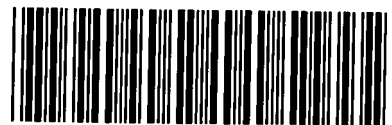


**DALES HOUSING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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

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## **DALES HOUSING LIMITED**

### **CONTENTS**

	<b>Page</b>
Board of Management and Advisors	1
Strategic Report	2 - 11
Report of the Independent Auditors	12 - 13
Statement of Comprehensive Income	14
Statement of Financial Position	15
Statement of Changes in Reserves	16
Statement of Cash Flows	17
Notes to the Financial Statements	18 - 44

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## DALES HOUSING LIMITED

### BOARD MEMBERS, EXECUTIVE STAFF, PRINCIPAL ADVISORTS AND BANKERS

#### Board

Chair Professor Janet Ford OBE

Other Members David Richardson (resigned 24/5/2016)

Jo Brodrick

Stewart Harrison (resigned 21/3/17)

Evonne Hudson (resigned 24/11/16)

Michael Barnett (resigned 21/3/17)

Philip Dearing (appointed 16/6/2016, resigned 21/3/17)

Mushtaq Khan (resigned 21/3/17)

Tristan Koriya (resigned 21/3/17)

Paul Loveday (resigned 21/3/17)

Barry Fletcher (resigned 13/9/16)

Bhaljinder Mann (appointed 16/6/2016, resigned 21/3/17))

David Pickering (appointed 21/3/17)

Jeff Sharnock (appointed 21/3/17)

Dennis Sleath (appointed 21/3/17)

#### Executive Directors

Group Chief Executive David Pickering MA, FCIH

Group Finance Director, Deputy Group Chief Executive & Company Secretary Dermot McRoberts BSc, CPFA, FCCA, MBA

Group Director of Development and Operations Anthony Riley BA(Hons), FCIH

Group Director of Corporate Services Michael Finister-Smith CPFA (resigned 31/3/2017)

**Registered office**  
1700 Solihull Parkway  
Birmingham Business Park  
Solihull  
B37 7YD

**Registered number**  
Registered as a Company Limited by Guarantee, No. 4201820  
Registered by the Homes and Communities Agency, No. L4332

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

**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

## **DALES HOUSING LIMITED**

### **STRATEGIC REPORT**

The Board presents its report and the audited financial statements for the year ended 31 March 2017.

On 1 April 2016 the Company, along with all other members of the former Acclaim Housing Group, joined Waterloo Housing Group, when all three entities become direct subsidiaries of Waterloo Housing Group Ltd, the Group parent Registered Provider. Waterloo is a high performing group of Registered Providers that now owns over 26,000 properties located across the East and West Midlands and in Lincolnshire. The combined businesses will secure improved value for money, notably via overhead and procurement savings, and will be better placed to respond to the more challenging operating environment. The Company will also access the development capability of the Group in order to better meet local housing needs through the provision of more new affordable homes, which is 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 an office base 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 and, in addition to providing a good service to current customers, the strategic focus of the Company has now moved to the provision of new affordable homes

#### **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 £5,447k, 13% higher, operating surplus (2016: £4,820k) which reflects both increased turnover and reduced operating costs.

The Company completed construction of 81 new homes in the year, with developments at The Firs, Matlock and Peashill, Ripley handed over.

#### **Customer Involvement**

During the year we reviewed our arrangements for customer consultation and participation, informed by a customer conference held in February. In response to customers' comments we have introduced a flexible menu of involvement opportunities, moving away from our previous more formal structure of Local Boards meeting quarterly, to an arrangement whereby tenant advisers and scrutiny panels assist with the development of strategies and policies. Tenant inspectors, mystery shoppers and tenant representatives also scrutinise our operational effectiveness at a local level. These activities are mostly short term, outcome focussed tasks, which concentrate on key service areas such as complaints, repairs management and numerous aspects of tenancy management. Our revised approach has led to a wider range of residents becoming involved in shaping and reviewing our services on a more flexible basis as time commitments and personal preferences dictate. Customers are fully involved in such matters as the selection of maintenance and service contractors, and in the recruitment of relevant first line staff.

#### **Employees**

The strength of the Company lies in the quality and commitment of its employees. The ability to meet our objectives and commitments to customers in an efficient and effective manner depends on the contribution of employees throughout the Company. The Company continues to provide information on its strategic and departmental objectives, progress and activities through regular office and departmental meetings and via the Staff Representative Group.

The Group is committed to ensuring that all staff have the competencies, knowledge and experience to perform their jobs to a high standard. The Company will provide training programmes focused on "Best Value", continuous improvement, equality and diversity and seeks employees' views on how to improve services and on matters of common concern.

The Company is committed to equal opportunities for all its employees.

**Report of the Board (continued)**

**Corporate governance**

The present Board Members and the Executive Directors of the Group are set out on Page 1.

Following admission to Waterloo Housing Group, the Group amended its governance arrangements to provide for the three entities that comprised the former Acclaim Housing Group, along with one other subsidiary, to be governed by a co-terminous Board of up to twelve members and with the Chair and one other member of this Board appointed as members also of the Group Board. All Group entities continue to report to and remain ultimately controlled by the Group Board. The Group Board further reviewed governance arrangements across the Group during 2016/17 in order to ensure that they remain appropriate to the Group's needs and provide the most streamlined and efficient approach to governing the expanded Group's business.

Towards the end of the year we reinstated a streamlined 'Virtual Group' governance structure across the entire Group. This structure was first introduced by Waterloo Housing Group in October 2011, had proved successful in operation, and was considered to best meet the Group's good governance requirements. There are now up to ten Board members in the Group, comprising a maximum of six for each of the Group's Registered Providers, including the Company, four of whom are members of all Boards and at least one of whom is an independent member of the Board in order to secure the necessary degree of independence. Arrangements have also been made to ensure that each Board can hold a quorate meeting of independent members should the need arise. As described above, separate arrangements have been made for customer liaison with the Group and subsidiary Boards to ensure local service delivery remains appropriately customer focussed and responsive to local preferences in such matters as tenancy management and the delivery of stock and neighbourhood investment programmes. The Group Board is the ultimate governing body of Waterloo Housing Group. Board members receive remuneration to compensate them for the time and effort they contribute and to attract the skills that the Group requires. Board members are drawn from a wide range of backgrounds so that there is an optimum mix of skills and expertise to fulfil the function of the Boards. The Group Chief Executive was appointed a full member of all Boards in March 2017 as part of the governance review.

The Executive Directors, other than the Group Chief Executive, are not Board Members and act as executives within the authority delegated by the Board.

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

The Group Remuneration Committee, comprising of non-executive Board Members, is responsible for setting the remuneration of the Group Chief Executive and other Executive Directors.

The Executive Directors participate in pension schemes on exactly the same terms as all other employees.

Details of the Executive Directors' remuneration are disclosed in the Financial Statements of the employing organisation, Waterloo Housing Group Ltd..

**Health and Safety**

The Board is aware of its responsibilities on all matters relating to health and safety. It is the Group's policy to give the greatest importance to the health and safety of its employees. The Company has prepared detailed health and safety policies and provides staff training and education on health and safety matters. Management responsibilities in this area are clearly assigned.

