



ROSEBERY
HOUSING ASSOCIATION

LH4026

Report and Financial Statements

For the year ended 31 March 2014

Rosebery Housing Association Limited
Registered Industrial and Provident Society No. 27671R

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

ROSEBERY HOUSING ASSOCIATION LIMITED
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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Industrial and Provident Society registration number: 27671R

Registered Provider registration number: LH4026

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

Board:

Anna Hammond	Chair
Keri Marshall	Vice-Chair – Resident (resigned 31 March 2014)
Ade Adebayo	Independent
Florence Barras	Independent
Mary Hope	Independent
Jon Milburn	Independent
Honorata Rosser	Resident
John Weguelin	Independent (resigned 27 December 2013)
Stephen Whitehouse	Resident
Paul Williams	Independent (Vice Chair appointed 31 March 2014)

Co-optee:

Stephen Barklem	Independent
George Blunden	Independent (appointed 27 July 2013, resigned 31 January 2014)

Senior Management Team:

Deborah Pike	Chief Executive
Ron Macdonald	Interim Finance Director (from Jan 2013 to May 2013)
Léonie Chettle	Operations Director (from April 2013)
Lesley Hobley	Finance Director (from June 2013)

Company Secretary:

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

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External Auditors	Mazars LLP Times House Throwley Way Sutton Surrey SM1 4JQ	
Internal Auditors	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP	
Legal Advisors	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
Bankers	National Westminster Bank 115 The High Street Epsom Surrey KT19 8DX	
Funders	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
Valuers	Mazars Property Consultancy Ltd Clifton Down House Beaufort Buildings Clifton Down Clifton Bristol BS8 4AN	
Financial Advisors	Centrus Advisors LLP 8-12 New Bridge Street London EC4V 6AL	

ROSEBERY HOUSING ASSOCIATION LIMITED
FINANCIAL REVIEW AND BOARD REPORT
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The Board presents its annual report and the audited financial statements for the year ended 31 March 2014.

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'.

Rosebery was in discussions with a prospective partner regarding future options of working together however the Board has decided that the interests of the residents would be best served by Rosebery remaining independent.

The identification and evaluation of the risks are set out in the Statement of Internal Controls (page 21).

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 2,693 properties and 638 garages, predominantly in and around Epsom and Ewell with 245 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: [Rosebery 2013-14 VFM](#) . The self assessment is aimed at our residents, stakeholders and staff, to set out how we are doing 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 headings below are 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.

How do we manage and monitor VFM

Value for Money is core to the way that we operate and shouldn't be confused with simply taking the cheapest option. It is vital to us achieving our objectives and is inseparable from our business strategy. The Rosebery Board has overall responsibility for direction and governance and the key areas for managing and monitoring VFM are as follows:

- Annual cycle of review and approval of the Corporate Plan
- Annual cycle of review and approval of the annual budget and 30 year business plan
- Review of monthly management accounts
- Review of operational Key Performance Indicators (KPIs)
- Robust risk management process
- Annual review and approval of the VFM policy and strategy
- Review and approval of the Asset Management strategy
- The VFM Steering Group meets every 6-8 weeks to monitor delivery of the VFM strategy. The Steering Group membership includes a Board champion and resident representation
- This Group reports to Audit Committee, Board and Resident Scrutiny panel on progress. The Resident scrutiny panel monitor performance and report directly to Board. VFM is a key criterion in Board reports and Resident Scrutiny Panel audits (see below)
- Annual benchmarking of our services via Housemark
- Service reviews

Resident Led Scrutiny

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. Ensuring delivery of VFM is a key criterion in their reports.

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What properties do we hold and how have they performed? (Objective – Cost & Creativity)

- To ensure the investment in resident's homes remain up to date and thereby ensuring a quality home, we update our stock condition data regularly. Our performance in providing quality homes is measured by 'Decent Homes' compliance which is 100%. Over the last 3 years we've invested £12.4m in repairing and maintaining the quality of our properties.
- Are we holding the right assets? As part of our Asset Management strategy we are undertaking the following appraisals:
 - Portfolio review – appraises particular sections of our property portfolio to understand returns both financial and social to ensure that we're maximising both. In 2014/15 we'll be appraising our Temporary Accommodation portfolio.
 - Voids review – each property as it becomes void (vacant when a resident leaves) is appraised to assess the various options available – conversion to another tenure type, reconfiguration or disposal. This appraisal considers the amount of work needed to bring the property up to our quality standard, the geographical location and impact on management cost and potential disposal proceeds. The financial element of this appraisal compares the NPV (Net Present Value of future cash flows) and rent achievable of these options to help inform the decision.
 - 'Outlier' – this is an appraisal of properties outside of our normal geographical area of operations, to understand the returns in light of increased management time and cost. These appraisals also include properties where there has been historic or forecast above average investment to make informed decisions on retention or disposal.
- Our properties have increased in value (reflecting their use as social housing properties) by 22% over the last 3 years.
- Our properties have an average SAP rating of 73.2 against sector average of 63.8 in 2011 (based on English House Survey 2011-2012).
- 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	1,709	185	217	98	4	2,213	69	2,282
% of owned stock	77.2%	8.4%	9.8%	4.4%	0.2%			
Income (£'000)	10,245	1,210	1,329	979	28	13,791	689	14,480
Operating surplus (excluding impairment) £'000	3,482	266	895	427	10	5,080	300	5,380
Operating surplus %	34.0%	22.0%	67.3%	43.6%	35.7%	36.8%	43.6%	37.2%
Capital Cost £'000 (excluding WIP)	62,275	6,246	19,113	7,067	374	95,075		95,075
Return on assets	5.6%	4.3%	4.7%	6.0%	2.7%	5.3%		

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Delivering New Homes (Objective – Choice Cost)

- Providing new homes is crucial in the context of the current shortage in housing supply. Rosebery takes its responsibility to provide new homes seriously and although we don't boast a large programme, it's a key strategic aim of the Board.
- During the year we delivered 25 new homes at our Noble Park development. 16 were for General Needs rental and 9 were Shared Ownership providing vital assistance to those wishing to get onto the 'property ladder'.
- £2m of Shared Ownership first tranche sales was generated in 2013/14 providing a vital 'cash churn' for the organisation.
- We carry out marketing of our Shared Ownership in-house as opposed to using external agents. This has generated savings of £24k.

Social Value (Objective - Creativity)

As a social landlord and business of social purpose, delivering VFM is not just purely financial but also for the social value that we deliver to the community. Detailed below are some of the initiatives undertaken in 2013/14.

