary with a 1/70th accrual rate	16.9
Career average revalued earnings (CARE) with a 1/60th accrual rate	18.1
Final salary with a 1/80th accrual rate	14.8
Career average revalued earnings (CARE) with a 1/80th accrual rate	14.0
Career average revalued earnings (CARE) with a 1/120th accrual rate	9.7

If an actuarial valuation reveals a shortfall of assets compared to liabilities the Trustee must prepare a Recovery Plan setting out the steps to be taken to make up the shortfall.

Following consideration of the results of the actuarial valuation it was agreed that the shortfall of £1,035 million would be dealt with by the payment of deficit contributions as shown in the table below:

From 1 April 2013 to 30 September 2020	A cash amount equivalent to 7.5% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 October 2020 to 30 September 2023	A cash amount equivalent to 3.1% of Members' Earnings per annum (payable monthly and increasing by 4.7% per annum each 1 April)
From 1 April 2013 to 30 September 2026	£30,640,000 per annum (payable monthly and increasing by 3% per annum each 1 April; first increase on 1 April 2014)

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**9. Pension Commitments (Contd.)**

The contributions of 7.5% will be expressed in nominal pound terms (for each employer), increasing each year in line with the earnings growth assumption used in the 30 September 2008 valuation (i.e. 4.7% per annum). The contributions of 3.1% will be calculated by proportioning the nominal pound payment at the time of the change. Earnings at 30 September 2008 (for each Employer) will be used as the reference point for calculating these contributions.

These deficit contributions are in addition to the long-term joint contribution rates as set out above.

Employers that participate in the Scheme on a non-contributory basis pay a joint contribution rate (i.e. a combined employer and employee rate).

Employers that have closed the defined benefit section of the Scheme to new entrants are required to pay an additional employer contribution loading of 2.5% to reflect the higher costs of a closed arrangement.

A small number of employers are required to contribute at a different rate to reflect the amortisation of a surplus or deficit on the transfer of assets and past service liabilities from another pension scheme into the Scheme.

New employers that do not transfer any past service liabilities to the Scheme pay contributions at the ongoing future service contribution rate. This rate is reviewed at each valuation and new employers joining the Scheme between valuations up until 1 April 2010 do not contribute towards the deficit until two valuations have been completed after their date of joining. New employers joining the Scheme after 1 April 2010 will be liable for past service deficit contributions from the valuation following joining. Contribution rates are changed on the 1 April that falls 18 months after the valuation date.

A copy of the Recovery Plan, setting out the level of deficit contributions payable and the period for which they will be payable, must be sent to The Pensions Regulator. The Regulator has the power under Part 3 of the Pensions Act 2004 to issue scheme funding directions where it believes that the actuarial valuation assumptions and/or Recovery Plan are inappropriate. For example the Regulator could require that the Trustee strengthens the actuarial assumptions (which would increase the Scheme liabilities and hence impact on the Recovery Plan) or impose a schedule of contributions on the Scheme (which would effectively amend the terms of the Recovery Plan).

As a result of pension scheme legislation there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

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**9. Pension Commitments (Contd.)**

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the currently participating employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

Rosebery has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scheme, based on the financial position of the Scheme as at 30 September 2014. At this date the estimated employer debt for Rosebery Housing Association was £5.273m.

Please note at the time of the printing of these accounts The Pensions Trust was still finalising the triennial valuation at September 2014. Therefore all the SHPS disclosures above relate to the triennial valuation at September 2011.

**Surrey County Council Superannuation Scheme (SCC)**

Rosebery Housing Association Limited participates in the Surrey County Council Superannuation Scheme which is part of the Local Government Pension Scheme Regulations 1997. The SCC scheme is a multi-employer scheme, and is a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward, allowing for the different financial assumptions required under FRS17, to 31 March 2015 by a qualified independent actuary.

The employers' contributions to the SCC scheme by the Association for the year ended 31 March were £12,609 (2014: £10,791) at a contribution rate of 21.9% of pensionable salaries, set until the next funding valuation. Estimated employers' contributions to the SCC scheme during the accounting period commencing 1 April 2015 are £12,861.