The Group owns two sixteen storey blocks of flats located in central Leicester, although the Company does not own or manage any high rise buildings. Both blocks are of standard concrete construction with no external cladding materials of any kind. Comprehensive Fire Risk Assessments have been carried out and, prior to the tragic fire at Grenfell Tower in London, we had arranged for Leicestershire Fire and Rescue to review our fire precaution measures at both blocks in July 2017; following the review it was confirmed that these measures were appropriate. We have reappraised our arrangements for Fire Risk Assessments across the Group and will keep these under continuous examination, supported by audit review on a regular basis. The Company will ensure investment in fire precautionary measures remains a high priority in all future planned maintenance programmes.

**DALES HOUSING LIMITED**  
**STRATEGIC REPORT (continued)**

**NHF Code of Governance**

The Company has adopted the National Housing Federation's Code of Governance: "Promoting Board Excellence for Housing Associations", 2015 and complies with it in all material respects other than with regard to Board members' maximum terms of office. Some Board members have served for longer than the recommended maximum term of nine years but the Board has agreed a clear succession plan that will ensure full Board renewal is achieved on an appropriately phased basis by 2020 which we consider to be in the best overall interests of the Company. The governance changes made in the year included implementation of the first phase of the succession plan. The NHF Code is intended for the guidance of housing associations so that they can continue to follow the highest standards of governance, accountability and probity whilst responding to an environment of change and risk. There is commitment amongst all Board members to establish and reinforce high standards of conduct and probity by reference to the NHF Code of Governance and there are no other areas of non-compliance with the Code in the year to be reported.

Board Members are fully accountable to the Company's Board, with expected performance in terms of attendance, contribution to decision making and external relations set out in the form of a formal service contract. The performance of each Board Member is reviewed by the Chair each year and the Company Secretary reports the overall outcome of the appraisal process to the Board. The performance of the Chair is appraised by the Group Board Chairman. The Board has approved a statement of its preferred skills composition and, in recruiting new Members, also seeks to ensure that Board membership is representative of the communities served, in accordance with the Group's Equality and Diversity Policy and Strategy: 'Fairness for All'.

The only committee in regular operation is the Group Audit and Risk Committee and its role is to oversee the work of the internal and external audit functions. A Remuneration Committee meets when required, normally not more than once per year. The Group Audit and Risk Committee meets three or four times per year and also oversees the Group's risk management and internal control frameworks. The Committee reviews the audited Financial Statements for all parts of the Group and recommends them to the relevant Boards for approval. It is also responsible for recommending to the Group and subsidiary Boards the appointment of internal and external auditors and investigating any activity it deems fit, or as may be referred to it. It submits an annual report to the Group Board. Through the reports it receives, the Group Audit and Risk Committee gains comfort that the Group has systems in place to allow the Group Board to review the effectiveness of the systems of internal control and to comply with the Homes and Communities Agency's expectations in this area. The Group maintains a detailed corporate risk assurance framework, setting out all key strategic, financial and operational risks faced by the Group, the potential impact and likelihood of each risk occurring, the control arrangements, planned further actions, and responsibilities assigned to staff. The risk assurance framework is reviewed and updated by the Group Executive Team and second tier managers on a quarterly basis, and is also regularly reviewed in full by the Group Audit and Risk Committee. All Boards review the top risks at each meeting.

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 Company is fully compliant with those standards. After the year end, in June 2017, an in depth assessment of the Group's governance and financial viability was conducted by the HCA with the conclusion that we continue to meet all regulatory requirements and consequently retain the highest ratings ('G1' and 'V1') for governance and financial viability.

Board, Subsidiary and Committee membership of Company Board members in office at the year end was as follows:

<b>Board Member</b>	<b>Group Board</b>	<b>All other subsidiaries</b>	<b>Some other subsidiaries (see below)</b>	<b>Group Audit and Risk Committee</b>
Janet Ford	√		√	
Jo Brodrick			√	
David Pickering	√	√		
Jeff Sharnock	√	√		
Dennis Sleath	Chairman	√		

**DALES HOUSING LIMITED**  
**STRATEGIC REPORT (continued)**

The Chair is a member of all subsidiary Boards other than that of Acclaim Housing. She is also Chair of de Montfort Housing Society and Seven Locks Housing.

Jo Brodrick is also a member of the Acclaim Housing, de Montfort Housing Society and Seven Locks Housing Boards.

The Chair is also a member of the ESHA Developments Ltd Board, the Chairman of which is the Group Board Chairman.

Board members who served during the year received total remuneration as follows in respect of their work for the Company and the Group overall:

<b>Board Member</b>	<b>2017 £000's</b>	<b>2016 £000's</b>
Janet Ford – Chair	12.8	7.5
Michael Barnett	3.0	3.0
Jo Brodrick	5.8	3.0
Philip Dearing	6.8	-
Barry Fletcher	3.0	3.0
Stewart Harrison	3.0	3.0
Evonne Hudson	2.0	3.0
Mushtaq Khan	3.0	3.0
Tristan Koriya	3.0	3.0
Paul Loveday	4.6	4.5
Bhaljinder Mann	6.8	-
David Pickering (*)	-	-
David Richardson	1.3	5.0
Jeff Sharnock	14.4	-
Dennis Sleath	22.1	-
<b>Total</b>	<b>91.6</b>	<b>38.0</b>

(\*) The Group Chief Executive did not receive any additional remuneration for his role as a Board member. Remuneration paid for his executive role is disclosed in the Group Financial Statements.

**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 2016 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.

**Report of the Board (continued)**

**Internal Controls Assurance (continued)**

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 assurance framework 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 Group Audit and Risk Committee to review regularly the effectiveness of the system of internal control. The Board receives regular reports from the Group Audit and Risk Committee.

The means by which the Group Audit and Risk 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 Group Audit and Risk Committee has received the Group 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.

**Going Concern**

The Company implemented the first of four years of required 1% per annum reductions in nominal rents for most regulated tenancies whilst still achieving an increase in the operating margin. The business plan demonstrates how the remaining three years of rent reductions, equivalent to a 10% per year income reduction by 2019/20 relative to previous assumptions, will be accommodated whilst demonstrating strengthening financial ratios. Although our improving operating margin and reducing cost base means that we will cope with this material loss of income, it will inevitably have a noticeable impact on our capacity to provide new homes in the longer term. Planned welfare policy changes also announced in the July 2015 Budget, along with the planned full roll out of Universal Credit over the next five years will place pressure on the finances of many customers and will increase the challenge involved in the important task of collecting rent income.

During the year the Company obtained updated stock condition survey information, validated by Savills. Combined also with access to Waterloo Housing Group procurement processes, the Company has been able to identify maintenance cost savings which have served considerably to strengthen the business plan.

Loan facilities are already in place to meet both existing and future business requirements beyond the next 12 months and to enable corporate strategic goals to be delivered across the Group over at least the next two years. The Company extended a key short term lending facility during the year in order to ensure prudent provision for future liquidity requirements is maintained. 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**

Demonstrating improved value for money was a high priority in the year, particularly by creating more capacity to maximise our investment in new homes. Full detail of the Group's value for money strategy and how we achieve compliance with the regulatory standard is explained in the Group Financial Statements and Group Value for Money statement, both of which are available on our Group website ([www.waterloo.org.uk](http://www.waterloo.org.uk)).



**DALES HOUSING LIMITED**  
**STRATEGIC REPORT (continued)**

**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.

**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 12 September 2017 and signed on its behalf by:



**Professor Janet Ford OBE**  
**Chair of the Board**  
**12 September 2017**

### **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 Acclaim Housing Group joining Waterloo Housing Group in order both to reduce operating costs and increase the output of new housing. Waterloo Housing Group is implementing a grant funded programme of investment under the HCA's 2015/21 AHP and SO&AHP that will result in the provision of 4,000 new homes across the Group's entire operating area, with the investment of over £95 million of Social Housing Grant.