- From April 2013 we invested in two new posts to develop and deliver our 'tenancy sustainment offer'. These posts have four objectives which are:
 - Tackle the challenge of Welfare Reform
 - Address Digital Exclusion
 - Increase Financial Inclusion
 - Tackle worklessness
- We held a Job Fair which was attended by 97 people and resulted in 15 referrals to ETHOS (Employment, Training & Housing Options Support) who give further 1:1 support to help people into work.
- Providing funding to Surrey Lifelong Partnership to support the delivery of the ETHOS employment support.
- The launch of Rosebery's Job Club, which will be taking place every Wednesday for 2 hours. There'll be up to 15 spaces available in the first instance.
- In addition to this, one of our residents is working with ETHOS to develop a career in giving career support and guidance themselves with a specialism in people with Mental Health issues. The individual had struggled for many years with poor mental health which had brought an end to a successful career as a trainer.
- Providing funding to the Citizens Advice Bureau towards the cost of a specialist debt advisor who can provide an enhanced level of service beyond the volunteer CAB advisor team.

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- As part of the STATUS survey residents told us that their biggest priority was 'to make the area a more attractive place to live'. This resulted in our 'Making a Difference' project in 2012/13. The MaD project involved a budget of £1.2m spent on environmental improvements across our estates and communities. Over 1,500 households directly benefited from a variety of improvements an example of 'making a positive difference'.
- In order to help our residents into employment we've set up the 'Brighter Future' Fund to fund training opportunities

Customer satisfaction – what are our residents telling us? (Objective – Cost & Creativity)

	2013/14	2012/13	Year on year Trend	Benchmarking quartile	Upper Quartile
% of tenants satisfied with landlord services overall	86.5%	85.1%	↑	3	89.7%
% of tenants satisfied that their views are taken into account	75.9%	80.0%	↓	2	80.5%
% of tenants satisfied with complaints handling	53.3%	46.1%	↑	3	76.4%
% of tenants satisfied with complaints outcome	60.0%	46.1%	↑	2	66.7%
% of tenants satisfied with estate services	82.5%	80.5%	↑	4	89.7%
% of tenants satisfied that estate services are value for money	71.3%	73.0%	↓	4	76.0%

- Our annual year on year measures of customer satisfaction are telling us that we're improving, except with taking customers' views into account and value for money for estate services, with falls of 4.1% and 1.7% respectively.
- Our residents have told us that they were unhappy with the way we communicated and delivered the planned works programmes in 2013/14 and this is reflected across all repairs and maintenance services when asking satisfaction with views being taken into account.
- To make sure customer views are taken into account for future planned works programmes, we've invited residents who were dissatisfied with the 2013/14 programme to work with us on the specification, customer care and liaison requirements for future contracts, as well as choosing the kitchen supplier and resident choice options (see Targets for 2014/15).
- Similarly customer satisfaction with the quality of estate services (up 2.0% to 82.5%) have improved year on year but satisfaction with value for money of estate services has fallen. Our Resident Scrutiny Panel completed a service charges review and told us that we need to improve the quality and clarity of information about service charges and what customers are paying for. Delivering against their recommendations is one of the ways we'll target improvement in satisfaction with value for money of estate services (see Targets for 2014/15).

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Repairs & Maintenance – how are we doing? (Objective - Cost)

- In the Status survey in 2010, 72% of our residents prioritised this as the most important service we provide.

	2013/14	2012/13	Year on year Trend	Benchmarking quartile	Upper quartile
Average direct cost per Responsive repair	£133	£132	↓	3	£98
Responsive repairs ave direct cost per property	£440	£430	↓	2	
Ave No responsive repairs per property	3.3	3.3	↔	1	
Average cost per Void	£3,217	£3,604	↑	4	£1,693
Voids ave direct cost per property	£278	£311	↑	2	
% of properties with a valid gas safety certificate	100.0%	100.0%	↔	1	100.0%
% of repairs completed 1st time	98.4%	97.3%	↑	1	95.0%
Appointments kept as a % of appointments made	99.8%	99.5%	↑	1	99.5%
% of tenants satisfied with repairs & maintenance	90.2%	88.3%	↑	1	89.9%

- We've focussed on this area and have achieved increasing satisfaction and performance over the year. The next stage is to reduce cost drivers. A review of alternative cost models and delivery will be undertaken to drive down expenditure whilst retaining current performance and satisfaction (see Targets for 2014/15).

Anti Social Behaviour (ASB) – service review and outcomes (Objective - Cost & Creativity)

- Our residents were unhappy with our performance on ASB and a review of ASB was undertaken by the Resident Scrutiny Panel, completing in February 2013.
- In November 2013 the Neighbourhood Team produced an internal operational ASB Improvement Plan with 15 actions. 4 of these are on-going but the remaining 11 have all been completed.

	2013/14	2012/13	Year on year Trend	Benchmarking quartile	Upper Quartile
% of residents satisfied with the way their ASB complaint was dealt with	55.8%	40.0%	↑	4	81.5%
% of residents satisfied with the outcome of their ASB complaint	55.8%	40.0%	↑	4	81.5%
% resolved cases	98.0%	74.1%	↑	1	97.5%

- Although performance for both the way ASB was dealt with and the outcome is lower quartile, both show a year on year improvement with the performance in Quarter 4 2013/14 just over 69% for satisfaction with handling of ASB cases, and nearly 54% for satisfaction with the outcome of ASB cases.
- External cost of managing ASB during 2013/14 was £1k compared to £3k in 2012/13.

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- The number of cases dealt with during the year was 174 of which 30 remained as open cases at year end (17%). In 2012/13, 87 cases were dealt with of which 25 remained open at the year end (29%).

VFM Savings - embedding the culture (Objective - Cost)

- We maintain a VFM log which is available for all staff to update and evidence VFM savings which totalled £142k for 2013/14. Staff are encouraged to challenge established methods of working to encourage efficiencies.
- VFM investment. Delivering VFM gains has allowed for investment to be made in additional staff resource and IT much of which is focused upon helping our residents deal with the challenges of welfare reform.

How much do we spend on managing your properties and how do we compare (Objective - Cost)

- We base this analysis on the average Social Housing letting Cost per unit derived from Note 3 operating costs of social housing lettings and looks at the average cost per unit adjusted for 'one off' non recurring exceptional items. These items are dilapidation provision for our existing office, costs incurred in merger talks during the year and the provision for impairment. These items are not forecast to re-occur in the future.

