

Company Registration No 4201820  
Registered by the Homes and Communities Agency No L4332

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# DALES HOUSING LIMITED

## Annual Report and Financial Statements

Year ended 31 March 2016

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## Board Members, Executive Directors, Advisors and Bankers

### Board

Chair	Professor Janet Ford OBE	
Vice Chair	David Richardson (resigned 24/5/2016)	
Other Members	Jo Brodrick Stewart Harrison Evonne Hudson Michael Barnett Philip Dearing (appointed 16/6/2016)	Mushtaq Khan Tristan Koriya Paul Loveday Barry Fletcher Bhaljinder Mann (appointed 16/6/2016)

### Executive Directors

Group Chief Executive	Gerald Taylor (resigned 31/3/2016) David Pickering (appointed 1/4/2016)
Company Secretary / Group Finance Director	Michael Finister-Smith (resigned 31/3/2016) Dermot McRoberts (appointed 1/4/2016)
Group Director of Housing & Neighbourhoods	Jacque Allen (resigned 30/10/2015)
Group Director of Assets & Development	Christopher Welch (resigned 31/3/2016)
Group Director of Development and Operations	Anthony Riley (appointed 1/4/2016)
Group Director of Corporate Services	Michael Finister-Smith (appointed 1/4/2016)

### Registered office

1700 Solihull Parkway  
Birmingham Business Park  
Solihull  
B37 7YD

### Registered number

Registered as a Company Limited by Guarantee, No. 5571472  
  
Registered by the Homes and Communities Agency, No. L4506  
  
Registered Charity No. 1121331

### Auditors

Beever & Struthers  
215 – 219 Chester Road  
Manchester, M15 4JE

### Solicitors

Anthony Collins Solicitors LLP  
134 Edmund Street  
Birmingham, B3 2ES

### Bankers

Barclays Bank  
15 Colmore Row  
Birmingham  
B3 2BH

### Funders

Nationwide Building Society Kings Park Road Moulton Park Northampton NN3 6N	Lloyds Bank 125 Colmore Row Birmingham B3 2SF
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## **Report of the Board**

The Board presents its report and the audited financial statements for the year ended 31 March 2016.

During the year the Company, along with all other members of Acclaim Housing Group, progressed discussions to join Waterloo Housing Group, with the merger successfully concluding on schedule immediately after the year end, on 1 April 2016. Waterloo is a high performing group of Registered Providers that owns over 20,000 properties located across the East and West Midlands and in Lincolnshire. The closely aligned operating areas of the two groups will help the combined businesses to secure improved value for money, notably via overhead cost and procurement savings, and better respond to the more challenging operating environment. Waterloo's substantial development programme will also enable the Company to respond better to housing needs through the provision of more new affordable homes, a key strategic objective.

### **Principal Activities**

Dales Housing Ltd ('the Company') is a not-for-profit organisation administered by a voluntary Board. The Company operates primarily within the Derbyshire Dales, with its Head Office based in Matlock. The Company was established to manage the housing stock transferred from Derbyshire Dales District Council and to carry out a £39 million programme of investment in the stock. The transfer was completed on 4 March 2002 and the Company commenced trading from that date. This programme of investment is now complete.

### **Business Review**

Details of the Company's business developments and operating performance for the year are set out in the Operating and Financial Review.

The accounts for the year show a £4,841k operating surplus (2015: £4,125k) which reflects the increased turnover and reduced operating expenditure.

### **Tenant Involvement**

Listening to our customers and to the wider community is central to our work. An extensive "menu" of options from which tenants can choose how they wish to contribute has been developed. This allows for as wide a range of ideas and comments as possible to be heard. Tenants are involved through policy review groups, area panels that consider local service delivery issues, feedback forms for services and telephone research. One of the Board Members is also a Dales Housing tenant.

### **Employees**

The Company's ability to meet its objectives and commitments to customers in an efficient and effective manner depends on the contribution of employees throughout the year. A commitment reflected in excellent Sunday Times Top 100 survey outcomes in 2012 and the Company continues to apply the principles that made it possible to win this award. Consultation and communication with all employees takes place through regular briefings, meetings and newsletters. The Partnership Forum is the formal Company vehicle for consultation and negotiation of pay and other employment issues.

### **Equality and Diversity**

The Company's commitment to equality and diversity in all aspects of employment and customer service was recognised in early 2012 by an external consultant review of progress against the Company's comprehensive Equality and Diversity Audit. I am satisfied and happy to report that SLH are ahead of most of their housing sector colleagues, in terms of ensuring that they can

## **Report of the Board (continued)**

### **Equality and Diversity (cont'd)**

demonstrate key elements of the Equality Act 2010 and that processes are in place to make a difference and improve equality outcome for all'.

### **Board Members and Executive Directors**

The present Board Members and the Executive Directors of the Group are set out on Page 1. This reflects a new governance structure which came into place at the beginning of April 2014, with a co-terminus Board being introduced to streamline and improve the governance structure. There are now a maximum of 12 Board members, with ten places currently filled, with a view to further reduce the numbers in due course as Board members retire. All of the Board were appointed on a skills based criteria, including an interview and appraisal process.

The Executive Directors are not Board Members and act as executives within the authority delegated by the Board. From 1<sup>st</sup> April 2016, the Group Executive Team of Waterloo Housing took over responsibilities for business.

The Company has insurance policies that indemnify its Board Members and Executive Directors against liability when acting for the Company.

All Board Members receive reimbursement of expenses incurred in fulfilling their duties. In addition to this, Board Members are now remunerated for their role – payment of Board Members became effective from October 2014.

A Remuneration and Appraisal Panel, comprising four Board Members, was responsible for setting the remuneration of the Chief Executive and other Executive Directors.

The Chief Executive and other Executive Directors are employed on the same basis as other employees, their notice period being three months. The Executive Directors participate in pension schemes on the same terms as all other employees.

Full details of Executive Directors' individual remuneration packages are included in note 10 to the audited financial statements.

### **Health and Safety**

The Board is aware of its responsibilities on all matters relating to health and safety. Health and Safety policies have been audited to ensure they are fit for purpose for the Company.

### **NHF Code of Governance**

We are pleased to report that the Company complies with the principal recommendations of the NHF Code of Governance.

#### *The Board -*

The Board comprises up to twelve non-executive members and is responsible for managing the affairs of the Company. It meets at least 5 times a year for regular business and annually for a weekend, to discuss strategy and for Members' training.

The Board is responsible for the Company's strategy and policy framework. Day to day management and implementation of that framework is delegated to the Executive Management Team, members of which attend Board Meetings and also meet internally on a fortnightly basis.

## Report of the Board (continued)

### NHF Code of Governance (continued)

#### *Committees -*

The Board operates just one sub-committee: the Audit Committee comprises up to 4 Board Members and meets at least 4 times a year. It considers the appointment of internal and external auditors, the scope of their work and their reports and the financial statements of the Company.

The Audit Committee obtain external specialist advice from time to time as necessary.

The Board also operates a Remuneration and Appraisal Panel, which meets at least annually, operating within specific terms of reference. The duties of the Panel include the annual appraisal of the Chief Executive and reviews Board Member expenses. The Panel also recommends to the Board the salaries of the Executive Management Team, obtaining specialist advice as and when required.

#### **Internal Controls Assurance**

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and to provide reasonable, but not absolute, assurance against material misstatement or loss.

The process for identifying, evaluating and managing the significant risks faced by the Company is ongoing and has been in place throughout the period commencing 1 April 2015 up to the date of approval of the annual report and financial statements. The Board receives and considers reports from management on these risk management and control arrangements annually. All other reports submitted to the Board during the year include an assessment of the risk impact of any decisions to be made.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes;
- annual review of the Company's risk map by the Board;
- detailed financial plans and forecasts for subsequent years;
- formal recruitment, retention, training and development policies;
- established authorisation and appraisal procedures for all significant new initiatives and commitments;
- a sophisticated approach to treasury management which is subject to external review on an annual basis;
- regular reporting to senior management and the Board of key business objectives, targets and outcomes;
- Board approved whistle-blowing and other anti-fraud and theft related policies; and
- detailed policies and procedures in each area of the Company's work.