Member contributions to the SCC scheme were 6.5% based on their whole-time equivalent pensionable pay.

At the balance sheet date there were 2 active members of the SCC scheme employed by the Association. The annual pensionable payroll in respect of these members was £62,421.

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Market valuation of Scheme's assets	<b>£1,984</b>	£1,622
Discount rate	<b>3.1%</b>	4.1%
Rate of return on investments	<b>7.0%</b>	6.0%
Rate of general pay increases	<b>3.5%</b>	3.9%
Rate of increases to pensions in payment	<b>2.1%</b>	2.6%
Actuarial shortfall	<b>£2,021</b>	£2,075

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**9. Pension Commitments (Contd.)**

**Mortality assumptions**

The post-retirement mortality assumptions adopted to value the benefit obligations as at 31 March 2010 are based on the PA92 series projected to calendar year 2010 for pensioners and 2018 for non-pensioners. The assumed life expectations on retirement at age 65 are:

	<b>No. of years</b>
Retiring today:	
Males	22.5
Females	24.6
Retiring in 20 years:	
Males	24.5
Females	26.9

**Fund Investments**

	<b>Fair value</b>	<b>Expected return</b>	<b>Fair value</b>	<b>Expected return</b>
	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>	<b>31 March</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>£'000</b>	<b>%</b>	<b>£'000</b>	<b>%</b>
Equities	<b>1,508</b>	<b>3.1</b>	1,249	6.7
Bonds	<b>317</b>	<b>3.1</b>	260	3.8
Property	<b>119</b>	<b>3.1</b>	97	4.8
Cash	<b>40</b>	<b>3.1</b>	16	3.7
	<b><u>1,984</u></b>		<b><u>1,622</u></b>	

The following amounts were measured in accordance with the requirements of FRS17.

**Pension Liabilities**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Value of Liabilities at 1 April	<b>3,697</b>	3,548
Service Cost	<b>15</b>	15
Interest Cost	<b>149</b>	157
Benefits Paid	<b>(123)</b>	(130)
Contributions by members	<b>4</b>	4
Actuarial losses	<b>263</b>	103
At 31 March	<b><u>4,005</u></b>	<b><u>3,697</u></b>

**Market Value of Assets**

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April	<b>1,622</b>	1,688
Expected return on scheme assets	<b>102</b>	85
Actuarial gain/(losses)	<b>128</b>	(48)
Employer Contributions	<b>251</b>	23
Employee Contributions	<b>4</b>	4
Benefits Paid	<b>(123)</b>	(130)
At 31 March	<b><u>1,984</u></b>	<b><u>1,622</u></b>



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**9. Pension Commitments (Contd.)**

	<b>2015</b> <b>£ '000</b>	2014 £ '000
Fair value of the assets related to the Association	<b>1,984</b>	1,622
Value placed on liabilities related to the Association	<b>(4,005)</b>	(3,697)
Net pension liability	<b>(2,021)</b>	(2,075)

**Analysis of the amount chargeable to operating surplus**

	<b>2015</b> <b>£ '000</b>	2014 £ '000
Current service cost	<b>15</b>	15
Contributions by members	<b>4</b>	4
	<b>19</b>	19

**Analysis of the amount chargeable to finance costs**

	<b>2015</b> <b>£ '000</b>	2014 £ '000
Expected return on pension scheme assets	<b>102</b>	85
Interest on pension scheme liabilities	<b>(149)</b>	(157)
	<b>(47)</b>	(72)

**Analysis of the amount recognised in the Statement of recognised surpluses and deficits**

	<b>2015</b> <b>£ '000</b>	2014 £ '000
Actuarial loss	<b>(135)</b>	(151)

**Analysis of the movements in the net pension liability in the year**

	<b>2015</b> <b>£ '000</b>	2014 £ '000
Net pension liabilities at 1 April	<b>(2,075)</b>	(1,860)
Current service costs	<b>(19)</b>	(19)
Contributions	<b>255</b>	27
Past service cost		
Other finance costs	<b>(47)</b>	(72)
Actuarial (loss)	<b>(135)</b>	(151)
Net pension liabilities at 31 March	<b>(2,021)</b>	(2,075)

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**9. Pension Commitments (Contd.)**

**Defined Contribution Pension Scheme:**

During 2008-09 the Association introduced a defined contribution personal pension scheme, provided by Aegon Scottish Equitable, for new employees and any existing employees who may elect to transfer. This scheme closed on the 31<sup>st</sup> March 2014 and has been replaced by the SHPS defined contribution pension scheme on the same terms as outlined below.