The Company owns and manages almost 3,500 properties in the Derbyshire area, but will continue to focus growth on rural communities and market towns where housing needs are often acute.

#### **Future growth**

Since joining Waterloo Housing Group the Company has focussed on delivering savings and efficiency benefits anticipated in the merger Business Case, and in strengthening the business plan to provide the necessary capacity for future development growth whilst reducing gearing and improving interest cover. The Group's development model is predicated on the generation of high levels of free cash flow (operating cashflow less interest and capitalised maintenance) in order to cross subsidise the capital costs of new property construction. Incremental debt growth is contained to a level that can be serviced from the incremental net cash flows created by use of that debt. The Company has already exceeded merger related savings targets set for the first year and is well placed for future organic growth.

#### **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 set out in the corporate risk assurance framework. 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:

- Strategic – availability of grants through retention of HCA approved development partner status is critical for future growth; reliance on shared ownership sales income, an increasingly important element of the growth tenure and funding mix, exposes the Company and Group to housing market risk;
- Operational – interest rate risk exposure is a key treasury related risk; exposure to inflation or deflation effects, most notably rent deflation introduced in the July 2015 budget and applicable for the period to March 2020 will require close management of operating costs;
- Operational – loan covenant compliance, which is an especially critical risk for stock transfer (LSVT) Registered Providers, such as the Company, that are obliged to operate within relatively restrictive loan covenant structures;
- Operational – credit control of rent income, with a rent collection a critical business task rendered more challenging due to changes to housing benefit regulations introduced following the Welfare Reform Act 2012;
- Operational – reliance on partnering contractors. Although the Company employs its own building maintenance workforce a considerable proportion of maintenance work and all new house building is carried out by contractors, which exposes the Company to the cyclical and other economic risks associated with the building industry.

**DALES HOUSING LIMITED**  
**STRATEGIC REPORT (continued)**

**Operating and Financial Review (continued)**

**Mission Statement and Corporate Objectives**

The Group's Strategic Plan for 2015/18 (*Delivering our vision*) sets out how our mission – *We aim to make a difference* - will be achieved through pursuing the following key objectives:

- developing innovative service delivery options for our customers, to provide services at a time and place that suits them;
- delivering at least 2,500 new affordable rented and low cost home ownership homes over the three years to March 2018;
- taking a robust, commercial approach to asset management;
- building on our existing financial strength, with a clear focus on ensuring value for money for our customers and stakeholders;
- maintaining robust governance, scrutiny and risk management arrangements;
- embedding our "People Values", performance framework and flexible ways of working;
- delivering to our diverse communities;
- growing the Group and developing future partnerships.

This approach will be underpinned by upholding our core organisation values:

- **openness** – we pride ourselves on our open, transparent approach to doing business;
- **reliability** – we are reliable business partners and will do what we say within agreed timescales;
- **customer focus** – we have a culture and record of strong customer engagement, and delivering high performance;
- **respect** – we show respect for our partners, customers and staff and think that we are respected as partners to do business with;
- **motivated** – we are passionate about achieving our mission and making a difference to the communities we work with;
- **innovative** – we like to innovate and think 'outside of the box', to achieve enduring housing solutions;
- **integrity** – we think integrity is fundamental to who we are and what we do;
- **commerciality** – we aim to achieve the maximum benefit from our resources whilst reflecting our charitable status and ethos.

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

**Financial Performance**

Financial trends and key financial data for the period 1 April 2016 to 31 March 2017 are summarised below.

<b>Period ended 31 March</b>	<b>2017</b>	<b>2016</b> (restated)
<b>Statement of Comprehensive Income (£'000)</b>		
Total turnover	17,059	16,511
Cost of sales	(730)	(107)
Operating costs	(10,882)	(11,584)
Operating surplus before interest	5,447	4,820
Surplus / (Deficit) for the financial period	1,227	207
<b>Statement of Financial Position (£'000)</b>		
Tangible fixed assets, net of depreciation	87,207	85,742
Net current assets	2,410	3,064
Creditors > 1 year and other provisions	(116,448)	(116,799)
Total liabilities / Income & expenditure reserve	(26,831)	(27,993)

**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 £101.2 million. The Company has access to £10m of secured, undrawn loan facilities that can be accessed at 48 hours' notice. Dales Housing will borrow against its asset security in order to finance new development growth, with the expectation that all operating costs, including any capitalised major investment in the current stock, will be financed from operating cashflow. 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.

**Value for Money and efficiency**

The Board is committed to maximising value for money and a detailed explanation of the Group's strategy, approach and achievements in 2016/17 can be found in the Group Financial Statements and Value for Money self-assessment, both of which are available on the Group's website at [www.waterloo.org.uk](http://www.waterloo.org.uk).

**Pension Costs**

The Company participates in two defined benefit pension schemes: the Social Housing Pension Scheme (SHPS) and the Local Government Pension Scheme via the Derbyshire County Council Pension Fund (DCCPF). In common with most pension schemes, the funds of both show deficits that will require increases in contributions and / or changes to benefits. The defined benefit pension schemes are closed to new entrants. The most recent, 31 March 2016, valuation of the DCCPF revealed that the Company's liabilities in the scheme at that date were 99% funded, on a 'on-going funding basis' with net liabilities assessed at £131,000. Past service deficit contributions of £18,000 p.a. are payable from April 2017 and the future service accrual rate (employer cost) is 28.1% of pensionable pay.

Details of the schemes are set out in Note 9 to the Financial Statements.

**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 executive and 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. The Group participates in sector scorecard benchmarking exercises through its membership of Housemark and also benchmarks performance against other comparable RPs, as explained in the Group Financial Statements.

**DALES HOUSING LIMITED**  
**STRATEGIC REPORT (continued)**

**Operating and Financial Review (continued)**

**Service Delivery and Performance (cont'd)**

Summary performance trends and indicators for 2016/17 are:

	2017	2016
<b><u>Accommodation figures</u></b>		
Total social housing stock managed at period end ( <i>number of dwellings</i> )	3,455	3,293
<b><u>Housing management performance</u></b>		
Average general needs re-let times (days)	37.3	50.0
Voids – properties available for letting at the year-end (% of total stock)	0.6%	1.7%
Void losses (voids as % of rent and service charges receivable)	1.43%	2.48%
Rent arrears (gross arrears as % of net rent and service charges receivable)	1.30%	1.39%
Rent collected (as % of net rent and service charges receivable)	100.69%	99.7%
Overall tenant satisfaction	72.4%	Methodology not comparable
Satisfaction with repairs and maintenance	57.1%	
<b><u>Cost indicators</u></b>		
Management cost per dwelling per week (£)	£12.99	£13.69
Repair and planned maintenance cost per dwelling per week (£)	£31.28	£46.47

**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).

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DALES HOUSING LIMITED**

We have audited the financial statements of Dales Housing Limited for the year ended 31 March 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changed in Reserves, the Statement of Cash Flows 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) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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. 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 the opinions we have formed.

### **Respective Responsibilities of trustees and the auditor**

As explained more fully in the Statement of the Board's Responsibilities set out on page 7, 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**

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

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2017 and of its incoming resources and application of resources, including its income and expenditure for the year then ended; and
- 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 matter prescribed by the Companies Act 2006**

In our opinion:

- the information given in the Strategic Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report has been prepared in accordance with applicable legal requirements.