The Board cannot delegate ultimate responsibility for the system of internal control, but it can, and has, delegated authority to the Audit Committee to review regularly the effectiveness of the system of internal control. The Board will receive reports from the Audit Committee.

## Report of the Board (continued)

The means by which the Audit Committee reviews the effectiveness of the system of internal control include considering risk reports, internal audit reports, management assurances, the external audit management letter and specialist reviews as required. The Audit Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the Company, together with the annual report of the internal auditor, and has reported its findings to the Board.

### Post Balance Sheet Events

On 1 April 2016 all three Registered Provider members of the Acclaim Housing Group, including Dales Housing Limited, joined Waterloo Housing Group becoming subsidiaries of the parent Registered Provider, Waterloo Housing Group Limited, a Co-Operative and community Benefit society and exempt charity.

### Going Concern

Following the Government's summer budget on 7<sup>th</sup> July 2015, where a reduction of 1% per annum on rents for 4 years was announced, the Board have undertaken a process of reviewing its spending and income cashflow forecasts to ensure that there is a realistic and deliverable plan in place to ensure the Group is able to protect the long term sustainability of the business. A detailed report has been presented to the Board in August 2015 and after making enquiries, the Board is confident that the Company has adequate resources to continue operating for the foreseeable future.

Loan facilities are already in place to meet both existing and future business requirements for at least the next 12 months and to enable corporate strategic goals to be delivered across the Group over at least the next 3 years. The Company can be expected to continue operating for at least 12 months from the date of this report and, therefore, these financial statements are prepared on the going-concern basis.

### Value for Money

The Board is aware of its responsibilities on achieving Value for Money (VFM) in delivering its purpose and objectives, as determined under the Homes and Communities Agency Regulatory framework and VFM standard.

The VFM Strategy is reviewed by the Board on a cyclical basis, and incorporates a detailed action plan for ensuring strategy delivery. Overall, VFM is considered to be an integral element to business success. The Board undertakes an annual self-assessment against the Regulator's VFM standard, which is made available to all stakeholders through the company's website.

The Value for Money Strategy covers areas such as:

- The purpose and benefits of achieving value for money within the Company
- Our value for money objectives
- A definition of value for money
- Links to other strategies

The strategy also set out the 7 key values for money principles that we adopt, these being:

- Leadership and Commitment
- Financial Viability costs and comparisons
- Performance Management
- Our People
- Procurement
- Customer Focus
- Information Technology

## **Report of the Board (continued)**

The strategy also incorporates an action plan, with nominated lead officers and key deadlines and the strategy is reported to the Board annually, along with a report highlighting value for money successes during the year.

The Board has also undertaken a Value for Money Self-Assessment, led by Paul Loveday, Chair of Audit Committee and Board nominated Value for Money Champion. This set out a comprehensive analysis on costs and performance; promises local offers and customer satisfaction; asset performance and return on assets and how we make decisions with regard to value for money.

The document also lists our major successes to date, how performance is managed and controlled and how assurance has been gained by the Board on value for money.

A copy of the Value for Money Strategy and Self-Assessment are published on our website at [www.acclaim-group.co.uk](http://www.acclaim-group.co.uk).

## **Governance and Financial Viability**

The Board has carefully considered the requirements of the HCA's Regulatory Framework and fully embraces the principles of co-regulation and the expectations of RPs arising from that regulatory approach as set out in the Framework. We have, in particular, reviewed all aspects of the Governance and Financial Viability Standards and the Board certifies that the Group is compliant with those standards although the requirements in respect of the assets and liabilities register will not be addressed in full until the business is integrated with that of Waterloo Housing Group during 2016/17 when a more cost effective solution can be adopted.

## **Disclosure of Information to Auditors**

At the date of making this report, each of the Company's Board Members (as detailed on page 1) confirm that, so far as each Board member is aware, there is no relevant information needed by the Company's auditors in connection with preparing their report of which the Company's auditors are unaware, and each Board Member has taken all the steps that they ought to have taken as a Board Member in order to make themselves aware of any relevant information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

The report of the Board was approved by the Board on 13 September 2016 and signed on its behalf by:



**Dermot McRoberts**  
**Company Secretary**  
**13 September 2016**



## **Strategic Report**

The Directors present their strategic report for the Company:

### **Annual Review**

The Board undertook an annual review of the Corporate Plan, including considering its overall Mission, Vision and Values. This included a review of both the internal and external factors affecting the business, using tools such as SWOT and STEP analysis. The Board also considered the future priorities and objectives for the Company which were subsequently converted into a new Corporate Plan for 2015/16. Some of the key strategic decisions agreed by the Board, linked to the strategic objectives are set out below:

### **Continually improve our homes and services**

Work has been undertaken to ensure that the group complies with all service standards, including the governance and financial viability standard. Steps have also been taken to improve the customer interactions on-line through increased customer use of the websites and self-service functions.

### **Contribute to the well-being of our communities**

The Board agreed to develop a Neighbourhood strategy and operating framework, including a pioneering new initiative to reduce rent arrears through the use of behavioural economics. In addition to this an Equality and Diversity policy improvement plan has been developed to promote and encourage cultural awareness, and a healthy level of understanding and tolerance in our communities.

### **Increase the supply of quality affordable homes.**

In spite of the impact of the rent reductions, we have retained a development programme commitment to deliver at least 175 new units of accommodation units for Dales Housing by 2018 and we are already on track to exceed that ambition. Future development opportunities may be more limited, and a comprehensive review of the capacity of our business plan is being undertaken, reflecting the new rent policy, which will come into force in April 2016.

### **Maintain a reputation as a first class employer**

We are fully committed to ensuring Acclaim Housing Group is a great place to work and have developed an extensive management development programme. This is to ensure we maximise the potential of the people who work for us, through providing opportunities to develop their workplace skills, undertake group project based work, provide formal and informal training opportunities and develop a workplace culture that encourages staff to bring forward ideas and help to take the Company forward.

### **Practice business excellence and secure and deliver maximum Value for Money**

We have already undertaken extensive work in this area and are demonstrating some tangible benefits from our Value for Money Strategy and continue to take things further forward again in this key area. The Value for Money Group, includes two Board members, one of which is led by Paul Loveday, Chair of Audit Committee and Board VFM Champion. The group also Mike Finister-Smith the Group Director of Resources and member of the Executive Team and Professor Janet Ford, Chair of the Board and Julie Lane, Head of Finance, who takes the office lead on VFM for the Company.

## **Strategic Report (continued)**

### **Risk Management**


The Company views risk management as an essential requirement of good governance and management and has had comprehensive risk management policy and strategies in place for some time. This has been developed further by the identification of the top key risks to the Board, with an assessment of the likelihood and impact of these and any factors that may increase or reduce them.

### **Performance Management**

The Board receive regular reports on the key performance areas of the Company and a comprehensive range of methods are used to keep tight control in this area, such as the Clearview performance management system, Housemark and a series of ad-hoc reporting systems to ensure we perform at an optimum level.

### **Asset Management**

The Company has undertaken a comprehensive review of its Asset management strategy , which was reported to the board in March 2016. In addition to this, an asset management appraisal tool is being developed, which is a view to take a holistic view of the value delivered by our assets. This will reflect both financial analysis and evaluation of our assets, as well the non cashable community benefits that they also deliver.



**Professor Janet Ford OBE**  
**Chair of the Board**

## **Operating and Financial Review**

### **Business Environment and Growth**

Dales Housing operates primarily in the Derbyshire Dales, an area of small rural villages and market towns. Very high property prices and relatively low average earnings typify the district. The current high profile within the Government and the Regulator of the affordability of rural housing, therefore, has been very welcome and provides an opportunity for Dales Housing to contribute further to meeting local housing needs.