Unit cost analysis £	£		
	2013/14	2012-13	Yr on Yr
Management (including overheads)	1,302	1,090	(213)
Services	368	309	(58)
Routine maintenance	538	560	22
Planned maintenance/major repairs	544	661	117
Bad debts	17	18	1
Property lease and rent	92	90	(2)
Depreciation of housing properties	531	559	28
Impairment of housing properties	203	0	(203)
Ave cost per unit	3,594	3,286	(308)
less exceptional cost re dilapidations	(56)	(95)	
less exceptional cost re merger	(74)		
less exceptional cost re impairment	(203)		
Adjusted average cost per unit	3,261	3,192	69
Average cost per unit 2011		2,857	

The above shows that there's been a year on year increase (after adjusting for exceptional items) of £69 per unit. In 2012 the HCA (Homes & Communities Agency) produced an analysis of Housing providers 2011 costs. This showed that the Social Housing lettings net cost per unit was £2,857. This figure excluded depreciation of properties, impairment and lease costs. Adjusting our Gross cost per unit (pre deduction of exceptional costs) to provide a like for like comparison gives a cost per unit of £2,768 - 3.1% lower than the average figure published by the HCA for 2011. This difference will be greater adjusting the HCA figure for inflation.

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- Arrears %

	2013/14	2012/13	Year on year	Benchmarking	Upper
			Trend	quartile	quartile
Current GN & HfOP arrears as % of yearly rent debit	2.3%	2.5%	↑	1	2.4%

The improved arrears management has resulted in a reduction in arrears of £24k. This is better than upper quartile performance and will become increasingly important as the effects of direct payment of Housing Benefit to residents is introduced as part of the Welfare benefit reforms programme.

- Void turnaround

	2013/14	2012/13	Year on year	Benchmarking	Upper
			Trend	quartile	quartile
Average GN void turnaround time (days)	13.8	18.4	↑	1	16.9

Void turnaround time is the time taken between a resident handing in their keys to the next resident taking up occupation. Minimising this time reduces the amount of time when we're not receiving rent ('void loss'). The improvement in the void turnaround time has resulted in a saving of £87k of reduced void rent loss.

Overall Financial Performance (Objective - Cost)

- Operating and Net surplus. Detailed below is our overall year on year financial performance. This shows a year on year improvement in operating and net surplus both in absolute terms and in percentage terms. The format differs slightly from those later in the Financial Statements in that sales and impairment of assets are shown below operating surplus which then clearly represents the return from the underlying business.

INCOME & EXPENDITURE ACCOUNT £m		
	2013/14	2012/13
Income	14.5	13.7
Expenditure	(9.0)	(8.8)
Operating Surplus	5.5	4.9
	37.9%	35.8%
Interest	(3.3)	(3.4)
Impairment	(0.5)	0.0
Profit on sales (FTS,RTB)	0.5	0.5
Net Surplus	2.2	2.0
	15.2%	14.6%

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The strength of our operating surplus is demonstrated by benchmarking against the Global Accounts* published by the Regulator, which for 2012/13 shows an average of 25.9%. The upper quartile for the Placeshapers summary data** for 2012/13 shows an average Operating surplus of 32.6% and our Operating Surplus places Rosebery in the top 10 within Placeshapers.

* Global Accounts are published by the Regulator and are an overall financial analysis of Registered Providers accounts.

** Placeshapers is a group of 106 community based Housing Associations who manage 30% of England HA stock.

- EBITDA – MRI – this is an interest cover calculation based on earnings before interest, taxation, depreciation and amortisation with all major repairs spending. This measures adequacy of an organisation's cashflow to meet interest payments. The Rosebery figure of 180% compares favourably to the sector average per the Global Accounts of 138%.

- Gearing - This measures the proportion of total funding represented by debt. Grant and reserves represent the other 'internal' element of funding. The Rosebery figure of 64.0% compares favourably to the sector average per the Global Accounts of 86.8%.

- Net Debt per social Housing unit. The Rosebery figure of £28,820 is higher than the sector average per the Global Accounts of £19,913. This represents the fact that Rosebery is a developing Housing Association reinvesting cashflow into providing new homes.

- Treasury Management

The primary function of treasury management is to manage liquidity, funding, investment and the financial risk, including risk from volatility in interest rates.

Treasury Policies are reviewed by the Treasury Committee and approved by the Board. It's current policy to manage interest rate risk by maintaining between 60% and 90% of the borrowings at a fixed rate of interest. During the year maturing fixed term loans were placed on low variable rates and this has resulted in the in a reduction of the effective interest rate from 4.0% to 3.8% (compared to 5.1% sector average per the Global Accounts). At 31 March 2014 the percentage of borrowings at fixed interest rates was 72% (compared to 65% sector average per the Global Accounts).

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

Staff Investment (Objective - People)

Our People Strategy recognises the importance of investment in quality staff and the direct correlation of quality service. We aim to ensure that our staff feel valued and motivated reflecting our 'Investors in People' (IIP) Gold award.

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Targets for 2014/15

- Secure new office accommodation – generate c£0.5m savings over the next 5 years - £0.1m in 2014/15.
- Component procurement. Some contracts have been terminated and others will be renegotiated to ensure that the unit savings are achieved to generate a saving of £1.0m over the next 5 years - £0.1m in 2014/15.
- Service charges – further to a review by the Scrutiny Panel we're undertaking a review of our annual service charge calculation process to ensure that this is a more 'system' driven process reducing risk surrounding spreadsheet application and reliance on key individuals and increasing overall efficiency.
- Development –
 - Deliver a further 20 Shared Ownership and 7 General Needs units at Noble Park.
 - Generate £1.6m of First Tranche sales from the 20 Shared Ownership units at Noble Park.
 - Deliver 31 Temporary Accommodation units (see Temporary Accommodation portfolio review below).
- Enhanced 'e' offering starting with a re-launched website and increased opportunities to request and receive services and information digitally.
- Customer service transformation project - Investment in additional resources in 2014/15 is linked to the targeted improvement in the Key Customer Satisfaction Indicators.
- Review of Temporary Accommodation property portfolio. We currently have 167 Temporary Accommodation properties of which we own 98 and manage 69 on behalf of others. Of the 98 we own, some are in high value town centre locations and aren't of the quality we would wish. We're aiming to generate c£1.6m over the next 2 years from the sale of 2 high value low quality schemes, whilst doubling the number of units currently provided by those 2 schemes via re-provision on an existing currently non utilised site.
- Review cost drivers and alternate cost models and delivery methods for the repairs and maintenance service.