The scheme currently operates a three tier approach to contributions whereby member contributions at rates of 2%, 5% or 7% are matched by employer contributions of 3%, 7.5% and 10.5% respectively.

**Pension Costs:**

The total pension costs charged for the year represent the total employer's pension contributions payable across both schemes. These amounted to £195,346 (2014: £179,834), none of which were capitalised (2014: £886) with Development team salaries. At 31 March 2015 total employer's pension contributions amounting to £12,557 (2014: £13,806) payable to the fund were included in creditors.

**10. Board Members and Executive Directors**

	Basic salary	Benefits in Kind	Pension Contributions	<b>2015</b>	2014
	£'000	£'000	£'000	<b>Total</b> <b>£'000</b>	Total £'000
Board Members	27	-	-	<b>27</b>	38
Executive	249	4	49	<b>302</b>	246
	<u>276</u>	<u>4</u>	<u>49</u>	<b>329</b>	284

The emoluments for the Chief Executive, the highest paid director excluding pension contributions were £101k (2014: £100k). She is an ordinary member of the defined contribution personal pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

**11. Tax on surplus on ordinary activities**

Rosebery Housing Association Limited was given charitable status on 8 February 1999 and is exempt from tax on its charitable activities. No charge to Corporation tax arises on the results of the year (2014 Nil).

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**12. Tangible fixed assets – housing properties**

	GENERAL NEEDS HOUSING PROPERTIES		LOW COST HOME OWNERSHIP		NON SOCIAL PROPERTIES	TOTAL
	Completed Properties	Under Construction	Completed Properties	Under Construction	Completed Properties	
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>						
At 1 April 2014	110,163	1,106	28,391	327	1,539	141,526
Reclassification	869	810	( 1,870 )	204	( 450 )	( 437 )
New Developments	-	2,250	-	1,486	-	3,736
Works to Existing Properties	179	-	-	-	15	194
Replaced Components	901	-	-	-	-	901
Schemes Completed	1,249	( 1,249 )	1,769	( 1,769 )	-	-
Reclassified to Properties for Sale	-	( 937 )	-	-	-	( 937 )
Replaced Components	( 94 )	( 51 )	-	-	-	( 145 )
Staircasing Sales	-	-	( 1,400 )	-	-	( 1,400 )
Right To Buy Sales	( 265 )	-	-	-	-	( 265 )
Non Social Sales	-	-	-	-	( 374 )	( 374 )
Abortive Costs	-	( 14 )	-	( 64 )	-	( 78 )
<b>At 31 March 2015</b>	<b>113,002</b>	<b>1,915</b>	<b>26,890</b>	<b>184</b>	<b>730</b>	<b>142,721</b>
<b>Social Housing Grant</b>						
At 1 April 2014	24,703	551	7,501	327	312	33,394
Reclassification	1,094	( 198 )	( 550 )	( 487 )	( 296 )	( 437 )
Transfer in of SHG Advance	-	44	-	632	-	676
Social Housing Grant Received	-	198	-	328	-	526
Schemes Completed	595	( 595 )	800	( 800 )	-	-
Transfer to RCGF	( 28 )	-	( 342 )	-	-	( 370 )
<b>At 31 March 2015</b>	<b>26,364</b>	<b>-</b>	<b>7,409</b>	<b>-</b>	<b>16</b>	<b>33,789</b>
<b>Depreciation</b>						
At 1 April 2014	10,178	-	794	-	122	11,094
Reclassification	18	-	( 139 )	-	( 15 )	( 136 )
Charge for the year	1,342	-	117	-	11	1,470
<i>Eliminated on Disposals:</i>						
Replaced Components	( 48 )	-	-	-	-	( 48 )
Staircasing Sales	-	-	( 57 )	-	-	( 57 )
Right To Buy Sales	( 27 )	-	-	-	-	( 27 )
Non Social Sales	-	-	-	-	( 33 )	( 33 )
<b>At 31 March 2015</b>	<b>11,463</b>	<b>-</b>	<b>715</b>	<b>-</b>	<b>85</b>	<b>12,263</b>
<b>Impairment</b>						
At 1 April 2014	-	545	-	-	-	545
Charge for the year	-	-	-	-	-	-
Reclassified to Properties for Sale	-	( 545 )	-	-	-	( 545 )
<b>At 31 March 2015</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Book Value</b>						
At 31 March 2015	<b>75,175</b>	<b>1,915</b>	<b>18,766</b>	<b>184</b>	<b>629</b>	<b>96,669</b>
At 1 April 2014	75,282	10	20,096	-	1,105	96,493