The drive for greater efficiencies within the housing sector has resulted in the partnership between Dales Housing and Harborough District Council to establish the Acclaim Housing Group. The Company owns and manages 3,259 properties in the Derbyshire area, but will continue to focus on rural communities and market towns. The Group currently comprises of two subsidiaries, Dales Housing and Seven Locks Housing, delivering the housing services, and the non-asset holding parent company, Acclaim Housing Group, that delivers corporate services across the Group.

Strong financial performance underpins a programme of new affordable property developments for Dales Housing. Our first 22-property scheme was completed in November 2006. Our current Business Plan includes provision for 175 units of development over a three-year period. High build-costs, especially within the Peak District National Park, means that strong cash-flows and asset valuations are vital to being able to sustain a long-term development programme. Provision of more affordable homes is restricted primarily by a shortage of suitable development sites and the availability of grant funding. Dales Housing is working closely with Nottingham Community Housing Association, Derbyshire Dales District Council and the Regulator to maximise opportunities for affordable housing provision in the District.

The Board consider that the Company will continue to develop effective partnerships with others to maximise the use of scarce resources and to improve efficiency.

### **Further increase in capacity in the business**

During the course of the year, Acclaim has been in discussions with Waterloo Housing Group, with a view to a merger that would bring greater financial stability to both organisations, as well as provide opportunities for growing the business and provide job security and job opportunities for staff. These discussions culminated in an agreement to merge Acclaim Housing Group with Waterloo Housing Group and this was formally put in place with effect from 1<sup>st</sup> April 2016.

### **Risk Management**

In all complex and dynamic organisations like ours, effective and robust risk management is essential. The Board annually reviews the risk management strategy and a matrix of key business risks. An assessment of the implications for risks is a standard element of all Board reports during the year.

Key areas of risk that will be managed include:

- The impact of the new rent policy introduced by the government in the Chancellor of the Exchequer's summer 2015 budget;
- The changes to housing benefit regulations following the Welfare Reform Act and
- The impact of changes to RTB discount.

## Operating and Financial Review (continued)

### Mission Statement and Corporate Objectives

At its away day in October 2014, the Board reviewed the 5 year Corporate Strategy covering the period up to 2017, considering the organisation's Mission, Vision and Values to ensure they were still relevant and up to date. The Board agreed the following Mission Statement:-

*'We work to meet the needs of our customers and communities by providing continually improving high quality homes and services'*

The Board also sets out its Corporate Objectives on an annual basis, which can be summarised as follows:

- Continually improve our homes and services, meeting the needs and expectations of our customers;
- Contribute to the well-being of our communities;
- Increase the supply of quality affordable homes that people choose to live in;
- Maintain a reputation as a first class employer;
- Practice business excellence, securing and delivering value for money;
- Work in the pursuit of continued development and growth;
- Deliver our commitments, inspiring the confidence of our customers and partners.

The Board measures achievement of these objectives by monitoring financial and non-financial performance, including a comprehensive operational plan and a wide range of key performance indicators.

### Financial Performance

Financial trends and key financial data for the period 1 April 2015 to 31 March 2016 are summarised below.

<b>Period ended 31 March</b>	<b>2016</b>	<b>2015 (restated)</b>
<b>Statement of Comprehensive Income (£'000)</b>		
Total turnover	16,511	15,896
Cost of sales	(107)	-
Operating costs	(11,563)	(11,771)
Operating surplus before interest	4,841	4,125
Surplus / (Deficit) for the financial period	228	(144)
<b>Statement of Financial Position (£'000)</b>		
Tangible fixed assets, net of depreciation	86,077	80,503
Net current assets	3,064	3,685
Creditors > 1 year and other provisions	(116,799)	(113,567)
Total liabilities	<b>(27,658)</b>	<b>(29,379)</b>
Income & Expenditure reserve	(27,658)	(29,379)
	<b>(27,658)</b>	<b>(29,379)</b>

## **Operating and Financial Review (continued)**

### **Financing, Treasury Management, Liquidity and Cash-Flows**

The Company utilised its existing loan facility to finance the completion of the major investment works and new scheme developments. Borrowing now totals £97.7 million. Dales Housing will continue to borrow against its asset security in order to finance improvements to properties, thereafter will borrow to fund new property developments and service enhancements. Dales Housing has increased its loan finance in recent years to fund its activities, based on strong asset values and strong underlying operating cash-flows. The availability of such funding is based upon sound financial management, investment that maintains the value of the property base and close working relationships with funders.

The Company borrows at both fixed and floating rates of interest to generate the desired interest profile and to manage the Company's exposure to interest rate fluctuations. The Company will continue to make increased use of its borrowing facility over the next 2 years to fund on-going Decent Homes Standard works, redevelopment of sheltered housing properties and the planned development programme.

### **Efficiency**

The Board is committed to delivering an effective and efficient service to tenants and other stakeholders.

The group arrangements have delivered a reduction in overhead costs per property across the Acclaim Housing Group. Efficiencies have been achieved through the joint procurement process with Dales for constructors to deliver the modernisation programme.

### **Housing Development**

The Company continues to provide a modest development programme, including the resources for the completion of 175 units of development over a 3 year period, even allowing for the rent reductions that have had to be achieved. It is envisaged that the merger with Waterloo Housing from 1<sup>st</sup> April 2016 will further increase opportunities for growth in Derbyshire Dales and the surrounding areas.

### **Value for Money**

As mentioned in earlier sections, the Board and the Company are very committed to value for money and the strategy and VFM self-assessment are available on the website at [www.acclaim-group.co.uk](http://www.acclaim-group.co.uk).

A summary of some of the key value for money achievements are set out below:

#### **Asset management and performance**

- Converting old and unused community rooms at Chantry Court into a 2 bedroomed flat, which has resulted in increased rental income, as well as reducing service charges for tenants.

#### **Business processes and financial stability**

- A VFM review of the tenant communications processes and annual reports resulted in a saving of £11k per annum across the Group
- Changing the policy of installing electric fire suites when removing a gas fire or any faulty electric fire has resulted in savings of £40k
- Using access lift platforms as an alternative to scaffolding has resulted in a saving of £10k per annum.

## **Operating and Financial Review (continued)**

### **Contracts and partner arrangements**

- Group procurement of the grounds maintenance contract is estimated to generate savings of £70k per annum over the 5 year life of the contract
- Negotiations with suppliers for price freezes on legionella management, lift service management and maintenance and door entry maintenance has achieved savings of over £10k per annum

### **People and community**

- Services to the community through the volunteer service has improved the quality of life for tenants without any additional cost
- Removal of the post of Independent Living Services administrator and restructuring of staff roles will result in annual cost savings of £10.6k per annum

### **Employees**

Dales Housing recognises the crucial role that motivated, capable employees make in the delivery of quality services and, therefore, offers competitive salaries and terms of employment to attract high calibre staff. This is enhanced by continual training and support to ensure staff develop and are able to work as effectively as possible. The success of this strategy, including the introduction of Acclaim Advantage, has been a key element in the transfer of all employees to a local contract.

### **Statement of Compliance**

The Board has prepared the Operating and Financial Review according to the principles set out in Part 3 of the SORP "Accounting by Registered Social Landlords" (Update 2010).

### **Service Delivery and Performance**

Key performance indicators are monitored quarterly by the Board. Targets are set each year and reviewed to ensure that they are relevant and challenging. Performance is reviewed monthly at management team meetings and more regularly as necessary with individual teams. Service delivery is subject to a programme of reviews that involves tenants at all stages. Dales Housing participates in benchmarking exercises through its membership of Housemark and, informally, with neighbouring RPs.