Performance

The Management Team, Board and Resident Panel use a variety of management information and performance indicators, both financial and non-financial, to assist with the effective management of activities. The Board review a suite of KPIs which combine operational and service performance indicators. All 20 KPIs are part of the Housemark suite of indicators that enable us to benchmark ourselves against other comparable organisations.

Performance in the year ended 31 March 2014 was generally strong, with the Association achieving top quartile performance against 9 of the 20 benchmarkable KPIs, 3 at second quartile. Thus, KPIs are included in the VFM section above.

Complaints

A new, 2 Stage Complaints procedure was approved by Board on 30 April 2013 and has been in use throughout 2013/14. This new policy incorporated changes made through the Localism Act, including the introduction of the Democratic Filter.

During 2013/14, we received a total of 63 complaints (compared to 49 last year). 50 of these complaints were fully resolved by year end (compared to 43 last year). A total of 4 of these complaints were progressed to the 2nd stage of our complaints process. Despite the introduction of the democratic filter, we are yet to receive any complaints through this filter. The average response time for complaints was 11 days (compared to 8 days last year).

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Customer Satisfaction continues to be monitored through the Rated by Residents independent telephone survey. We have seen a year on year increase in satisfaction with complaint handling as well as complaint outcome. Year on year performance for complaint handling has increased to 53.33% (compared to 46.15% last year) and complaint outcome has increased to 60% (compared to 46.15% last year). We expect this to continue to rise over the coming year.

The new policy has enabled us to increase satisfaction by increasing contact with the complainant and keeping them informed at all stages of their complaint.

Financial Position

The result for the year, shown in the Income and Expenditure Account is a retained surplus of £2.2m compared to £2.0m in 2012/13.

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 Treasury Committee and approved by the Board. It is current policy to manage interest rate risk by maintaining between 60% and 90% of the borrowings at a fixed rate of interest. At 31 March 2014 the percentage of borrowings at fixed interest rates was 72%.

As at 31 March 2014 borrowing stood at £85.0m.

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

Rents

Our policy is to increase rent levels annually by a maximum of RPI + 0.5% + £2 per week in line with the Government Rent Restructuring rules so as to achieve target rent. Newly acquired, developed or re-let properties are let at target rent.

Cashflows

We generated an operating cash inflow of £9.4m (2013: £4.1m) which, after net interest payments of £3.3m (2013: £3.4m) and other movements left a cash inflow of £5.0m (2013: £(8.2)m) 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.

ROSEBERY HOUSING ASSOCIATION LIMITED
FINANCIAL REVIEW AND BOARD REPORT
For the year ended 31 March 2014

Five year financial position summary

For the year ended 31 March	2014	Restated 2013	2012	2011	2010
Income & Expenditure Account (£'000)					
Total turnover	17,501	18,659	15,283	14,614	14,086
Income from Lettings	14,480	13,687	12,807	12,022	11,780
Operating surplus	5,409	5,319	5,601	5,432	4,989
Surplus for the year transferred to reserves	2,160	2,018	2,037	1,801	985
Balance Sheet (£'000)					
Housing properties net of depreciation	129,887	127,053	119,396	113,526	118,340
SHG & other capital grants	(33,394)	(30,854)	(30,685)	(28,356)	(28,443)
Housing properties net of depreciation & capital grants	96,493	96,199	88,711	85,170	89,897
Other fixed assets	145	239	361	496	560
Fixed assets net of depreciation & capital grants	96,638	96,438	89,072	85,666	90,457
Net current assets	4,398	2,123	7,641	8,937	4,058
Total assets less current liabilities	101,036	98,561	96,713	94,603	94,515
Creditors: due after more than one year	87,443	86,977	86,943	86,547	85,174
Reserves	13,593	11,584	9,770	8,056	9,341
	101,036	98,561	96,713	94,603	94,515
Accommodation figures					
Total housing stock (excluding garages) in management at year end	2,693	2,674	2,615	2,564	2,492
Statistics					
Operating surplus for the year as a % of turnover	30.9%	28.5%	36.7%	37.2%	35.4%
Surplus for the year as a % of turnover	12.3%	10.8%	13.3%	12.3%	7.0%
Surplus for the year as a % of income from lettings	14.9%	14.7%	15.9%	15.0%	8.4%
Interest cover	2.1	2.0	1.9	1.8	1.3
Total reserves per home owned	5,048	4,332	3,742	3,142	3,748

ROSEBERY HOUSING ASSOCIATION LIMITED
FINANCIAL REVIEW AND BOARD REPORT
For the year ended 31 March 2014

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).

GOVERNANCE ARRANGEMENTS

Board Members and Executive Directors

We are governed by a Board comprising 7 Independent Members (currently working with 6 Independent Board Members, with one vacancy) 3 Resident Members (currently working with 2 Resident Board Members, with one vacancy). The Board also has appointed a Board co-optee to increase its skill base.

Board members are drawn from a background of professional, commercial and local 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.

ROSEBERY HOUSING ASSOCIATION LIMITED
FINANCIAL REVIEW AND BOARD REPORT
For the year ended 31 March 2014

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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to ensure that the financial statements comply with the requirements of the Industrial and Provident Societies Acts 1965 to 2003 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.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers (updated 2010).

ROSEBERY HOUSING ASSOCIATION LIMITED
FINANCIAL REVIEW AND BOARD REPORT
For the year ended 31 March 2014

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 Committee. Minutes of the Audit Committee are presented to the subsequent Board to keep the Board apprised of progress. The Audit 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 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 Treasury 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 and Universal Credit.*
- *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 draft regulatory framework.*
- *Changes to VAT rules could remove barriers to collaborative working and lead to efficiency gains for like minded housing associations.*

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 Committee.

Fraud

During the financial year no frauds or attempted frauds took place. The Audit Committee and Board are 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 2014

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 Committee. The internal auditors make an annual report to the Audit committee reviewing the effectiveness of the system of internal controls. The Audit Committee provides an annual report to the Board.

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 for 2013/14 was positive.

Going Concern

After reviewing the budget for 2014/15, the 2014 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.

Annual General Meeting

The Annual General Meeting will be held on 23 September 2014 at Rutland House, Epsom.