During the year the Association undertook a comprehensive review of its housing property register. As a result of this review a number of adjustments to the financial statements have been made that will ensure that the financial statements and the housing register align with those properties owned by Rosebery. The final net impact of the above was a reduction of £136,000 in the accumulated depreciation charge.

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**12. Tangible fixed assets – housing properties**

**Expenditure on works to existing properties**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Amounts capitalised	<b>1,095</b>	1,544
Amounts charged to the income and expenditure account	<b>1,240</b>	1,459
	<b>2,335</b>	3,003

**Social housing grant**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	<b>33,789</b>	34,070

**Finance costs**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Aggregate amount of capitalised interest included in the cost of housing properties	<b>2,005</b>	2,377

**Housing properties book value, net of depreciation and grants**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Freehold land and buildings	<b>81,972</b>	80,459
Long leasehold land and buildings	<b>14,697</b>	16,034
	<b>96,669</b>	96,493

**Property Valuations**

The estimated value of the housing properties as at 16 June 2015 was £174,400,000.

Housing properties were valued on the basis of existing use value - social housing (EUVS-H) or Market Value subject to Tenancy as appropriate.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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**13. Tangible fixed assets – other**

	<b>Furniture &amp; equipment £'000</b>	<b>Office Improvement £'000</b>	<b>Computer equipment £'000</b>	<b>Motor Vehicles £'000</b>	<b>Total £'000</b>
<b>Cost</b>					
At 1 April 2014	536	924	1,158	14	2,632
Additions	124	225	193	-	542
Disposals	(237)	(924)	(745)	-	(1,906)
<b>At 31 March 2015</b>	<b>423</b>	<b>225</b>	<b>606</b>	<b>14</b>	<b>1,268</b>
<b>Depreciation</b>					
At 1 April 2014	508	891	1,074	14	2,487
Charged in the year	32	83	38	-	153
Released on disposal	(237)	(924)	(745)	-	(1,906)
<b>At 31 March 2015</b>	<b>303</b>	<b>50</b>	<b>367</b>	<b>14</b>	<b>734</b>
<b>Net book value</b>					
<b>At 31 March 2015</b>	<b>120</b>	<b>175</b>	<b>239</b>	<b>-</b>	<b>534</b>
At 31 March 2014	28	33	84	-	145

**14. Investments**

	<b>2015 £'000</b>	<b>2014 £'000</b>
Investment in Joint Venture	-	-

Rosebery Homecall Property Services Limited (RHPS Ltd) was a joint venture between Rosebery Housing Association Limited (75% shareholder) and Lovells plc (25% shareholders – previously held by Connaught plc), in which shareholders equally shared the costs and benefits arising. RHPS Ltd was wound up in August 2014. There was no activity in the company during the year.

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**15. Properties for sale**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Shared ownership properties:</b>		
Completed properties	-	133
Properties under construction	<b>136</b>	178
Land for sale	<b>392</b>	-
	<hr/> <b>528</b>	<hr/> 311
	<hr/> <hr/>	<hr/> <hr/>

The Association has not developed any properties for outright sale.