**Operating and Financial Review (continued)****Service Delivery and Performance (cont'd)**

Summary performance trends and indicators for 2011-16 are:

	2016	2015
<b><u>Accommodation figures</u></b>		
Total social housing stock managed at period end ( <i>number of dwellings</i> )	3,293	3,259
<b><u>Repair response times</u></b>		
Emergency repairs (% completed within 24 hours)	100%	100%
Urgent repairs (% completed within 7 days)	100%	100%
Routine repairs (% completed within 31 days)	100%	100%
<b><u>Housing management performance</u></b>		
Average re-let times (days)	50.0	46.2
Voids— properties available for letting at the year-end (% of total stock)	1.7%	4.0%
Rent losses (voids and bad debts as % of rent and service charges receivable)	2.32%	2.70%
Rent arrears (gross arrears as % of net rent and service charges receivable)	1.39%	1.58%
Rent collected (as % of net rent and service charges receivable)	99.7%	100%
<b><u>Cost indicators</u></b>		
Management cost per dwelling per week (£)	£13.30	£13.57
Repair cost per dwelling per week (£)	£24.69	£25.13

## **Operating and Financial Review (continued)**

### **Efficiency**

The Board is committed to delivering an effective and efficient service to tenants and other stakeholders. Significant efficiencies have been introduced since the Company commenced business in March 2002, enabling Dales Housing to deliver cost-effective quality services. The group arrangements have delivered a reduction in overhead costs per property across the Acclaim Housing Group, revised procurement and management arrangements have been introduced for maintenance stores and utility supplies (gas and electricity) and insurance costs have been reduced.

### **Housing Development**

Dales Housing has a programme that will mean 175 additional units of accommodation will have been built using the resources set aside in its current business plan.

### **Pension Costs**

The Company participates in two pension schemes: the Social Housing Pension Scheme (SHPS) and the Derbyshire County Council Pension Fund (DCCPF). Both of these offer good benefits for our staff. In common with most pension schemes, the funds of both show significant deficits that will require increases in contributions and / or changes to benefits. Details of the schemes are set out in Note 9 to the Financial Statements.

### **Statement of Compliance**

The Board has prepared the Operating and Financial Review according to the principles set out in Part 3 of the SORP "Accounting by Registered Social Landlords" (Update 2014).



## **Statement of the Board's Responsibilities**

The Board are responsible for preparing the Board Report and Strategic Report and the financial statements in accordance with applicable law and regulations.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy, at any time, the financial position of the Company, and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Board are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

## **Dales Housing Limited**

### **Independent Auditor's Report to the Members of Dales Housing Limited Year Ended 31 March 2016**

We have audited the financial statements of Dales Housing Limited for the year ended 31 March 2016 on pages 18 to 43. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Company'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 Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Statement of the Board's Responsibilities set out on page 15, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

#### **Scope of the Audit of the Financial Statements**

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

#### **Opinion on Financial Statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2016 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

#### **Opinion on Other Matters Prescribed by the Companies Act 2006**

In our opinion the information given in the Board Report and Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of Dales Housing Limited  
Year Ended 31 March 2016 (continued)**

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

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained.

*Beever and Struthers*

**MARIA HALLOWS (Senior Statutory Auditor)**  
For and on behalf of  
**BEEVER AND STRUTHERS**  
Chartered Accountants & Statutory Auditor

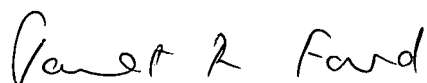
**13 September 2016**

**St. George's House  
215 - 219 Chester Road  
Manchester  
M15 4JE**

**Statement of Comprehensive Income**  
**For the year to 31 March 2016**

	Notes	2016 £'000's	Restated 2015 £'000
Turnover	3	16,511	15,896
Cost of Sales	3	(107)	-
Operating expenditure	3	(11,563)	(11,771)
Operating surplus		4,841	4,125
(Loss) / Gain on disposal of property, plant and equipment (fixed assets)	5	(257)	104
Interest receivable	7	29	49
Interest and financing costs	8	(4,385)	(4,422)
Surplus / (Deficit) before tax		228	(144)
Taxation	11	-	-
Surplus / (Deficit) for the year after tax		228	(144)
Actuarial gain / (loss) in respect of pension schemes	9	1,493	(1,485)
Total comprehensive income for the year		1,721	(1,629)

The notes on pages 22 to 43 form part of these financial statements.



**Professor Janet Ford OBE**  
**Chair of the Board**

# Statement of Financial Position For the year to 31 March 2016

	Notes	2016 £'000	Restated 2015 £'000
<b>Fixed assets</b>			
Tangible fixed assets	12	86,077	80,503
		<u>86,077</u>	<u>80,503</u>
<b>Current assets</b>			
Stock	13	1,797	1,147
Trade and other debtors	14	1,124	1,879
Cash and cash equivalents		4,509	4,551
		<u>7,430</u>	<u>7,577</u>
<b>Less: Creditors:</b> amounts falling due within one year	15	(4,366)	(3,892)
<b>Net current assets</b>		<u>3,064</u>	<u>3,685</u>
<b>Total assets less current liabilities</b>		<u>89,141</u>	<u>84,188</u>
<b>Creditors:</b> amounts falling due after more than one year	16	(113,890)	(109,431)
<b>Provisions for liabilities</b>			
Pension provision	9	(2,909)	(4,136)
<b>Total net liabilities</b>		<u>(27,658)</u>	<u>(29,379)</u>
<b>Reserves</b>			
Income and expenditure reserve		(27,658)	(29,379)
<b>Total reserves</b>		<u>(27,658)</u>	<u>(29,379)</u>

The financial statements were approved by the Board on 13 September 2016 and signed on its behalf by:



**Professor Janet Ford OBE**  
**Chair**

The notes on pages 22 to 43 form part of these financial statements.

# Statement of Changes in Reserves

## For the year ended 31 March 2016

	Total Income & Expenditure Reserves
	£'000
Balance as at 1 April 2014	(27,811)
Deficit from Statement of Comprehensive Income	(1,629)
Prior period adjustment	61
<b>Balance at 31 March 2015</b>	<b>(29,379)</b>
Surplus from Statement of Comprehensive Income	1,721
<b>Balance at 31 March 2016</b>	<b>(27,658)</b>

The notes on pages 22 to 43 form part of these financial statements.

## Statement of Cash Flows

### For the year ended 31 March 2016

	Year ended 31 Mar 2016 £'000	Restated Year Ended 31 Mar 2015 £'000
<b>Net cash generated from operating activities (see Note i)</b>	<b>7,902</b>	<b>5,511</b>
<b>Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(8,358)	(5,432)
Proceeds from sale of tangible fixed assets	185	289
Grants received	-	1,526
Interest received	29	54
<b>Cash flow from financing activities</b>		
Interest paid	(4,306)	(4,341)
New secured loans	5,500	-
Repayment of borrowings	(994)	(940)
<b>Net change in cash and cash equivalents</b>	<b>(42)</b>	<b>(3,333)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>4,551</b>	<b>7,884</b>
<b>Cash and cash equivalents at end of the year</b>	<b>4,509</b>	<b>4,551</b>
<b>Note i</b>		
	Year ended 31 Mar 2016 £'000	Restated Year Ended 31 Mar 2015 £'000
<b>Cash flow from operating activities</b>		
Surplus for the year	228	(144)
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	2,875	2,742
Decrease/(increase) in stock	(650)	(5)
Decrease/(increase) in trade and other debtors	755	149
Decrease/(increase) in trade and other creditors	643	(1,124)
Pension costs less contributions payable	(120)	(191)
Carrying amount of tangible fixed asset disposals	(442)	(185)
<b>Adjustments for investing or financing activities</b>		
Proceeds from the sale of tangible assets	257	(104)
Interest payable	4,385	4,422
Interest receivable	(29)	(49)
<b>Net cash generated from operating activities</b>	<b>7,902</b>	<b>5,511</b>

The notes on pages 22 to 43 form an integral part of these financial statements.

**Notes to the Financial Statements for the year ended 31 March 2016****1. Legal Status**

Dales Housing Limited is a private Company Limited by Guarantee, incorporated under the Companies Act 2006, and is registered with The Homes and Communities Agency as a Registered Provider. The registered office is 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD.

**2. Accounting Policies****Basis of Accounting**

The financial statements have been prepared in accordance with United Kingdom Accounting Generally Accepted Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2014. The Board is satisfied that the current accounting policies are the most appropriate for the Company. The accounts are presented in sterling and rounded to the nearest £1,000.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements have been prepared in compliance with FRS102 as it applies for the first time to the financial statements of the company for the year ended 31 March 2016.