Auditors

During the year Mazars LLP provided the external audit service

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 29 July 2014 and signed on its behalf by:



Anna Hammond
Chair

ROSEBERY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 March 2014

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 2014 which comprise the Income and Expenditure Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Surpluses and Deficits 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).

Respective Responsibilities of the Board and the Auditor

As explained more fully in the Statement of Board's Responsibilities set out on page 20, the Board is responsible for the preparation of financial statements 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 Auditing Practices Board's (APB's) Ethical Standards for Auditors.

This report is made solely to the Association's Members, as a body, in accordance with Section 9 of the Friendly and Industrial and Provident Societies Acts 1965 to 2003 and the Housing and Regeneration Act 2008. 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.

Scope of the Audit of the Financial Statements

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

Opinion on Financial Statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2014 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts, 1965 to 2003, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

ROSEBERY HOUSING ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT
For the year ended 31 March 2014

Matters on Which We Are Required to Report by Exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts, 1965 to 2003 require us to report to you if, in our opinion:

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

Mazars LLP

Mazars LLP

Chartered Accountants and Statutory Auditor

Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: *30 July 2014*

ROSEBERY HOUSING ASSOCIATION LIMITED
INCOME AND EXPENDITURE ACCOUNT
For the year ended 31 March 2014

		2014	2013
	Note	£'000	Restated £'000
TURNOVER: continuing activities	3	17,501	18,659
Cost of Sales	3	(1,657)	(3,870)
Operating costs	3	(10,435)	(9,470)
OPERATING SURPLUS: continuing activities		5,409	5,319
Surplus on sale of fixed assets	6	27	132
Interest receivable	7	10	56
Interest payable	8	(3,286)	(3,489)
SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION		2,160	2,018
TAXATION			
Tax on surplus on ordinary activities	11	-	-
SURPLUS FOR THE FINANCIAL YEAR		2,160	2,018

NOTES:

All amounts relate to continuing activities.

The notes on pages 31 to 58 form part of these financial statements.

ROSEBERY HOUSING ASSOCIATION LIMITED
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS
For the year ended 31 March 2014

**STATEMENT OF TOTAL RECOGNISED SURPLUSES
AND DEFICITS**

	2014	2013
	£'000	£'000
Surplus for the financial year	2,160	2,018
Total recognised surpluses and deficits relating to the year	2,160	2,018
Actuarial (losses) in respect of defined benefit pension scheme (Note 9)	(151)	(204)
Total recognised surpluses and deficits relating to the year	2,009	1,814

RECONCILIATION OF MOVEMENTS IN FUNDS

	2014	2013
	£'000	£'000
Opening total funds as previously stated	11,584	9,770
Total recognised surpluses relating to the year	2,009	1,814
	13,593	11,584

The notes on pages 31 to 58 form part of these financial statements.

ROSEBERY HOUSING ASSOCIATION LIMITED
BALANCE SHEET
As at 31 March 2014

			2014	2013
	Note	£'000	£'000	Restated £'000
Tangible fixed assets				
Housing properties	12		129,887	127,053
Social housing grant	12		(33,394)	(30,854)
			96,493	96,199
Other tangible fixed assets	13		145	239
			96,638	96,438
Current assets				
Properties for sale	15	311		2,543
Debtors	16	876		764
Cash at bank and in hand		7,303		2,307
		8,490		5,614
Creditors: amounts falling due within one year	17	(4,092)		(3,491)
Net current assets			4,398	2,123
Total assets less current liabilities			101,036	98,561
Creditors: amounts falling due after more than one year	18		85,368	85,117
Provision for pension liability	9		2,075	1,860
Capital and reserves				
Called up share capital	22		0	0
Revenue reserve	23		13,593	11,584
			101,036	98,561

The notes on pages 31 to 58 form part of these financial statements.
The financial statements were approved by the Board of Directors on 29 July 2014.



Anna Hammond
Chair



Paul Williams
Vice Chair



Lesley Hobley
Secretary

ROSEBERY HOUSING ASSOCIATION LIMITED**CASH FLOW STATEMENT**

For the year ended 31 March 2014

		2014	2013
	Note	£'000	Restated £'000
Net cash inflow from operating activities	24	9,351	4,121
Returns on investments and servicing of finance			
Interest received	7	10	56
Interest paid	8	(3,286)	(3,489)
Net cash (outflow) from returns on investments and servicing of finance		(3,276)	(3,433)
Capital expenditure			
Purchase and construction of housing properties	12	(5,402)	(9,342)
Social housing grant – received	12	3,216	169
Purchase of other fixed assets	13	(85)	(34)
Sale of housing properties	6	1,590	438
Repaid to Council	6	(398)	(123)
Net cash (outflow) from capital expenditure and financial investment		(1,079)	(8,892)
Increase/(decrease) in cash	26	4,996	(8,204)

The notes on pages 31 to 58 form part of these financial statements.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

1. Legal Status

The Association is incorporated under the Industrial and Provident Societies Acts 1965 to 2003 and is registered with the HCA as a social housing provider. The Association is registered as an Industrial and Provident Society (27671R) with charitable rules.

2. Principal Accounting Policies

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by registered social landlords, issued in January 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 Aegon Scottish Equitable for new employees, where contributions are accounted for as they fall due. The scheme is being closed and members transferring to the SHPS defined contribution scheme.

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

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

Housing properties

Housing properties are principally properties available for rent and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements.

Works to existing properties which 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.

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 fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

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

Freehold land is not depreciated. Depreciation of buildings is charged so as to write down the net book value of housing properties to their estimated residual value, on a straight-line basis, over their estimated useful economic lives in the business. The depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to housing properties, less residual value. The Association's housing properties are depreciated at the following annual rates:

Sheltered & supported housing	1%
General needs	1%

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

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

Where a housing 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

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.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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

Restatement

Some 2012/13 figures have been restated to reflect the correct classification and consistency with the current year. Where this has been done, the figures have been indicated as having been restated. The reclassifications include the recategorisation of balances in housing properties.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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

2014				
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Social housing lettings	14,480	-	(9,645)	4,835
Other social housing activities				
Shared ownership sales	1,987	(1,657)	-	330
Other	703	-	(486)	217
	2,690	(1,657)	(486)	547
Non-social housing activities				
Lettings	331	-	(304)	27
	331	-	(304)	27
	17,501	(1,657)	(10,435)	5,409
2013 Restated				
	Turnover	Cost of Sales	Operating Costs	Operating Surplus
	£'000	£'000	£'000	£'000
Social housing lettings	13,687	-	(8,690)	4,997
Other social housing activities				
Shared ownership sales	4,237	(3,870)	-	367
Other	366	-	(439)	(73)
	4,603	(3,870)	(439)	294
Non-social housing activities				
Lettings	369	-	(341)	28
	369	-	(341)	28
	18,659	(3,870)	(9,470)	5,319