### **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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

**Maria Hallows**

*Beever and Struthers*

**Senior Statutory Auditor**

**For and on behalf of Beever and Struthers, Statutory Auditor  
St George's House  
215-219 Chester Road  
Manchester  
M15 4JE**

**12 September 2017**

**DALES HOUSING LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2017**

	Notes	2017 £'000	Restated 2016 £'000
Turnover	3	17,059	16,511
Cost of Sales	3	(730)	(107)
Operating expenditure	3	<u>(10,882)</u>	<u>(11,584)</u>
Operating surplus		5,447	4,820
(Loss) / Gain on disposal of property, plant and equipment (fixed assets)	5	130	(257)
Interest receivable	7	11	29
Interest and financing costs	8	<u>(4,361)</u>	<u>(4,385)</u>
Surplus / (Deficit) before tax		1,227	207
Taxation	11	-	-
Surplus / (Deficit) for the year after tax		1,227	207
Actuarial gain / (loss) in respect of pension schemes	9	<u>(65)</u>	<u>1,493</u>
Total comprehensive income for the year		<u>1,162</u>	<u>1,700</u>

The notes on pages 18 to 44 form part of these financial statements.

*Janet R Ford*

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

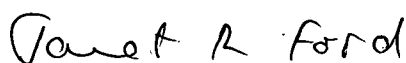


**DALES HOUSING LIMITED**

**STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2017**

	Notes	2017 £'000	Restated 2016 £'000
<b>Fixed assets</b>			
Tangible fixed assets	12	87,207	85,742
		<u>87,207</u>	<u>85,742</u>
<b>Current assets</b>			
Properties and other assets in the course of sale	13	747	1,763
Stock	13	21	34
Trade and other debtors	14	1,106	1,124
Cash and cash equivalents		6,008	4,509
		<u>7,882</u>	<u>7,430</u>
<b>Less: Creditors:</b> amounts falling due within one year	15	(5,472)	(4,366)
<b>Net current assets</b>		<u>2,410</u>	<u>3,064</u>
<b>Total assets less current liabilities</b>		<u>89,617</u>	<u>88,806</u>
<b>Creditors:</b> amounts falling due after more than one year	16	(113,376)	(113,890)
<b>Provisions for liabilities</b>			
Pension provision	9	(3,072)	(2,909)
<b>Total net liabilities</b>		<u>(26,831)</u>	<u>(27,993)</u>
<b>Reserves</b>			
Income and expenditure reserve		(26,831)	(27,993)
<b>Total reserves</b>		<u>(26,831)</u>	<u>(27,993)</u>

The financial statements were approved by the Board on 12 September 2017 and signed on its behalf by:



**Professor Janet Ford OBE**  
Chair

The notes on pages 18 to 44 form part of these financial statements.

**DALES HOUSING LIMITED**

**STATEMENT OF CHANGES IN RESERVES  
AS AT 31 MARCH 2017**

	Notes	<b>Total Income &amp; Expenditure Reserves</b>
		<b>£'000</b>
Balance as at 1 April 2015		(29,379)
Surplus from Statement of Comprehensive Income		1,721
<b>Balance at 31 March 2016</b>		<u>(27,658)</u>
<b>Prior year adjustment</b>	27	<u>(335)</u>
<b>Restated balance at 31 March 2016</b>		(27,993)
Surplus from Statement of Comprehensive Income		1,162
<b>Balance at 31 March 2017</b>		<u><u>(26,831)</u></u>

The notes on pages 18 to 44 form part of these financial statements.

**DALES HOUSING LIMITED**

**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 MARCH 2017**

	<b>Note</b>	<b>Year ended 31 Mar 2017 £'000</b>	<b>Year Ended 31 Mar 2016 £'000</b>
<b>Net cash generated from operating activities (see Note</b>	<b>26</b>	<b>10,286</b>	<b>7,922</b>
<b>Cash flow from investing activities</b>			
Purchase of tangible fixed assets		(3,669)	(8,258)
Proceeds from sale of tangible fixed assets		294	185
Grants received		(86)	-
Interest received		11	29
Pensions		143	(120)
		<u>(3,307)</u>	<u>(8,164)</u>
<b>Cash flow from financing activities</b>			
Interest paid		(4,431)	(4,306)
New secured loans		-	5,500
Repayment of borrowings		(1,049)	(994)
		<u>(5,480)</u>	<u>200</u>
<b>Net change in cash and cash equivalents</b>		<u>1,499</u>	<u>(42)</u>
<b>Cash and cash equivalents at beginning of the year</b>		<u>4,509</u>	<u>4,551</u>
<b>Cash and cash equivalents at end of the year</b>		<u>6,008</u>	<u>4,509</u>

The notes on pages 18 to 44 form an integral part of these financial statements.

## DALES HOUSING LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1. Legal Status

Dales Housing Limited is a private Company Limited by Guarantee, incorporated in England 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. The Company has applied the Public Benefit Entity Sections of the FRS102.

##### **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 20. 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.
- c. **Provision for bad and doubtful debts.** The group makes an estimate of the recoverable value of trade and other debtors including rental debtors. When assessing debtors the group considers factors including the age of the debt, the value of the debt and in the case of rental debtors, whether the tenant is a former or current tenant.

2. Accounting Policies (continued)

- c. **Impairment.** The Company 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 was considered a trigger for impairment and a full impairment review was undertaken in 2015/16.

Following a trigger for impairment, the Company perform impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar CGU's or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement costs or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Company as the existing property. The cash flows are derived from the business plan for the next 30 years and do not include restructuring activities that the Company is not yet permitted to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

The Company 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.

Triggers for impairment include material changes to Government policy or the regulatory regime deemed to cause material detrimental impact to the recoverable amount of housing properties, significant negative movement to the Nationwide Housing Property Index and long term sustained falls in GDP. Other factors such as obsolescence, change in demand or contamination may also trigger impairment.

Following the assessment of impairment no impairment losses were identified in the reporting period.

**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.

**2. Accounting Policies (continued)**

**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.

**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 102. 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

**2. Accounting Policies (continued)**

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 1.92% at 31 March 2015, 2.06% at 31 March 2016 and 1.33% at 31 March 2017. The unwinding of the discount is 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, if 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	100 years
Roofs	70 years
Kitchens	20 years
Bathrooms	30 years
Heating	30 years
Windows and Doors	40 years
Lifts	20 years
Boilers	15 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.

**Reserves**

The Company has revenue reserves only.

**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.

**Financial instruments held by the Society are classified as follows:**

- Financial assets such as cash, current asset investments and receivables are classified as loans and receivables and held at amortised cost using the effective interest method,
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method,
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

	Turnover	Cost of Sales	Operating Costs	2017 Operating Surplus / (deficit) £ '000
	£ '000	£ '000	£ '000	£ '000
Social housing lettings	16,091	-	(10,747)	5,344
<b>Other social housing activities</b>				
Development services	-	-	(34)	(34)
Management services	2	-	(85)	(83)
Other income	158	-	(16)	142
First tranche property sales	808	(730)	-	78
	<u>968</u>	<u>(730)</u>	<u>(135)</u>	<u>103</u>
	<u>17,059</u>	<u>(730)</u>	<u>(10,882)</u>	<u>5,447</u>
				Restated
	Turnover	Cost of Sales	Operating Costs	2016 Operating Surplus £ '000
	£ '000	£ '000	£ '000	£ '000
Social housing lettings	16,373	-	(11,584)	4,789
<b>Other social housing activities</b>				
Other income	19	-	-	19
First tranche property sales	<u>119</u>	<u>(107)</u>	<u>-</u>	<u>12</u>
	138	(107)	-	31
	<u>16,511</u>	<u>(107)</u>	<u>(11,584)</u>	<u>4,820</u>