**16. Debtors**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Due within one year</b>		
Rent and service charges receivable	<b>638</b>	599
Less: provision for bad and doubtful debts	<b>(300)</b>	(261)
	<hr/> <b>338</b>	<hr/> 338
Other debtors	<b>59</b>	37
Prepayments and accrued income	<b>804</b>	501
	<hr/> <b>1,201</b>	<hr/> 876
	<hr/> <hr/>	<hr/> <hr/>

**17. Creditors: amounts falling due within one year**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Trade creditors	<b>448</b>	351
Rent and service charges received in advance	<b>287</b>	355
Social housing grant received in advance	-	676
Recycled capital grant fund (note 19)	<b>303</b>	-
Other taxation and social security	<b>47</b>	51
Other creditors	<b>251</b>	102
Accruals and deferred income	<b>2,756</b>	2,557
	<hr/> <b>4,092</b>	<hr/> 4,092
	<hr/> <hr/>	<hr/> <hr/>

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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**18. Creditors: amounts falling due after more than one year**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Debt (note 20)	<b>84,950</b>	84,950
Recycled capital grant fund (note 19)	<b>371</b>	303
Leaseholder sinking fund	<b>133</b>	115
	<hr/>	<hr/>
	<b>85,454</b>	85,368
	<hr/>	<hr/>

**19. Recycled capital grant fund**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
At 1 <sup>st</sup> of April	<b>303</b>	307
Additions in the year	<b>371</b>	303
Interest Accrued	-	-
Utilised in Development of property	-	(307)
	<hr/>	<hr/>
At 31 March	<b>674</b>	303
	<hr/>	<hr/>
Due in less than one year	<b>303</b>	-
Due in more than one year	<b>371</b>	303
	<hr/>	<hr/>
	<b>674</b>	303
	<hr/>	<hr/>

No RCGF was due for repayment as at 31 March 2015 or 31 March 2014.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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**20. Debt analysis**

	<b>2015</b> <b>£'000</b>	2014 £'000
<b>Due after more than one year</b>		
Bank loans	<b>84,950</b>	84,950

**Security**

The bank loans are secured by fixed charges on the Association's individual properties.

**Terms of repayment and interest rates**

The bank loans are repaid at the end of the term on which the loan is secured, at fixed and variable rates of interest ranging from 0.81% to 5.31%.

At 31 March 2015 the Association had undrawn loan facilities of £10m (2014: £10m).

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	<b>2015</b> <b>£'000</b>	2014 £'000
Five years or more	<b>84,950</b>	84,950



**ROSEBERRY HOUSING ASSOCIATION LIMITED**  
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**21. Provisions for liabilities and charges**

The Association had no provisions for liabilities and charges to disclose at 31 March 2015 (2014: £Nil).

**22. Non-equity share capital**

	<b>2015</b>	<b>2014</b>
	<b>£</b>	<b>£</b>
<b>Shares of £1 each issued and fully paid</b>		
At 1 April	<b>15</b>	16
Shares issues during the year	<b>4</b>	1
Shares surrendered during the year	<b>(8)</b>	(2)
	<hr/>	<hr/>
At 31 March	<b>11</b>	15
	<hr/>	<hr/>

The shares provide members with the right to vote at general meetings of the Association, but do not provide any rights to dividends or distributions on a winding up.

Each Member of the Association holds one share of £1. The shares are non-transferable and non-redeemable and carry no rights to receive either income or capital repayments.

**23. Reserves**

	<b>Revenue reserves</b>
	<b>£'000</b>
At 1 April 2014	13,593
Surplus for the year	4,144
Actuarial (loss) on pension scheme liability	(135)
	<hr/>
At 31 March 2015	<b>17,602</b>
	<hr/>

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
NOTES TO THE REPORT AND FINANCIAL STATEMENTS  
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**24. Net cash inflow from operating activities**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
<b>Operating surplus</b>	<b>6,386</b>	5,409
Depreciation of tangible fixed assets	<b>1,584</b>	1,612
Impairment of tangible fixed assets	-	545
Abortive Costs	<b>78</b>	-
	<b>8,048</b>	7,566
<b>Working capital movements</b>		
Change in stock	<b>175</b>	1,657
Change in debtors	<b>(325)</b>	(112)
Change in creditors	<b>179</b>	176
Actuarial (Losses)	<b>(135)</b>	(151)
(Decrease)/Increase in pension provision	<b>(54)</b>	215
Net cash inflow from operating activities	<b>7,888</b>	9,351