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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

	2014					2013
						Restated
	General Needs Housing £'000	Supported Housing & Housing for Older People £'000	Temporary Social Housing £'000	Key Worker Housing £'000	Low Cost Home Ownership £'000	Total £'000
Rent receivable net of identifiable service charges	9,951	961	1,584	26	1,025	12,838
Service income	294	249	84	2	304	849
Turnover from social housing lettings	10,245	1,210	1,668	28	1,329	14,480
Management Services	(2,799)	(320)	(270)	(7)	(99)	(3,495)
Routine maintenance	(506)	(249)	(109)	-	(123)	(987)
Planned maintenance	(1,200)	(130)	(110)	(3)	-	(1,443)
Bad debts	(1,161)	(111)	(94)	(2)	(91)	(1,459)
Property lease charges	(18)	(15)	(14)	-	2	(45)
Impairment of housing properties	-	-	(247)	-	-	(247)
Depreciation of housing properties	(545)	-	-	-	-	(545)
	(1,079)	(119)	(97)	(6)	(123)	(1,424)
Operating costs on social housing lettings	(7,308)	(944)	(941)	(18)	(434)	(9,645)
Operating surplus on social housing lettings	2,937	266	727	10	895	4,835
Void losses	31	5	35	1	14	86
						168

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

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

	2014	2013
	£'000	£'000
Garage and intermediate lettings	331	369

4. Accommodation in management and development

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

	2014	2013
	No.	No.
Social housing		
General housing	1,709	1,695
Supported housing and housing for older people	185	185
Low cost home ownership	217	228
Temporary social housing	98	89
Key worker housing	4	4
Total social housing	2,213	2,201
Leasehold properties	404	399
Garage lettings	638	638
Intermediate	7	7
Total owned	3,262	3,245
Accommodation managed for others	69	67
Total managed	3,331	3,312
Accommodation in development at the year end	77	52

The Association manages accommodation for Guildford Borough Council and the Epsom Training and Development Fund.

The Association owns 6 supported housing units (2013: 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 2014

5. Operating surplus

The operating surplus is arrived at after charging :

	2014	2013
	£'000	£'000
Depreciation of housing properties	1,433	1,502
Depreciation of other tangible fixed assets	179	156
Impairment of housing properties	545	-
Operating lease rentals		
- land and buildings	493	514
- office equipment and computers	35	26
Auditors' remuneration (excluding VAT)		
- for audit services	15	12
	<hr/> <hr/>	<hr/> <hr/>

6. Surplus on sale of fixed assets - housing properties

	Property fixed assets £'000	Shared Ownership staircasing sales £'000	2014	2013
			£'000	Restated £'000
Disposal proceeds	489	1,101	1,590	438
Carrying value of fixed assets	(62)	(1,103)	(1,165)	(183)
	<hr/>	<hr/>	<hr/>	<hr/>
	427	(2)	425	255
Less Council's share	(398)	-	(398)	(123)
	<hr/>	<hr/>	<hr/>	<hr/>
	29	(2)	27	132
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

7. Interest receivable and other income

	2014	2013
	£'000	£'000
Interest receivable and similar income	10	65
Interest credited to Recycled Capital Grant	-	(9)
	<hr/>	<hr/>
	10	56
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ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

8. Interest payable and similar charges

	2014	2013
	£'000	£'000
Loans and bank overdrafts	3,214	3,426
Finance charges on defined benefit pension scheme	72	63
	<u>3,286</u>	<u>3,489</u>

9. Employees

Average monthly number of employees expressed as full time equivalents:

	2014	2013
	No.	No.
Administration	15	15
Development	2	2
Housing, support and care	17	17
	<u>34</u>	<u>34</u>

Employee costs:

	2014	2013
	£'000	£'000
Wages and salaries	1,278	1,097
Social Security Costs	115	102
Pension Costs	180	121
	<u>1,573</u>	<u>1,320</u>

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

Capitalised Staff costs:	£'000	£'000
Wages and salaries	52	51
Social Security Costs	5	4
Pension Costs	1	2
	<u>58</u>	<u>57</u>

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

	2014	2013
£60,000 - £69,999	1	0
£90,000 - £99,999	1	0
£100,000 - £109,999	0	1

9. Pension Commitments

Defined Benefit Pension Schemes:

Social Housing Pension Scheme (SHPS)

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

SHPS 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.

An employer can elect to operate different benefit structures for their active members and their new entrants. An employer can only operate one open defined benefit structure at any one time. An open benefit structure is one which new entrants are able to join.

The Association currently operates the final salary with 1/60th accrual rate structure 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.

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.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

9. Pension Commitments

During the accounting period the Association paid contributions at the rate of 13.7%, member contributions varied between 5.1% and 6.1% depending on age.

As at the balance sheet date there were 9 active members of the Scheme employed by the Association. The annual pensionable payroll in respect of these members was £248,117¹. The Association continues to offer membership of the Scheme to its employees.²

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 £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2013. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,718m. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,151m, equivalent to a past service funding level of 70%.

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

Valuation Discount Rates:		% p.a.
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
Pension Increases:		
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.

¹ Insert number of active members and details of the annual pensionable payroll as at the balance sheet date.

² Delete this sentence if the Scheme is closed to new members.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

9. Pension Commitments

The valuation was carried out using the following demographic assumptions:

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:

Benefit Structure	Long-term Joint Contribution Rate (% of pensionable salaries)
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 £1,035m 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)

9. Pension Commitments

(*) 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 in paragraph 14 above.

The next formal valuation of the Scheme will begin later this year and will give an update on the financial position as at 30 September 2014. The results of this valuation will be available in Spring 2016.

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 SHPS.

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.

9. Pension Commitments

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.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Social Housing Pension Scheme, based on the financial position of the Scheme as at 30 September 2013. At this date the estimated employer debt for the Association was £3.981m.

The debt will only crystallise if the Association totally withdraws from the fund. Although the Association has closed the fund to new members it continues to pay contributions for existing members and has made provision for other and future employees to enter the SHPS defined contribution scheme.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

9. Pension Commitments

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 2010 and rolled forward, allowing for the different financial assumptions required under FRS17, to 31 March 2014 by a qualified independent actuary.