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

	General Housing	Affordable rent	Supported Housing & Housing for Older People	Low Cost Home Ownership	Intermediate Rents	2017 Total	Restated 2016 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Turnover from social housing lettings</b>							
Rent receivable net of identifiable service charges	9,944	422	4,078	916	-	15,360	15,309
Service charges receivable	385	16	160	36	-	597	845
Amortised Government grants	110	16	1	7	-	134	219
<b>Turnover from social housing lettings</b>	<b>10,439</b>	<b>454</b>	<b>4,239</b>	<b>959</b>	<b>-</b>	<b>16,091</b>	<b>16,373</b>
<b>Operating Expenditure on social housing lettings</b>							
Management	(1,566)	(66)	(641)	(62)	-	(2,335)	(2,345)
Support service costs	(28)	(1)	(199)	-	-	(228)	(439)
Other service charge costs	(500)	(21)	(343)	(56)	-	(920)	(528)
Routine maintenance	(2,176)	(93)	(826)	(142)	-	(3,237)	(4,327)
Planned maintenance	(439)	(19)	(183)	(41)	-	(682)	-
Major repairs expenditure	(815)	(35)	(339)	(75)	-	(1,264)	(1,223)
Bad debts	27	(47)	(5)	(2)	-	(27)	5
Depreciation of housing properties	(1,853)	(86)	(103)	(12)	-	(2,054)	(2,727)
<b>Operating expenditure on social housing lettings</b>	<b>(7,350)</b>	<b>(368)</b>	<b>(2,639)</b>	<b>(390)</b>	<b>-</b>	<b>(10,747)</b>	<b>(11,584)</b>
<b>Operating surplus / (deficit) on social housing lettings</b>	<b>3,089</b>	<b>86</b>	<b>1,600</b>	<b>569</b>	<b>-</b>	<b>5,344</b>	<b>4,789</b>
Void losses included in turnover	188	-	43	-	-	231	410

**DALES HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017****4. Operating Surplus / (Deficit)**

This is arrived at after charging:

	2017 £ '000	2016 £ '000
Depreciation of housing properties	2,054	2,806
Depreciation of other tangible fixed assets	59	68
Operating lease rentals:		
- office premises	71	71
- motor vehicles	83	125
- office equipment	4	5
Auditors' remuneration (excluding VAT):		
- for audit services	13	13
- for non-audit services	<u>-</u>	<u>-</u>

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

	2017 £ '000	2016 £ '000
Proceeds of sale	290	185
Cost of sales	(160)	(442)
(Loss) / Surplus	<u>130</u>	<u>(257)</u>

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

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

	2017				2016		2016
	Owned and managed	Owned not managed	Managed not owned	Total Managed	Total owned	Total managed	Total owned
<b>Social housing</b>							
General Needs	2,227	-	-	2,227	2,227	2,303	2,303
Affordable rent	95	-	-	95	95	-	-
Supported housing	8	-	-	8	8	-	-
Housing for older people	919	-	-	919	919	948	948
Intermediate rent	-	-	-	-	-	-	-
<b>Total</b>	<b>3,249</b>	<b>-</b>	<b>-</b>	<b>3,249</b>	<b>3,249</b>	<b>3,251</b>	<b>3,251</b>
Shared ownership < 100%	48	-	-	48	48	42	42
Social leased @ 100% sold	97	-	-	97	97	-	-
<b>Total social</b>	<b>3,394</b>	<b>-</b>	<b>-</b>	<b>3,394</b>	<b>3,394</b>	<b>3,293</b>	<b>3,293</b>
<b>Non social housing</b>	<b>8</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>8</b>	<b>-</b>	<b>-</b>
Non social leased	53	-	-	53	53	-	-
<b>Total stock</b>	<b>3,455</b>	<b>-</b>	<b>-</b>	<b>3,455</b>	<b>3,455</b>	<b>3,293</b>	<b>3,293</b>

**7. Interest Receivable and Other Income**

	2017 £ '000	2016 £ '000
Interest receivable	11	29

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**8. Interest Payable and Similar Charges**

	2017 £'000	2016 £ '000
Housing Loans	4,326	4,475
Interest payable capitalised on housing properties under construction	(72)	(90)
Costs associated with pension financing	107	-
	<u>4,361</u>	<u>4,385</u>
Capitalisation rate used to determine finance costs capitalised	4.07%	4.10%

**9. Employees**

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

	2017 No	2016 No
Maintenance	42	44
Housing, development and admin	33	34
Wardens, caretakers and cleaners	-	-
	<u>75</u>	<u>78</u>

Key management personnel are defined as Board Members and Executive Directors.

**Employee costs:**

	2017 £ '000	2016 £ '000
Wages and salaries	1,928	1,823
Social security costs	158	145
Other pension costs	519	441
	<u>2,605</u>	<u>2,409</u>

The number of full time equivalent staff whose remuneration payable fell within bands of:

	2017 Number	2016 Number
£60,000 to £69,999	-	-
£70,000 to £79,999	-	-
£80,000 to £89,999	1	-
£90,000 to £99,999	1	1
£100,000 to £109,999	-	-
£110,000 to £319,999	-	-
£320,000 to £329,999	-	-
£330,000 to £339,999	1	-

**9. Employees (continued)**

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.

**The Pension Trust – Social Housing Pension Scheme****General**

The Company participates in the Social Housing Pension Scheme (SHPS) 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 scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on the 30 December 2005 this, together with the documents issued by the Pensions Regulator and technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pensions schemes in the UK.

The scheme is classed as a "last-man standing arrangement". Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out with an effective date of 30 September 2014. This actuarial valuation was certified on 23 November 2015 and showed assets of £3,123m, liabilities of £4,446m and a deficit of £1,323m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

**Deficit Contributions**

Tier 1	£40.6m per annum
From 1 April 2016 to 30 September 2020:	(payable monthly and increased by 4.7% each year on 1 <sup>st</sup> April)
Tier 2	£28.6m per annum
From 1 April 2016 to 30 September 2023:	(payable monthly and increasing by 4.7% each year on 1 <sup>st</sup> April)
Tier 3	£32.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April)
Tier 4	£31.7m per annum
From 1 April 2016 to 30 September 2026:	(payable monthly and increasing by 3.0% each year on 1 <sup>st</sup> April)

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2011; this valuation was certified on 17 December 2012 and showed assets of £2,062m, liabilities of £3,097m and a deficit of £1,035m. To eliminate this funding shortfall, payments consisted of the Tier 1, 2 & 3 deficit contributions.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement, the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 9. Employees (continued)

#### Present Values of Provision

	31 March 2017 (£000s)	31 March 2016 (£000s)	31 March 2015 (£000s)
Present value of Provision	217	236	187

#### Reconciliation of opening and closing provisions

	Period ending 31 March 2017 (£000s)	Period ending 31 March 2016 (£000s)
Provision at start of period	236	187
Unwinding of the discount factor (interest expense)	5	3
Deficit contribution paid	(30)	(22)
Remeasurement - impact of any change in assumptions	6	(1)
Remeasurement – amendments to the contribution schedule	—	69
Provision at end of period	<u>217</u>	<u>236</u>

#### Income and Expenditure Impact

	Period ending 31 March 2017 (£000s)	Period ending 31 March 2016 (£000s)
Interest expense	5	3
Remeasurement - impact of any change in assumptions	6	(1)
Remeasurement – amendments to the contribution schedule	-	69
Contributions paid in respect of future service *	<u>59</u>	<u>80</u>
Costs recognised in income and expenditure account *	<u>70</u>	<u>151</u>

\*Includes defined contribution schemes and future service contributions (i.e. excluding any deficit reduction payments) to defined benefit schemes which are treated as defined contribution schemes.