The Company has applied the Public Benefit Entity Sections of the FRS102.

The Company transitioned from previous UK GAAP to FRS102 as at 1 April 2014. An explanation of how the transition to FRS102 has affected the reported financial position and performance is given in note 24.

**Going concern**

The financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. Government's announcements in July 2015 impacting on the future income of the Company have led to a reassessment of the Company's business plan as well as an assessment of imminent or likely future breach in borrowing covenants. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

**Judgements and key sources of estimation uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

- a. **Development expenditure.** The Company capitalises development expenditure in accordance with the accounting policy described on page 27. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.
- b. **Categorisation of housing properties.** The group has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Group has considered if the asset is held for social benefit or to earn commercial rentals. The company holds no investment properties. All housing properties are held for social benefit.



## 2. Accounting Policies (continued)

- c. **Impairment.** The Group has identified a 'cash generating unit' (CGU) for impairment assessment purposes at scheme level. From 1 April 2016 the Company reduced most social housing rents by one percent and will continue to do so each year until 2019/20 in accordance with the requirements of the Welfare Reform and Work Act 2016. Despite planned cost efficiency savings, compliance with the new rent regime has resulted in a loss of net income for certain social housing properties; this is a trigger for impairment. As a result the Group has estimated the recoverable amount of its housing properties as follows:

- a. Determined that the recoverable amount will be assessed at the CGU;
- b. Estimated the recoverable amount of the CGU;
- c. Calculated the carrying amount of the CGU; and
- d. Compared the carrying amount to the recoverable amount to determine if an impairment loss has occurred.

Based on this assessment, the Company has calculated the depreciated replacement cost of each social housing property scheme, using appropriate construction costs and land prices. Comparing this to the carrying amount of each scheme, the Group has determined that no impairment charge is required in the year.

### Other key sources of estimation and assumptions:

- a. **Tangible fixed assets.** Other than investment properties, tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- b. **Pension and other post-employment benefits.** The cost of defined benefit pension plans and other postemployment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 9.

### Turnover

Turnover comprises rental income receivable in the period, amortised capital grants, income from property sales, other services included at the invoiced value (excluding VAT) of goods and services supplied in the year and revenue grants.

Rental income is recognised when the property is available for let, net of voids. Income from property sales is recognised on legal completion. Supporting people income is recognised under the contractual arrangements.

## 2. Accounting Policies (continued)

### Corporation Taxation

The charge for taxation is based on the deficit for the period and includes current tax on the taxable deficit for the period and deferred tax.

Deferred Tax is calculated in accordance with FRS 19. Any deferred tax asset is recognised only if it is likely to be realised in the foreseeable future. Deferred tax is not provided for on gains on the sale of non-monetary assets if the taxable gain will probably be rolled over, unless there is a binding agreement to sell them at the balance sheet date.

### Value Added Tax

The Company charged 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 and not recoverable from HM Revenue & Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

### Interest Payable

Interest payable is capitalised on borrowings to finance the development of new properties, after deduction of interest receivable on social housing grant (SHG) received in advance, to the extent that it accrues in respect of the period of development.

Other interest payable is charged to the statement of comprehensive income account in the period.

### Supported Housing Managed by Agencies

The treatment of income and expenditure in respect of supported housing projects depends on the nature of the partnership arrangements between the Company and its managing agents and on whether the Company carries the financial risk.

Where the Company holds the support contract with the Supporting People Administering Authority and carries the financial risk, all the project's income and expenditure is included in the Company's Statement of Comprehensive Income (see note 3).

Where the agency holds the support contract with the Supporting People Administering Authority and carries the financial risk, the income and expenditure account includes only that income and expenditure which relates solely to the Company. Other income and expenditure of projects in this category is excluded from the Company's income and expenditure account.

### Supporting People

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

### Pensions

The Company participates in both the Derbyshire County Council Pension Fund (DCCPF), administered by Derbyshire County Council, and the Social Housing Pension Scheme (SHPS), administered by The Pensions Trust. These are a mixture of defined benefit and defined contribution schemes.

The assets of both schemes are invested and managed independently of the finances of the Company.

The disclosures in the accounts follow the requirements of Section 28 of FRS 102 in relation to multi-employer funded schemes in which the Company has a participating interest.

Contributions payable under an agreement with SHPS to fund past deficits are recognised as a liability in the Company's financial statements calculated by the repayments known, discounted to the net present value at the year ended using a market discount factor of 3.02% at 31 March 2014, 1.92% at 31 March 2015 and 2.06% at 31 March 2016. The unwinding of the discount is

## 2. Accounting Policies (continued)

recognised as a finance costs in the Statement of Comprehensive Income in the period incurred.

### 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.

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

Where a housing property comprises 2 or more major components with substantially different useful lives each component is accounted for separately and depreciated over its individual useful economic life. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The costs of shared ownership properties are split between current and fixed assets on the basis of the first tranche portion. The first tranche portion is accounted for as a current asset and the sale proceeds shown in turnover. The remaining element of the shared ownership property is accounted for as a fixed asset and subsequent sales treated as sales of fixed assets.

### Donated Land

Land donated by local authorities and others is added to cost at the market value of the land at the time of the donation.

### Social Housing and Other Government Grants

Where developments have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in Turnover over the estimated useful life of the associated asset structure (not land) under the accruals method. SHG received for items of cost written off in the Statement of Comprehensive Income Account is included as part of Turnover.

When Social Housing Grant (SHG) in respect of housing properties in the course of construction exceeds the total cost to date of those housing properties, the excess is shown as a current liability.

SHG must be recycled by the company under certain conditions, is a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by the Homes and Communities Agency. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and in that event, is a subordinated unsecured repayable debt.

### Impairment

Housing properties that 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.

## 2. Accounting Policies (continued)

### Depreciation of Housing Properties

Freehold land is not depreciated. Depreciation of buildings and other major components is charged on a straight-line basis after taking into account social housing grant and other grants over the assets expected economic useful life as follows:

Housing Structure	60 years
Roofs	50 years
Kitchens	20 years
Bathrooms	30 years
Heating	40 years
Major Electrical	30 years
Minor Electrical	10 years
Windows and Doors	30 years
Aids and Adaptations	10 years
Lifts	20 years
Shared Ownership Properties	60 years

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

### Stock and properties held for sale

Stock of materials stocks are stated at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in first out basis.

Properties developed for outright sales are included in current assets as they are intended to be sold, at the lower of cost or estimated selling price less costs to complete and sell.

### Disposal Proceeds Fund

In accordance with HCA guidance, a proportion of the proceeds from sales under the Right to Acquire legislation must be reinvested within three years of the sale or returned to the HCA. Such proceeds are credited to a Disposals Proceeds Fund and included in the balance sheet in creditors until they are recycled.

### 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. The principal rates used for other assets are:

Leasehold office improvements	Term of lease
Furniture, fixtures and fittings	25% (4 years)
Computers and other IT equipment	20%-25% (4-5 years)
Motor vehicles	25% (4 years)

## 2. Accounting Policies (continued)

### Leased Assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

### Website Development Costs

The Company incurs on-going costs in respect to the development and enhancement of its website, which will be used to promote the Company's activities. All planning, design and content development costs and ongoing costs of maintaining and operating the website are charged to operating costs as incurred.

### Reserves

The Company establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

At present, no restricted reserves are applicable.

The Company is committed to fund major repairs and this will be recognised by the transfer from revenue reserves to the major repairs reserve, which will be a designated reserve. The amount will be based on the expected future liabilities arising from the results of the latest stock condition survey. The current level of annual expenditure on major repairs exceeds the long-term annual future liabilities.