**25. Reconciliation of net cash flow to movement in net debt**

	<b>2015</b>	2014
	<b>£'000</b>	£'000
Increase in cash	<b>2,934</b>	4,996
Net debt at 1 April	<b>(77,647)</b>	(82,643)
Net debt at 31 March	<b>(74,713)</b>	(77,647)

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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**26. Analysis of changes in net debt**

	31 March 2014	Cashflow £'000	31 March 2015 £'000
Cash at bank and in hand	7,303	2,934	10,237
<b>Changes in cash</b>	7,303	2,934	10,237
Loans due after 1 year	(84,950)	-	(84,950)
<b>Changes in debt</b>	(84,950)	-	(84,950)
<b>Changes in net debt</b>	(77,647)	2,934	(74,713)

**27. Capital commitments**

	2015 £'000	2014 £'000
<b>Capital expenditure</b>		
Expenditure contracted for but not provided in the accounts	2,473	5,766

The above commitments will be financed from current cash reserves.

**ROSEBERY HOUSING ASSOCIATION LIMITED**  
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**28. Leasing commitments**

As at 31 March, the Association had annual commitments under non-cancellable operating leases as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Land and buildings</b>	<b>Office equipment and computers</b>	<b>Land and buildings</b>	<b>Office equipment and computers</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
In one year or less	-	-	108	-
Between one and five years	<b>401</b>	<b>36</b>	247	36
	<b>401</b>	<b>36</b>	355	36

**29. Related Parties**

There were two tenant members of the Board during the year; Honorata Rosser and Stephen Whitehouse. Their tenancies are on normal commercial terms and they were not able to use their position to their advantage.

**30. Non-adjusting event after the balance sheet date**

In the Government's budget statement of 8 July 2015, the Government stated its intention to mandate:

- a reduction in social housing rents (including affordable rents and social rents) by 1% each year for the next four years, from April 2016; and
- tenants living in social housing and earning more than £30,000pa (£40,000pa in London) will be required to pay market rent.

This event occurred after the balance sheet date and does not provide additional information about, nor represent a change in, conditions that existed at that date. Therefore, in accordance with Financial Reporting Standard 21 "Events after the balance sheet date", the Government's budget statement is a non-adjusting post balance sheet event. The financial statements do not reflect the possible financial consequences of the matters described below.

**Properties carried at cost**

As per the accounting policy on page 27, Rosebery carries its social housing properties at cost net of Social Housing Grant, depreciation and impairment. Where we determine that government intentions represent an indicator of impairment according to the underlying accounting framework (whether of specific classes of housing property or across the portfolio) we will be required to perform a review for impairment on assets or appropriate cash generating units

affected in the financial year to 31 March 2016. We will record an impairment charge in the financial statements to 31 March 2016 where we identify assets or cash generating units subject to impairment review that are carried at an amount greater than their recoverable amount. However, until further details of the intentions are made available Rosebery has been unable to determine specific details, of any financial impact.

### **Borrowings**

The Association borrows against future rental income. A reduction in rental income may mean that the Association cannot borrow as easily in the future or that borrowings will only be available at a higher cost. Roseberry has recently carried out a refinancing exercise which is detailed on page 10 of the Financial Review.

### **Development plans**

The current capital commitments presented within note 27 have been determined on the basis of a predictable sustainable increase in rents for the foreseeable future. Government's intentions will require the Investment Committee to reconsider the plans and may result in the Association scaling back certain developments so as to operate within revised rental income forecasts. This work is not complete as at the date of signing these financial statements.

### **Going concern**

Rosebery's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announced intentions have led to a reassessment of Rosebery's 30-year plan and other budget/forecast data as well as an assessment of any imminent or likely breach in borrowing covenants. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