The employers' contributions to the SCC scheme by the Association for the year ended 31 March were £10,791 (2013: £10,668) at a contribution rate of 19.2% of pensionable salaries, set until the next funding valuation. Estimated employers' contributions to the SCC scheme during the accounting period commencing 1 April 2014 are £10,791.

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 £56,206.

	2014	2013
Market valuation of Scheme's assets	£1,622,000	£1,688,000
Discount rate	4.1%	4.5%
Rate of return on investments	6.0%	5.2%
Rate of general pay increases	3.9%	5.1%
Rate of increases to pensions in payment	2.6%	2.8%
Actuarial shortfall	£2,075,000	£1,860,000
As a percentage of the Scheme's liabilities	124%	110%
Current level of funding (value of assets as % total assessed cost of past service benefits)	44%	48%

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:

	No. of years
Retiring today:	
Males	22.5
Females	24.6
Retiring in 20 years:	
Males	24.5
Females	26.9

ROSEBERY HOUSING ASSOCIATION LIMITED
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For the year ended 31 March 2014

9. Pension Commitments

Mortality assumptions (continued)

	Fair value	Expected return	Fair value	Expected return
	31 March	31 March	31 March	31 March
	2014	2014	2013	2013
	£'000	£'000	£'000	%
Equities	1,249	6.7	1,283	5.7
Bonds	260	3.8	304	3.4
Property	97	4.8	84	3.9
Cash	16	3.7	17	3.0
	1,622		1,688	

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

	2014	2013
	£ '000	£ '000
Fair value of the assets related to the Association	1,622	1,688
Value placed on liabilities related to the Association	(3,697)	(3,548)
Net pension liability	(2,075)	(1,860)

Analysis of the amount chargeable to operating surplus

	2014	2013
	£ '000	£ '000
Current service cost	15	11
Contributions by members	4	4
	19	15

Analysis of the amount chargeable to finance costs

	2014	2013
	£ '000	£ '000
Expected return on pension scheme assets	85	85
Interest on pension scheme liabilities	(157)	(148)
	(72)	(63)

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
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9. Pension Commitments

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

	2014	2013
	£ '000	£ '000
Actuarial loss	(151)	(204)

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

Share of scheme liabilities at the beginning of the year	(1,860)	(1,604)
Current service costs	(19)	(15)
Contributions	27	26
Past service cost		-
Other finance costs	(72)	(63)
Actuarial (loss)	(151)	(204)
Share of scheme liabilities at the end of the year	(2,075)	(1860)

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.

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 all three schemes. These amounted to £179,834 (2013: £121,028), of which £886 (2013: £1,971) were capitalised with Development team salaries. At 31 March 2014 total employer pension contributions amounting to £13,806 (2013: £3,000) payable to the fund were included in creditors.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
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10. Board Members and Executive Directors

	Basic salary	Benefits in Kind	Pension Contributions	2014 Total £'000	2013 Total £'000
	£'000	£'000	£'000	£'000	£'000
Board Members	38	0	0	38	26
Executive	212	2	32	246	159
	250	2	32	284	185

The emoluments for the Chief Executive, the highest paid director excluding pension contributions were £100k (2013: £108k). 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 for the year (2013: nil).

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

12. Tangible fixed assets – housing properties

	Social housing properties held for letting	Non-social housing properties held for letting	Housing properties for letting under construction*	Completed shared ownership housing properties	Shared ownership housing properties under construction	Total
Cost	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2013	106,882	2,318	1,612	24,257	1,784	136,853
Reclassification	(359)	(789)	720	279	149	-
Works to existing properties	1,544	-	-	-	-	1,544
Additions	-	10	1,013	-	2,835	3,858
Reclass from stock	-	-	-	3,638	(3,063)	575
Completed schemes	2,239	-	(2,239)	1,378	(1,378)	-
Disposals	(143)	-	-	(1,161)	-	(1,304)
At 31 March 2014	110,163	1,539	1,106	28,391	327	141,526
Depreciation and impairment						
At 1 April 2013	8,916	169	-	715	-	9,800
Reclassification	51	(63)	-	12	-	-
Charged in year	1,292	16	-	125	-	1,433
Impairment	-	-	545	-	-	545
Released on disposal	(81)	-	-	(58)	-	(139)
At 31 March 2014	10,178	122	545	794	-	11,639
Social housing grant						
At 1 April 2013	21,528	240	28	7,869	1,189	30,854
Reclassification	1,867	72	(8)	(742)	(1,189)	-
Additions	-	-	1,835	-	1,377	3,212
Schemes completed	1,308	-	(1,308)	374	(374)	-
RCGF utilised	-	-	267	-	40	307
RCGF additions	-	-	(263)	-	(40)	(303)
SHG in advance	-	-	-	-	(676)	(676)
At 31 March 2014	24,703	312	551	7,501	327	33,394
Net book value						
At 31 March 2014	75,282	1,105	10	20,096	-	96,493
At 31 March 2013	76,438	1,909	1,584	15,673	595	96,199

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

12. Tangible fixed assets – housing properties

Expenditure on works to existing properties		
	2014	2013
	£'000	Restated £'000
Amounts capitalised	1,544	1,617
Amounts charged to the income and expenditure account	2,902	3,228
	4,446	4,845
Social housing grant		
	2014	2013
	£'000	£'000
Total accumulated social housing grant received or receivable at 31 March:		
Capital grant	34,070	30,854
Finance costs		
	2014	2013
	£'000	£'000
Aggregate amount of capitalised interest included in the cost of housing properties	2,377	2,377
Housing properties book value, net of depreciation and grants		
	2014	2013
	£'000	Restated £'000
Freehold land and buildings	80,459	80,435
Long leasehold land and buildings	16,034	15,764
	96,493	96,199

Property Valuations

The estimated value of the housing properties as at 1 April 2013 was £147,300,000. No formal valuation was required to be carried out as at March 2014.

Housing properties were valued on the basis of existing use value - social housing (EUV-SH). The existing use value assumes a theoretical sale subject to the tenancies subsisting on 31 March 2014 to a buyer approved by the Tenant Services Authority who will manage the property in accordance with the Corporation's Tenants' Guarantee. In determining this valuation, the valuers made use of discounted cash flow methodology and key assumptions made concerning the level of future rents, the rate of turnover of existing tenants, the level of sales and the discount rate. The assumed discount rate is 6.0% and the level of rents is assumed to reach the anticipated "target rents" by the end of Rent Restructuring period, and thereafter increase by RPI + 0.5% only.