### Financial Instruments

The Company's debt has been treated as "basic" in accordance with paragraphs 11.8 and 11.9 of FRS 102. The Association has some fixed rate loans which have a two-way break clause (i.e. in addition to compensation being payable by a borrower to a lender if a loan is prepaid where the prevailing fixed rate is lower than the existing loan's fixed rate, compensation could be payable by the lender to the borrower in the event that a loan is prepaid and the prevailing fixed rate is higher than the existing loan's fixed rate). The Financial Reporting Council (FRC) issued a statement on 2 June 2016 in respect of such loans with no prescriptive direction as to whether they should be classified as "basic" or "non basic". On the grounds that the Company believes the recognition of each debt liability at cost provides a more transparent and understandable position of the Company's financial position and that each loan still satisfies the requirements of paragraphs 11.8 and 11.9 of FRS 102, the Company has retained its "basic" treatment of its debt following the FRC announcement.

**3. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus**

	Turnover	Cost of Sales	Operating Costs	2016 Operating Surplus / (deficit)
	£ '000	£ '000	£ '000	£ '000
<b>Social housing lettings</b>	16,373	-	(11,563)	4,810
<b>Other social housing activities</b>				
Other income	19	-	-	19
First tranche property sales	119	(107)	-	12
	<u>16,511</u>	<u>(107)</u>	<u>(11,563)</u>	<u>4,841</u>
	Turnover	Cost of Sales	Operating Costs	Restated 2015 Operating Surplus
	£ '000	£ '000	£ '000	£ '000
<b>Social housing lettings</b>	15,884	-	(11,771)	4,113
<b>Other social housing activities</b>				
Other income	12	-	-	12
First tranche property sales	-	-	-	-
	<u>15,896</u>	<u>-</u>	<u>(11,771)</u>	<u>4,125</u>

**3. Turnover, Cost of Sales, Operating Expenditure and Operating Surplus**

	General Housing	Supported Housing & Housing for Older People	2016 Total	Restated 2015 Total
	£'000	£'000	£'000	£'000
<b>Turnover from social housing lettings</b>				
Rent receivable net of identifiable service charges	11,343	3,966	15,309	14,769
Support service charges receivable	-	192	192	232
Other service charges receivable	221	432	653	672
Amortised Government grants	205	14	219	211
<b>Turnover from social housing lettings</b>	<u>11,769</u>	<u>4,604</u>	<u>16,373</u>	<u>15,884</u>
<b>Operating Expenditure on social housing lettings</b>				
Management	(1,607)	(670)	(2,277)	(2,300)
Support service costs	-	(439)	(439)	(446)
Other service charge costs	(179)	(349)	(528)	(518)
Routine maintenance	(2,983)	(1,244)	(4,227)	(4,259)
Major repairs expenditure	(845)	(378)	(1,223)	(1,440)
Bad debts	4	1	5	(66)
Depreciation of housing properties	(1,980)	(826)	(2,806)	(2,666)
Depreciation of other fixed assets	(48)	(20)	(68)	(76)
<b>Operating expenditure on social housing lettings</b>	<u>(7,638)</u>	<u>(3,925)</u>	<u>(11,563)</u>	<u>(11,771)</u>
<b>Operating surplus / (deficit) on social housing lettings</b>	<u>4,131</u>	<u>679</u>	<u>4,810</u>	<u>4,113</u>
<b>Void losses included in turnover</b>	<u>286</u>	<u>124</u>	<u>410</u>	<u>402</u>

Support service charges receivable include contractual Supporting People funding of £87,694 (2015: £93,501).

**4. Operating Surplus / (Deficit)**

This is arrived at after charging:

	2016 £ '000	2015 £ '000
Depreciation of housing properties	2,806	2,666
Depreciation of other tangible fixed assets	68	76
Operating lease rentals:		
- office premises	71	115
- motor vehicles	125	177
- office equipment	5	5
Auditors' remuneration (excluding VAT):		
- for audit services	13	11
- for non-audit services	-	-
	<u>3,088</u>	<u>3,050</u>

**5. (Loss)/Surplus on Disposal of Property, Plant & equipment (Fixed Assets)**

	2016 £ '000	2015 £ '000
Proceeds of sale	185	289
Cost of sales	(442)	(185)
(Loss) / Surplus	<u>(257)</u>	<u>104</u>

The results includes an amount of £270,333 (2015: Nil) associated with the transfer of nine properties at Haddon House, Bakewell to the landlord estate.

**6. Accommodation owned, managed and in development**

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

	2016 No	2015 No
<b>Social housing owned</b>		
General housing	2,303	2,267
Supported housing & housing for older people	948	959
Shared ownership	42	33
Total owned	<u>3,293</u>	<u>3,259</u>
<b>Social housing in development</b>		
General housing	36	82
Shared ownership	4	14
Market sale	5	-
Total in development	<u>45</u>	<u>96</u>

**7. Interest Receivable and Other Income**

	<b>2016</b> <b>£ '000</b>	<b>2015</b> <b>£ '000</b>
Interest receivable	29	49
	<u>          </u>	<u>          </u>

**8. Interest Payable and Similar Charges**

	<b>2016</b> <b>£'000</b>	<b>2015</b> <b>£ '000</b>
Loans from Nationwide Building Society	3,128	3,128
Loans from Lloyds bank	1,022	1,045
Other loan finance charges	325	292
	<u>4,475</u>	<u>4,465</u>
Interest payable capitalised on housing properties under construction	(90)	(43)
	<u>4,385</u>	<u>4,422</u>
	<u>          </u>	<u>          </u>
Capitalisation rate used to determine finance costs capitalised	4.10%	4.26%

**9. Employees**

The average number of employees expressed in full time equivalents (based on a 35 hour week):

	<b>2016</b> <b>No</b>	<b>2015</b> <b>No</b>
Maintenance services	44	49
Housing, support and care	23	28
Administration	11	9
	<u>78</u>	<u>86</u>
	<u>          </u>	<u>          </u>

**Employee costs:**

	<b>2016</b> <b>£ '000</b>	<b>2015</b> <b>£ '000</b>
Wages and salaries	1,823	2,095
Social security costs	145	169
Other pension costs	441	379
	<u>2,409</u>	<u>2,643</u>
	<u>          </u>	<u>          </u>

All the Company's employees are eligible for membership of the Derbyshire County Council Pension Fund (DCCPF) or the Social Housing Pension Scheme (SHPS). Further information on each scheme is given below.



**9. Employees (continued)****Social Housing Pension Scheme (SHPS)**

Dales Housing Limited participates in the Social Housing Pension Scheme (the Scheme).

The Scheme is a multi-employer scheme which provides benefits to some 500 non-associated employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

The last valuation of the Scheme was performed as at 30 September 2014 by a professionally qualified Actuary. The market value of the Scheme's assets at the valuation date was £3,123 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

**SHPS deficit payment agreement**

The association has a contractual obligation under an agreement to pay additional deficit payments to SHPS of £30,000 per annum for 10 years to 2017.

In calculating the net present value of the liability included within provisions the association has used a discount rate based on a market rate AA corporate bond for the same period as the contractual obligations.

	<b>2016 £000's</b>	<b>2015 £000's</b>
At start of the year	187	194
Additional liabilities in the year	70	-
Interest for the year	3	6
Released to expenditure in the year	(23)	(13)
At end of the year	<u>237</u>	<u>187</u>

During the year ended 31 March 2016 the association received notification of changes to the additional deficit payment to SHPS, this resulted in an additional liability of £70,000 at 31 March 2016.

**9. Employees (continued)****Derbyshire County Council Pension Fund (DCCPF)**

The DCCPF is a multi-employer scheme with more than one participating employer, which is administered by Derbyshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme. Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method. The most recent formal actuarial valuation was completed as at 31 March 2013 and rolled forward to 31 March 2016 by a qualified independent actuary.

The market value of the scheme assets at 31 March 2013 was £3,121 million (2010: £2,409 million) and the level of funding was 82.5% (2010: 81.2%). The level of funding of the Company's share of the Fund was 93 % (2010: 87.5%). The main actuarial assumptions used in the valuation were:

	<b>% pa relative to inflation</b>
Rate of return on accumulated assets	3.75%
Rate of salary increases	0.80%
Rate of pension increases	0.0%

The assumed rate of inflation is 2.5%.