#### Assumptions

	31 March 2017 % per annum	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	1.33	2.06	1.92

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions

#### 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 2016 by a qualified independent actuary.

The market value of the scheme assets at 31 March 2016 was £4,456 million (2013: £3,121 million).



**9. Employees (continued)****Assumptions**

The major assumptions used by the actuary in assessing scheme liabilities on an FRS102 basis were:

	<b>31 March 2017 % pa</b>	<b>31 March 2016 % pa</b>
Pension increase rate	2.4%	2.2%
Salary increase rate	2.9%	3.2%
Discount rate	2.6%	3.5%

**Mortality**

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI2013 model assuming that the current rate of improvement has reached a peak and will converge to a long term rate of 1.25% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below.

	<b>Males</b>	<b>Females</b>
Current pensioners	21.9 years	24.4 years
Future pensioners*	23.9 years	26.5 years

\* Figures assume members aged 45 as at the last formal valuation date

**Historic Mortality**

Life expectancies for the prior period end are based on the Fund's VitaCurves with allowance for future improvements as shown below:

<b>Period Ended</b>	<b>Prospective Pensioners</b>	<b>Pensioners</b>
31 March 2016	CMI2010 model assuming that the current rate of improvement has reached a peak and will converge to a long term rate of 1.25%	CMI2010 model assuming that the current rate of improvement has reached a peak and will converge to a long term rate of 1.25%

Please note that the mortality assumptions are identical to those used in the previous accounting period.

**Commutation**

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits for pre-April 2008 service and 75% of the maximum tax-free cash for post-April 2008 service.

**Information about the Defined Benefit Obligation**

	<b>Liability split (£'000) as at 21 March 2017</b>	<b>Liability split (%) as at 21 March 2017</b>	<b>Weighted Average Duration</b>
Active Members	8,155	40.8%	20.4
Deferred Members	5,107	25.5%	23.8
Pensioner Members	<u>6,727</u>	<u>33.7%</u>	<u>12.6</u>
<b>Total</b>	<b>19,989</b>	<b>100.0%</b>	<b>18.1</b>

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**9. Employees (continued)**

**Balance Sheet and OCI disclosures as at 31 March 2017**

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2017.

<b>Period ended 31 March 2017</b>	<b>Assets £'000</b>	<b>Obligations £'000</b>	<b>Net (liability)/asset £'000</b>
Fair value of plan assets	13,798	-	13,798
Present value of funded liabilities	-	16,685	(16,685)
Present value of unfunded liabilities	-	22	(22)
<b>Opening position as at 31 March 2016</b>	<b>13,798</b>	<b>16,707</b>	<b>(2,909)</b>
Service cost			
Current service cost*	-	291	(291)
Past service cost (including curtailments)	-	28	(28)
Effect of settlements	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>319</b>	<b>(319)</b>
Net interest			
Interest income on plan assets	483	-	483
Interest cost on defined benefit obligation	-	585	(585)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>483</b>	<b>585</b>	<b>(102)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>483</b>	<b>904</b>	<b>(421)</b>
Cashflows			
Plan participants' contributions	64	64	-
Employer contributions	322	-	322
Contributions in respect of unfunded benefits	1	-	1
Benefits paid	(362)	(362)	-
Unfunded benefits paid	(1)	(1)	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>14,305</b>	<b>17,312</b>	<b>(3,007)</b>
Remeasurements			
Changes in demographic assumptions	-	(234)	234
Changes in financial assumptions	-	3,515	(3,515)
Other experience	-	(580)	580
Return on assets excluding amounts included in net interest	2,636	-	2,636
Changes in asset ceiling	-	-	-
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>2,636</b>	<b>2,701</b>	<b>(65)</b>
Fair value of plan assets	16,941	-	16,941
Present value of funded liabilities	-	19,989	(19,989)
Present value of unfunded liabilities**	-	24	(24)
<b>Closing position as at 31 March 2017</b>	<b>16,941</b>	<b>20,013</b>	<b>(3,072)</b>

\* The current service cost includes an allowance for administration expenses of 0.2% of payroll.

\*\* This liability comprises of approximately £24,000 in respect of LGPS unfunded pensions. For unfunded liabilities as at 31 March 2017, it is assumed that all unfunded pensions are payable for the remainder of the member's life. It is further assumed that 90% of pensioners are married (or cohabiting) at death and that their spouse (cohabitee) will receive a pension of 50% of the member's pension as at the date of the member's death.

**DALES HOUSING LIMITED**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**
**9. Employees (continued)**

Changes in the Fair Value of Plan Assets, Defined Benefit Obligation and Net Liability for year end 31 March 2016.

<b>Period ended 31 March 2016</b>	<b>Assets £'000</b>	<b>Obligations £'000</b>	<b>Net (liability)/asset £'000</b>
Fair value of plan assets	13,880	-	13,880
Present value of liabilities	-	18,016	(18,016)
<b>Opening position as at 31 March 2015</b>	<b>13,880</b>	<b>18,016</b>	<b>(4,136)</b>
Service cost			
Current service cost*	-	456	(456)
Past service cost (including curtailments)	-	-	-
Effect of settlements	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>456</b>	<b>(456)</b>
Net interest			
Interest income on plan assets	443	-	443
Interest cost on defined benefit obligation	-	577	(577)
Impact of asset ceiling on net interest	-	-	-
<b>Total net interest</b>	<b>443</b>	<b>577</b>	<b>(134)</b>
<b>Total defined benefit cost recognised in Profit or (Loss)</b>	<b>443</b>	<b>1,033</b>	<b>(590)</b>
Cashflows			
Plan participants' contributions	92	92	-
Employer contributions	323	-	323
Contributions in respect of unfunded benefits	1	-	1
Benefits paid	(510)	(510)	-
Unfunded benefits paid	(1)	(1)	-
Effect of business combinations and disposals	-	-	-
<b>Expected closing position</b>	<b>14,228</b>	<b>18,630</b>	<b>(4,402)</b>
Remeasurements			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	(1,754)	1,754
Other experience	-	(169)	169
Return on assets excluding amounts included in net interest	(430)	-	(430)
Changes in asset ceiling	-	-	-
<b>Total remeasurements recognised in Other Comprehensive Income (OCI)</b>	<b>(430)</b>	<b>(1,923)</b>	<b>1,493</b>
Fair value of plan assets	13,798	-	13,798
Present value of funded liabilities	-	16,685	(16,685)
Present value of unfunded liabilities**	-	22	(22)
<b>Closing position as at 31 March 2016</b>	<b>13,798</b>	<b>16,707</b>	<b>(2,909)</b>

\* The current service cost includes an allowance for administration expenses of 0.2% of payroll.