The valuation was carried out by Mazars Property Consultancy Limited external valuers in accordance with the RICS Appraisal and Valuation Manual. By definition the EUV-SH is an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

13. Tangible fixed assets – other

	Furniture & equipment £'000	New office £'000	Computer equipment £'000	Motor Vehicles £'000	Total £'000
Cost					
At 1 April 2013	534	924	1,075	14	2,547
Additions	2	-	83	-	85
At 31 March 2014	536	924	1,158	14	2,632
Depreciation					
At 1 April 2013	503	759	1,033	13	2,308
Charged in the year	5	132	41	1	179
At 31 March 2014	508	891	1,074	14	2,487
Net book value					
At 31 March 2014	28	33	84	-	145
At 31 March 2013	31	165	42	1	239

14. Investments

	2014 £'000	2013 £'000
Investment in Joint Venture	-	-

Rosebery Homecall Property Services Limited (RHPS Ltd) is a joint venture between Rosebery Housing Association Limited (75% shareholder) and Lovells plc (25% shareholders – previously held by Connaught plc), in which shareholders equally share the costs and benefits arising.

The cost of the Association's investment in Rosebery Homecall Property Services Limited is £75 (2013: £75).

At 31 March 2014 RHPS was owed £58,000 (2013: £58,000) by RHPS Ltd. The balance is currently sitting under creditors and the company is being closed.

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

15. Properties for sale

	2014	2013
	£'000	£'000
Shared ownership properties:		
Completed properties	133	2,543
Properties under construction	178	-
	311	2,543

The Association has not developed any properties for outright sale.

16. Debtors

	2014	2013
	£'000	£'000
Due within one year		
Rent and service charges receivable	599	657
Less: provision for bad and doubtful debts	(261)	(210)
	338	447
Other debtors	37	57
Prepayments and accrued income	501	260
	876	764

17. Creditors: amounts falling due within one year

	2014	2013
	£'000	£'000
Trade creditors	351	443
Rent and service charges received in advance	355	242
Social housing grant received in advance	676	-
Amounts owed to group undertakings	58	58
Recycled capital grant fund (note 19)	-	140
Other taxation and social security	51	40
Unpaid contributions for retirement benefits	-	3
Other creditors	44	103
Accruals and deferred income	2,557	2,462
	4,092	3,491

ROSEBERY HOUSING ASSOCIATION LIMITED
NOTES TO THE REPORT AND FINANCIAL STATEMENTS
For the year ended 31 March 2014

18. Creditors: amounts falling due after more than one year

	2014	2013
	£'000	£'000
Debt (note 20)	84,950	84,950
Recycled capital grant fund (note 19)	303	167
Leaseholder sinking funds	115	-
	<hr/>	<hr/>
	85,368	85,117
	<hr/>	<hr/>

19. Recycled capital grant fund

	2014	2013
	£'000	£'000
At 1 st of April	307	467
Additions in the year	303	67
Interest Accrued	-	9
Utilised in Development of property	(307)	(236)
	<hr/>	<hr/>
At 31 March	303	307
	<hr/>	<hr/>
Due in less than one year	-	140
Due in more than one year	303	167
	<hr/>	<hr/>
	303	307
	<hr/>	<hr/>

No payment was due for repayment as at 31 March 2014 or 31 March 2013.

ROSEBERY HOUSING ASSOCIATION LIMITED
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20. Debt analysis

	2014	2013
	£'000	£'000
Due after more than one year		
Bank loans	84,950	84,950
	<hr/>	<hr/>

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 2014 the Association had undrawn loan facilities of £10m (2013: £10m).

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

	2014	2013
	£'000	£'000
Five years or more	84,950	84,950
	<hr/>	<hr/>

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21. Provisions for liabilities and charges

The Association had no liabilities and charges to disclose at 31 March 2014 (2013: £Nil).

22. Non-equity share capital

	2014	2013
	£	Restated £
Shares of £1 each issued and fully paid		
At 1 April	16	15
Shares issues during the year	1	1
Shares surrendered during the year	(2)	-
	<hr/>	<hr/>
At 31 March	15	16
	<hr/> <hr/>	<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.

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23. Reserves

	Revenue reserves
At 1 April 2013	11,584
Surplus for the year	2,160
Actuarial (loss) on pension scheme liability	(151)
At 31 March 2014	13,593

24. Net cash inflow from operating activities

	2014	2013 Restated
	£'000	£'000
Operating surplus	5,409	5,319
Depreciation of tangible fixed assets	1,612	1,658
Impairment of tangible fixed assets	545	-
	7,566	6,977
Working capital movements		
Change in stock	2,232	(2,543)
Change in debtors	(112)	78
Change in creditors	176	(443)
Stock reclassification	(575)	-
Actuarial (Losses)	(151)	(204)
Increase in pension provision	215	256
Net cash inflow from operating activities	9,351	4,121

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

	2014	2013
	£'000	£'000
Increase in cash	4,996	(8,204)
Cash outflow from decrease in lease finance	-	-
Change in net debt resulting from cash flows	4,996	(8,204)
Change in market value of investments	-	-
Movement in net debt for the period	4,996	(8,204)
Net debt at 1 April	(82,643)	(74,439)
Net debt at 31 March	(77,647)	(82,643)

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26. Analysis of changes in net debt

	31 March 2013 £'000	Cashflow £'000	31 March 2014 £'000
Cash at bank and in hand	2,307	4,996	7,303
Changes in cash	2,307	4,996	7,303
Loans	(84,950)	-	(84,950)
Changes in debt	(84,950)	-	(84,950)
Changes in net debt	(82,643)	4,996	(77,647)

27. Capital commitments

	2014 £'000	2013 £'000
Capital expenditure		
Expenditure contracted for but not provided in the accounts	5,766	7,902

The above commitments will be expected to be financed primarily from current cash reserves with the addition of £0.5m of social housing grant.

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28. Leasing commitments

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

	2014		2013	
	Land and buildings	Office equipment and computers	Land and buildings	Office equipment and computers
	£'000	£'000	£'000	£'000
In one year or less	108	-	226	-
Between one and five years	247	36	288	26
	355	36	514	26

29. Related Parties

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

Related party transactions between Rosebery Housing Association Limited and Rosebery Homecall Property Services Limited, a joint venture between the Association and Lovells plc (previously with Connaught plc) are disclosed within Note 14 Investments.