**Contributions**

The employers' contributions to the DCCPF by the Company for the period ended 31 March 2016 were £324,000 (2015 - £351,000). The employers' contribution rate is fixed at 14.9% (2015:14.9%) of pensionable pay.

**Assumptions**

The main financial assumptions used by the actuary were:

	<b>31 March 2016</b>	<b>31 March 2015</b>
	<b>% pa</b>	<b>% pa</b>
Rate of increase for pensions in payment/ inflation	2.2%	2.4%
Rate of increase in salaries	3.2%	3.3%
Assumed discount rate	3.5%	2.4%

**Analysis of the amount charged to operating costs in the Statement of Comprehensive Income**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Employer service cost	456	426
Past service cost	-	-
<b>Total operating charge</b>	<b>456</b>	<b>426</b>

**9. Employees (continued)****Analysis of pension finance income / (costs)**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Expected return on pension scheme assets	443	529
Interest on pension liabilities	(577)	(637)
Amounts charged to financing costs	<u>(134)</u>	<u>(108)</u>

**Amount of gains and losses recognised in the Statement of Comprehensive Income**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Actuarial (losses) / gains on pension scheme assets	(430)	941
Actuarial gains / (losses) on pension scheme liabilities	1,923	(2,426)
Actuarial gain / (loss) recognised	<u>1,493</u>	<u>(1,485)</u>

**Movement in surplus / (deficit) during the year**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
(Deficit) in scheme at 1 April	(4,136)	(2,468)
Movement in year:		
Employer service cost	(456)	(426)
Employer contributions	324	351
Past service cost	-	-
Net interest/return on assets	(134)	(108)
Re-measurements	1,493	(1,485)
(Deficit) in scheme at 31 March	<u>(2,909)</u>	<u>(4,136)</u>

**Asset and Liability Reconciliation**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Reconciliation of liabilities</b>		
Liabilities at 1 April	(18,016)	(14,684)
Service costs	(456)	(426)
Interest cost	(577)	(637)
Employee contributions	(92)	(107)
Re-measurements	1,923	(2,426)
Benefits paid	511	264
Liabilities at 31 March	<u>(16,707)</u>	<u>(18,016)</u>

**9. Employees (continued)**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Reconciliation of assets</b>		
Assets at 1 April	13,880	12,216
Return on plan assets	443	529
Re-measurements	(430)	941
Employer contributions	324	351
Employee contributions	92	107
Benefits paid	(511)	(264)
	<hr/>	<hr/>
Assets at 31 March	13,798	13,880
	<hr/>	<hr/>
	<hr/>	<hr/>
(Deficit) as at 31 March	(2,909)	(4,136)
	<hr/>	<hr/>

**10. Board Members and Executive Directors**

The remuneration and expenses for the Board members and Executive Directors are paid and accounted for by Acclaim Housing Group. These form part of the costs that are recharged at the end of the year.

**11. Tax on Deficit on Ordinary Activities**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>UK Corporation Tax</b>		
Current tax on deficit for the year	-	-
Adjustments in respect of prior years	-	-
<b>Deferred tax</b>	-	-
Net origination and reversal of timing differences	-	-
	<hr/>	<hr/>
Tax recoverable on deficit on ordinary activities	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>
	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Current tax reconciliation		
Deficit on ordinary activities before tax	228	(26)
	<hr/>	<hr/>
Surplus/ (deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015: 21%)	46	(5)
Effects of:		
- Expenses not deductible for tax purposes	568	530
- Pension FRS 17 adjustments	53	(2)
- Disposals of properties	51	(22)
- Capital allowances in advance of depreciation	(7)	-
- Other short term timing differences	-	(10)
- Capitalised interest	(18)	(9)
- Increase in losses(utilised)/not utilised	(693)	(482)
	<hr/>	<hr/>
Actual current tax charge	-	-
	<hr/>	<hr/>

A deferred tax asset of £5,370,000 (2015: £6,098,000) has not been recognised in the accounts. The deferred tax asset arises predominately from the availability of losses carried forward £5,260,000 (2015: £6,240,000) and the tax relief that would be available from future pension contribution paid to settle the FRS 17 pension liability £587,850 (2015: £827,000 – see note 9). The Company's business plan anticipates that overall taxable profits will be generated in future years. However, the losses will not be utilised for a number of years and, therefore, it is considered imprudent to recognise the deferred tax asset at the year end.

Unrelieved losses of £26,304,818 (2015: £29,735,169) are carried forward and are available to reduce the tax liability in respect of future surpluses.

**Factors that may affect future tax charges**

Taxable losses have been incurred in the current period, which are available for offset against future taxable surpluses. A deferred tax asset has not been recognised in respect of these losses, as the Company does not anticipate taxable surpluses arising in the immediate future.

## 12. Tangible Fixed Assets

	Housing Properties					Other Fixed Assets				
	Social housing properties held for letting completed	Social housing properties under construct'n	Shared ownership properties completed	Shared ownership properties under construct'n	Total housing properties	Premises – short leasehold improve'nt	Furniture fixtures & fittings	Computers & Other Equipm't	Motor Vehicles	Total Other Fixed Assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2015	95,845	1,878	1,952	150	99,825	439	203	513	15	1,170
Additions - properties in development	-	5,952	-	532	6,484	-	10	16	-	26
Additions - works to existing properties	2,346	62	-	-	2,408	-	-	-	-	-
Schemes completed	5,447	(5,447)	586	(586)	-	-	-	-	-	-
Transfer from Stock	-	-	38	-	38	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	15	(20)	-	(5)
Disposals	(836)	(69)	-	-	(905)	-	(6)	(114)	-	(120)
At 31 March 2016	102,802	2,376	2,576	96	107,850	439	222	395	15	1,071
<b>Depreciation and impairment</b>										
At 1 April 2015	18,845	-	50	-	18,895	94	181	503	13	791
FRS102 Adjustment	786	-	20	-	806	-	-	-	-	-
Restated 1 April 2015	19,631	-	70	-	19,701	94	181	503	13	791
Charged in year	2,776	-	30	-	2,806	47	14	5	2	68
Reclassifications	-	-	-	-	-	-	15	(20)	-	(5)
Released on disposal	(398)	-	-	-	(398)	-	(6)	(113)	-	(118)
At 31 March 2016	22,009	-	100	-	22,109	141	204	375	15	735
<b>Depreciated costs</b>										
At 31 March 2016	80,793	2,376	2,476	96	85,741	298	18	20	-	336
At 31 March 2015	76,214	1,878	1,882	150	80,124	345	22	10	2	379

**12. Tangible Fixed Assets (continued)**

Housing properties book value, net of depreciation, and offices net book value comprises:

	2016 £ '000	2015 £ '000
Freehold land and buildings:		
- Housing properties held for letting	80,793	76,214
- Housing properties under construction	2,376	1,878
Offices - Short leasehold improvements	298	345
	<u>83,467</u>	<u>78,437</u>

**Expenditure on works to existing properties**

	2016 £ '000	2015 £ '000
Amounts capitalised	2,408	1,772
Amounts charged to the income and expenditure account	1,223	1,440
	<u>3,631</u>	<u>3,212</u>

**Valuation**

Savills Surveyors undertook a desktop valuation of the housing properties as at 31 March 2016. The existing use social housing valuation for loan security purposes was £115 million (2015: £148.6 million).

**Impairment**

A full impairment review has been carried out in accordance with FRS 102. No impairment write-down in book values has been considered necessary.