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 9. Employees (continued)

Analysis of projected amount to be charged to operating profit for the period to 31 March 2018

Period Ended 31 March 2018	Assets £'000	Obligations £'000	Net (liability)/asset	
			£'000	% of pay
Projected current service cost*	-	394	(394)	(41.0%)
Past service cost (including curtailments)	-	-	-	-
Effect of settlements	-	-	-	-
<b>Total Service Cost</b>	<b>-</b>	<b>394</b>	<b>(394)</b>	<b>(41.0%)</b>
Interest income on plan assets	440	-	440	45.7%
Interest cost on defined benefit obligation	-	521	(521)	(54.2%)
<b>Total Net Interest Cost</b>	<b>440</b>	<b>521</b>	<b>(81)</b>	<b>(8.5%)</b>
<b>Total Included in Profit and Loss</b>	<b>440</b>	<b>915</b>	<b>(475)</b>	<b>(49.5%)</b>

\* The current service cost includes an allowance for administration expenses of 0.3% of payroll. The monetary value is based on a projected payroll of £962,000.

The contributions paid by the Employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2016), or at any other time as instructed to do so by the Administering Authority. The contributions payable over the period to 31 March 2020 are set out in the Rate and Adjustments certificate. For further details on the approach adopted to set contribution rates for the Employer, please refer to the 2016 actuarial report.

The Employers contributions for the period to 31 March 2018 are estimated to be approximately £288,000.

Notes:

The above figures should be treated as estimates and may need to be adjusted to take account of:

- Any material events, such as curtailments, settlements or the discontinuance of the Employer's participation in the fund;
- Any changes to accounting practices;
- Any changes to the Scheme benefit or member contribution rates; and/or
- Any full funding valuation that may have been carried out on the Employer's behalf.

The monetary amount of the projected service cost for the period to 31 March 2018 may be adjusted to take account of actual pensionable payroll for the period.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumption at 31 March 2017	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £'000
0.5% decrease in Real Discount Rate	10%	1,977
0.5% decrease in Salary Increase Rate	1%	239
0.5% decrease in Pension Increase Rate	9%	1,714

### 10. Board Members and Executive Directors

	2017 £'000	2016 £'000
Board Members' emoluments	<u>92</u>	<u>38</u>

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

The above remuneration and expenses for the Board members and Executive Directors, who are defined as key management personnel, are paid and accounted for by Waterloo Housing Group. These form part of the costs that are recharged at the end of the year. Executive remuneration is disclosed in the Group Financial Statements.

### 11. Tax on Surplus on Ordinary Activities

	2017 £ '000	2016 £ '000
<b>Current tax</b>		
UK Corporation Tax charge for the year	-	-
Under/(over) provision in previous years	-	-
Total current tax	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	-	-
Tax on surplus on ordinary activities	-	-
	<b>2017 £ '000</b>	<b>2016 £ '000</b>
Current tax reconciliation		
Surplus on ordinary activities before tax	1,227	207
Surplus/ (deficit) on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2016: 20%)	245	41
Effects of:		
- Expenses not deductible for tax purposes	318	568
- Pension adjustments	20	53
- Disposals of properties	(20)	51
- Capital allowances in advance of depreciation	4	(7)
- Other short term timing differences	(9)	-
- Capitalised interest	(15)	(18)
- Increase in losses(utilised)/not utilised	(543)	(688)
Actual current tax charge	-	-

A deferred tax asset of £4,450,000 (2016: £5,370,000) has not been recognised in the accounts. The deferred tax asset arises predominately from the availability of losses carried forward £4,596,000 (2016: £5,260,000) and the tax relief that would be available from future pension contribution paid to settle the FRS 17 pension liability £584,000 (2016: £587,850 – 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 £24,190,000 (2016: £26,304,818) 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.

DALES HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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	Computer s & Other Equipm't	Motor Vehicles	Total Other Fixed Assets	Total Tangible Fixed Assets
Cost	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 April 2016	102,802	2,376	2,576	96	107,850	439	222	395	15	1,071	108,921
Prior year adjustment	(2,073)	-	-	-	(2,073)	-	-	-	-	-	(2,073)
As restated	100,729	2,376	2,576	96	105,777	439	222	395	15	1,071	106,848
Additions	414	2,467	109	451	3,441	-	-	-	-	-	3,441
Schemes completed	3,309	(3,309)	1,191	(1,191)	-	-	-	-	-	-	-
Transfer from Stock	195	-	-	106	301	-	-	-	-	-	301
Reclassifications	-	(538)	-	538	-	-	-	-	-	-	-
Disposals	(282)	-	-	-	(282)	-	-	-	-	-	(282)
At 31 March 2017	104,365	996	3,876	-	109,237	439	222	395	15	1,071	110,308
<b>Depreciation and impairment</b>											
At 1 April 2016	22,009	-	100	-	22,109	141	204	375	15	735	22,844
Prior year adjustment	(1,738)	-	-	-	(1,738)	-	-	-	-	-	(1,738)
As restated	20,271	-	100	-	20,371	141	204	375	15	735	21,106
Charged in year	1,939	-	115	-	2,054	43	10	6	-	59	2,113
Released on disposal	(118)	-	-	-	(118)	-	-	-	-	-	(118)
At 31 March 2017	22,092	-	215	-	22,307	184	214	381	15	794	23,101
<b>Depreciated costs</b>											
At 31 March 2017	82,273	996	3,661	-	86,930	255	8	14	-	277	87,207
At 31 March 2016	80,458	2,376	2,476	96	85,406	298	18	20	-	336	85,742

Total component replacement expenditure on existing properties capitalised in the year was £0.436 million (2016: £2.408 million). The cost of properties includes £0.216m (2016:0) for direct administrative costs capitalised during the year. The aggregate amount of interest and finance costs included in the cost of housing properties £0.728m.

Net book value of assets held as security £65.7 million

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

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

	2017	2016
	£ '000	£ '000
Housing properties comprise:		
Freehold land and buildings	85,015	83,500
Long leasehold land and buildings	1,937	1,944
Offices - Short leasehold improvements	255	298
	<u>87,207</u>	<u>85,742</u>

**13. Properties and assets in the course of sale and stock**

	2017 £'000	2016 £'000
<b>Properties held for Sale</b>		
Shared Ownership Properties		
Under construction	-	96
Completed	<u>747</u>	<u>1,667</u>
Total properties and assets in the course of sale	<u>747</u>	<u>1,763</u>
<b>Stock</b>		
Van stock	<u>21</u>	<u>34</u>

**14. Debtors**

	2017 £ '000	2016 £ '000
<b>Due within one year</b>		
Rent and service charges receivable	385	434
Less: Provision for bad and doubtful debts	<u>(226)</u>	<u>(213)</u>
	159	221
Amounts due from group companies	804	414
Other debtors	18	418
Prepayments and accrued income	125	35
Grants Receivable	-	36
	<u>1,106</u>	<u>1,124</u>

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

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

	2017 £ '000	2016 £ '000
Loan principal	1,108	1,049
Loan interest accrual	344	342
Trade creditors	509	1,368
Rent and service charges received in advance	526	509
Other taxation and social security	-	55
Amounts due to group companies	1,235	-
Other creditors	9	33
Accruals and deferred income	905	354
Social housing grant received in advance	65	-
Right to Buy sales creditor	604	303
Deferred Capital Grant (note 20)	136	233
SHPS pension plan (note 9)	31	30
Disposal Proceeds Fund (note 17)	-	99
Loan arrangement fee	-	(9)
	<u>5,472</u>	<u>4,366</u>

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

	2017 £ '000	2016 £ '000
Housing loans (note 19)	100,087	101,196
Loan arrangement fee	(314)	(224)
Disposal proceeds fund (note 17)	-	-
Recycled Capital Grant Fund (note 18)	82	82
Deferred Capital Grant (note 20)	13,335	12,629
SHPS Pension Plan (note 9)	186	207
	<u>113,376</u>	<u>113,890</u>



**DALES HOUSING LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017****17. Disposal Proceeds Fund**

	2017	2016
	£ '000	£ '000
Opening balance	99	149
Additions in the year	99	-
Grant recycled during the year	-	(50)
Transfer to group member	(198)	
Closing balance	<u>-</u>	<u>99</u>

All recycled grant has been utilised on new build properties.

**18. Recycled Capital Grant Fund**

	2017	2016
	£ '000	£ '000
Opening balance	82	24
Property Disposal	-	82
Grant recycled during the year	-	(24)
Closing balance	<u>82</u>	<u>82</u>

All recycled grant has been utilised on new build properties.

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**19. Debt Analysis**

	2017 £ '000	2016 £ '000
<b>Due within one year</b>		
Housing loans	1,108	1,049
	<u>          </u>	<u>          </u>
<b>Due after more than one year</b>		
Housing loans	<u>100,087</u>	<u>101,196</u>
<b>Total loans</b>		
	2017 £ '000	2016 £ '000
Within one year	1,108	1,049
Between one and two years	1,914	1,108
Between two and five years	16,621	8,712
After five years	<u>81,552</u>	<u>91,376</u>
	<u>101,195</u>	<u>102,245</u>
Less loan issue costs	<u>(314)</u>	<u>(224)</u>
<b>Total loan debt</b>	<u>100,881</u>	<u>102,021</u>

Loans are secured by a fixed charge over all freehold properties. The loans are repaid in accordance with an agreed Business Plan.

At 31 March 2017 the Company had undrawn loan facilities of £10 million (2016: £10.0 million).

**20. Deferred Capital Grant**

	2017 £'000	2016 £'000
At start of the year	12,862	12,796
Grant received in the year	743	367
Released to income in the year	(134)	(219)
Transferred to Recycled Grant Fund	-	(82)
At the end of the year	<u>13,471</u>	<u>12,862</u>
	£'000	£'000
Amount due to be released < 1 year	136	233
Amount due to be released > 1 year	<u>13,335</u>	<u>12,629</u>
	<u>13,471</u>	<u>12,862</u>

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 21. Financial Commitments

Capital expenditure commitments were as follows:

	2017 £ '000	2016 £ '000
Capital expenditure that has been contracted for but not been provided for in the financial statements	1,874	3,965
Capital expenditure that has been authorised by the Board but has not yet been contracted for	612	19,371
	<u>2,486</u>	<u>23,336</u>
The PRP expects these commitments to be contracted within the next year and financed with:		
Social Housing Grant	92	808
Proceeds from sales of properties	482	1,097
Surpluses and committed loan facilities	1,912	21,431
	<u>2,486</u>	<u>23,336</u>

The above figures include the full cost of shared ownership properties contracted for. There are no performance conditions attached to the above commitments.

### 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:

	2017 £'000	2016 £'000
Land and buildings:		
Within 1 year	71	71
Within 2 to 5 years	212	212
More than 5 years	123	194
	<u>406</u>	<u>477</u>
Office equipment and computers:		
Within 1 year	2	3
Within 2 to 5 years	-	3
More than 5 years	-	-
	<u>2</u>	<u>6</u>
Motor Vehicles:		
Within 1 year	53	127
Within 2 to 5 years	60	19
More than 5 years	-	-
	<u>113</u>	<u>146</u>

### 22. Contingent Liabilities

There are no contingent liabilities at 31 March 2017.

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 23. Financial Assistance and Other Government Grant Receivable

Social Housing and other grants	2017 £ '000	2016 £ '000
The total accumulated government grant and financial assistance received or receivable at 31 March	<u>14,866</u>	<u>14,123</u>
Held as deferred capital grants	13,471	12,862
Recognised as income in the Statement of Comprehensive Income	<u>1,395</u>	<u>1,261</u>
	<u>14,866</u>	<u>14,123</u>

### 24. Related Parties

The Company's ultimate parent undertaking and controlling party is Waterloo Housing Group at 1700 Solihull Parkway, Birmingham Business Park, Solihull, B37 7YD. 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.

During the year there were two members of Group company Boards who were also tenants. 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 £4,952 (2016: £5,013). There are no arrears on the tenancy at the reporting year end (2016: £nil). The tenant resigned from the Board during the year.

### 25. Financial Instruments

The Company's financial instruments may be analysed as follows:	2017 £'000	2016 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Cash at bank and in hand	6,008	4,509
Rental debtors	159	221
Amounts due from Group companies	804	414
Other debtors and accrued income	18	418
Grants receivable	-	36
Financial liabilities at amortised cost:		
Loans	100,881	102,021
Rents paid in advance	526	509
Trade creditors	509	1,368
Amounts due to group companies	1,235	-
SHG received in advance	65	-
Other creditors and accruals	1,893	1,108
Recycled capital grant fund	82	82
Disposal proceeds fund	-	99
Deferred capital grant fund	13,471	12,862

# DALES HOUSING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 26. Cashflow – Net cash generated from operating activities

	Year ended 31 Mar 2017 £'000	Year ended 31 Mar 2016 £'000
Surplus for the year	1,162	207
<b>Adjustments for non-cash items:</b>		
Depreciation of tangible fixed assets	2,112	2,875
Amortisation of intangible fixed assets (grant)	705	-
Movement of properties and other assets in the course of sale	1,029	-
Decrease/(increase) in stock	-	(650)
Decrease/(increase) in trade and other debtors	(19)	755
(Decrease)/increase in trade and other creditors	1,077	643
Carrying amount of tangible fixed asset disposals	-	(521)
<b>Adjustments for investing or financing activities</b>		
Proceeds from the sale of tangible assets	(130)	257
Interest payable	4,361	4,385
Interest receivable	(11)	(29)
<b>Net cash generated from operating activities</b>	<b>10,286</b>	<b>7,922</b>

### 27. Prior Year Adjustment

	Reserves as at 1 April 15 £'000	Surplus year ended 31 Mar 16 £'000	Reserves as at 31 Mar 16 £'000
Reserves as previously stated	(29,379)	1,721	(27,658)
<b>Adjustments</b>			
Write out of minor electrical assets from fixed assets	(1,973)	(100)	(2,073)
Write out of depreciation for minor electrical assets	<u>1,659</u>	<u>79</u>	<u>1,738</u>
	(314)	(21)	(335)
<b>As restated</b>	<b><u>(29,693)</u></b>	<b><u>1,700</u></b>	<b><u>(27,993)</u></b>

**DALES HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

**27. Prior Year Adjustment (continued)**

	Fixed assets as at 1 April 15 £'000	Year ended 31 Mar 16 £'000	Fixed assets as at 31 Mar 16 £'000
Housing properties	80,503	5,574	86,077
Adjustments			
Write out of minor electrical assets from fixed assets	(1,973)	(100)	(2,073)
Write out of depreciation for minor electrical assets	<u>1,659</u>	<u>79</u>	<u>1,738</u>
	(314)	(21)	(335)
As restated	<u>80,189</u>	<u>5,553</u>	<u>85,742</u>

On 1 April 2016 Dales Housing Limited, joined Waterloo Housing Group by becoming a subsidiary of the parent Registered Provider, Waterloo Housing Group Limited, a Co-Operative and Community Benefit Society and exempt Charity.

The accounting policies of Waterloo Housing Group were adopted on 1 April 2017 which resulted in minor electrical works no longer being considered a major component for capitalisation and depreciation. Existing capitalised minor electrical works and any previously charged depreciation have now been released into Operating Surplus. The effect on prior years' Surplus and Housing Property Fixed Assets is detailed above.