**13. Stock**

	2016 £ '000	2015 £ '000
<b>Inventories:</b>		
Maintenance stores held at depots/in vans	34	38
<b>Properties held for sale</b>		
Shared Ownership properties:		
Completed	1,388	945
Under construction	96	164
Outright sales properties		
Under construction	279	-
	<u>1,797</u>	<u>1,147</u>

**14. Debtors**

	<b>2016</b> <b>£ '000</b>	<b>2015</b> <b>£ '000</b>
<b>Due within one year</b>		
Rent and service charges receivable	434	602
Less: Provision for bad and doubtful debts	(213)	(464)
	<hr/> 221	<hr/> 138
Amounts due from group companies	414	1,372
Other debtors	418	342
Prepayments and accrued income	35	27
Grants Receivable	36	-
	<hr/> 1,124	<hr/> 1,879
	<hr/> <hr/>	<hr/> <hr/>

**15. Creditors: Amounts Falling Due Within One Year**

	<b>2016</b> <b>£ '000</b>	<b>2015</b> <b>£ '000</b>
Trade creditors	1,368	956
Rent and service charges received in advance	509	301
Other taxation and social security	55	61
Amounts due to group companies	-	-
Other creditors	33	37
Accruals and deferred income	696	628
Social housing grant received in advance	-	255
Right to Buy sales creditor	303	433
Loans from Nationwide < 1 year	1,049	994
Deferred Capital Grant (note 20)	233	214
SHPS pension plan (note 9)	30	22
Disposal Proceeds Fund (note 17)	99	-
Loan arrangement fee	(9)	(9)
	<hr/> 4,366	<hr/> 3,892
	<hr/> <hr/>	<hr/> <hr/>



**16. Creditors: Amounts Falling Due After More Than One Year**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Loans from Nationwide Building Society (note 19)	65,196	61,245
Loans from Lloyds Bank (note 19)	36,000	35,500
Loan arrangement fee	(224)	(234)
Disposal proceeds fund (note 17)	-	149
Recycled Capital Grant Fund (note 18)	82	24
Deferred Capital Grant (note 20)	12,629	12,582
SHPS Pension Plan (note 9)	207	165
	<u>113,890</u>	<u>109,431</u>

**17. Disposal Proceeds Fund**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Opening balance	149	149
Grant recycled during the year	(50)	-
Closing balance	<u>99</u>	<u>149</u>

The disposals proceeds fund represents monies available for restricted uses as defined by the Homes and Communities Agency.

**18. Recycled Capital Grant Fund**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Opening balance	24	24
Property Disposal	82	-
Grant recycled during the year	(24)	-
Closing balance	<u>82</u>	<u>24</u>

**19. Debt Analysis**

	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Due within one year</b>		
Loans from Nationwide Building Society	1,049	994
	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
<b>Due after more than one year</b>		
Loans from Nationwide Building Society	65,196	61,245
Loans from Lloyds Bank	36,000	35,500
	<b>2016</b>	<b>2015</b>
	<b>£ '000</b>	<b>£ '000</b>
Within one year	1,049	994
Between one and two years	1,108	1,049
Between two and five years	8,712	3,514
After five years	91,376	92,182
	<b>102,245</b>	<b>97,739</b>

The Nationwide Building Society loans are secured by a fixed charge over 2,450 freehold properties. The Lloyds Bank loans are secured by a fixed charge over 702 freehold properties. The loans are repaid in accordance with an agreed Business Plan.

At 31 March 2016 the Company had undrawn loan facilities of £10 million with Nationwide Building Society (2015: £15.0 million with Nationwide Building Society and £0.5 million with Lloyds Bank).

**20. Deferred Capital Grant**

	<b>2016</b>	<b>2015</b>
	<b>£'000</b>	<b>£'000</b>
At start of the year	12,796	11,711
Grant received in the year	367	1,296
Released to income in the year	(219)	(211)
Transferred to Recycled Grant Fund	(82)	-
At the end of the year	<b>12,862</b>	<b>12,796</b>
	<b>£'000</b>	<b>£'000</b>
Amount due to be released < 1 year	233	214
Amount due to be released > 1 year	12,629	12,582
	<b>12,862</b>	<b>12,796</b>

## 21. Financial Commitments

Capital expenditure commitments were as follows:

	2016 £ '000	2015 £ '000
Expenditure contracted for but not provided in the accounts	3,965	7,938
Expenditure authorised by the Board, but not contracted	19,371	23,542
	<u>23,336</u>	<u>31,480</u>

Expenditure contracted for includes the development of 58 new properties currently in progress. Expenditure authorised by the Board includes the costs of development of a further 82 properties by 2019 and planned improvements to existing properties. The expenditure will be funded through borrowing from existing loan facilities and internal sources.

### Operating leases

The Company holds properties, office equipment and vehicles under a number of operating leases. At the end of the year the future lease payments and commitments are as follows:

	2016 £'000	2015 £'000
Land and buildings:		
In one year or more but less than two years	71	71
In two years or more and less than five years	212	212
In five years or more	194	283
	<u>477</u>	<u>566</u>
Office equipment and computers:		
In one year or more but less than two years	3	5
In two years or more and less than five years	3	6
In five years or more	-	-
	<u>6</u>	<u>11</u>
Motor Vehicles:		
In one year or more but less than two years	127	125
In two years or more and less than five years	19	146
In five years or more	-	-
	<u>146</u>	<u>271</u>

## 22. Contingent Liabilities

There are no contingent liabilities at 31 March 2016.

## 23. Financial Assets and Liabilities

### Financial Assets

Other than short-term debtors, financial assets held are cash deposits placed on money markets at call, 7-day and monthly rates and cash at bank. They attract interest at variable rates and amounts held were:

	2016 £ '000	2015 £ '000
Sterling	4,509	4,551

### Financial liabilities excluding trade creditors

The interest rate profile of the Company's loan liabilities at 31 March 2016 was:

	2016 £ '000	2015 £ '000
Floating rate	32,745	23,239
Fixed rate	69,500	74,500
Total (note 20)	102,245	97,739

The Company's fixed rate financial liabilities have a weighted average interest rate of 5.41% (2015: 5.23%). The sum is fixed for between 1 and 29 years (2015: 1 and 30 years).

The floating rate financial liabilities bear interest at rates based on the one, three or six-month LIBOR.

The debt maturity profile is shown in note 20.

The Company had undrawn committed borrowing facilities of £10 million at 31 March 2016, (2015: £15.5 million).

## 24. First time adoption of FRS 102

On adoption of FRS 102 the Company has restated the comparatives, the impact on reserves is as follows:

	Reserves as at transition date 1 Apr 2014 £'000	Surplus/ (deficit) Year ended 31 Mar 2015 £'000	Reserves as at 31 Mar 2015 £'000
As stated under former UK GAAP	(27,811)	(1,701)	(29,512)
Transitional adjustments			
Increase in amortisation of grants relating to housing properties	a 915	211	1,126
Increase in depreciation of housing properties	a (660)	(146)	(806)
Inclusion of SHPS pension deficit payment liability	b (194)	7	(187)
As stated in accordance with FRS102	(27,750)	(1,629)	(29,379)

**24. First time adoption of FRS 102 (continued)**

- a. FRS102 requires that government capital grant previously deducted from the carrying cost of housing properties is treated as a deferred capital grant creditor and released to the statement of comprehensive income over the useful life of the associated assets. The effect compared to current UK GAAP is an increase in income recognised on transition of £915,000, an increase in depreciation on transition of £660,000 and a £65,000 increase in surplus for the year ended 31 March 2015.
- b. FRS102 requires that a liability is recognised for the contributions that arise from an agreement to fund a deficit in a multi-employer pension scheme. The effect is that a liability for the SHPS payment plan has been recognised at the present value of the contributions payable using the discount rate specified in note 9. This has resulted in a decrease in reserves of £194,000 at transition and an increase in the surplus in the year ended 31 March 2015 of £7,000.

**25. Related Parties**

There are currently two members of the Acclaim Board, who are also tenants of the subsidiary companies. Their tenancies are on normal commercial terms and they are not able to use their position to their advantage. Rent charged by Dales Housing to one of the tenant Board members was £5,013 (2015 £4,917). There are no arrears on his tenancy at the reporting year end (2015: £Nil).

The Company's ultimate parent undertaking and controlling party is Acclaim Housing Group. The Company is a wholly owned subsidiary and advantage has been taken of the exemption provided under Section 33 FRS 102 not to disclose related party transactions with other group companies.