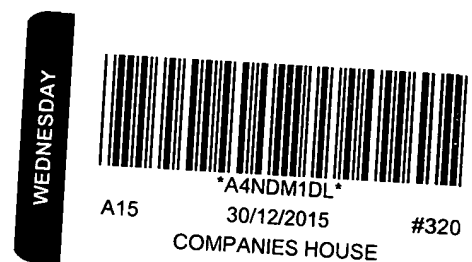


Hounslow Homes Limited

(Changed name to Lampton 78 Limited
effective from 2nd April 2015)

**Directors Report, Strategic Report and
Financial Statements**
Company Limited by Guarantee
Registered number 4375061
for the year ended 31st March 2015



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Registered Office:

Pavillion AF
Civic Centre
Lampton Road
Hounslow, TW3 4DN

Bankers:

National Westminster Bank plc
275 – 277 High Street
Hounslow
TW3 1ZA

Solicitors:

Trowers and Hamlins
Sceptre Court
40 Tower Hill
London
EC3N 4DX

Auditors:

KPMG LLP
12th Floor
15 Canada Square
London
E14 5GL

Board of Directors:

Stephen Curran – Appointed as Chair on 1 May 2015

Amrit Singh Mann - Appointed on 1 May 2015

Brendon Walsh - Appointed on 1 May 2015

Mary Harpley - Appointed on 1 May 2015

Malcolm Holdsworth - Appointed as Chair on 23/10/2014 - Resigned 30 April 2015)

David Borrell – Appointed 23/10/2014 – Resigned 30 April 2015

Ian Robinson – Appointed 23/10/2014 – Resigned 30 April 2015

Terence Geater – Appointed 23/10/2014 – Resigned 27/11/2014

Eric Sharpe - Appointed 01/12/2014 – Resigned 30 April 2015

Boe Williams - Appointed as Chair on 08/10/2013 – Resigned 23/10/2014

Cllr John Chatt - Resigned 14/04/2014

Cllr Ajmer Singh Dhillon - Resigned 14/04/2014

Cllr Gerald McGregor - Resigned 14/04/2014

Cllr Melvin Collins - Resigned 14/04/2014

Jennie Figaro - Resigned 14/04/2014

Thomasina Howe - Resigned 14/04/2014

Yaganesh Patel - Resigned 14/04/2014

Ernest Cooper - Resigned 23/10/2014

Diana Holden - Resigned 23/10/2014

Jane Hunter - Appointed 08/10/2013 – Resigned 23/10/14

Finian Manson - Appointed 01/11/2013 – Resigned 14/04/2014

Peter George Myles Mulloy - Appointed 06/01/2014 – Resigned 23/10/2014

Puneet Rajput - Appointed 10/02/2014 – Resigned 23/10/2014

Carolyn Courage - Appointed 06/05/2014 – Resigned 23/10/2014

Hounslow Homes Limited Senior Management Team

David Allum	Interim Managing Director - Appointed 01/11/2013 – Resigned 31/07/2014 – and Director of Tenancy Services – Resigned 6/2/2015
Steve Everson	Interim Director of Resources - Appointed 10/06/2013 – Resigned 26/06/2014
Shendi Keshet	Interim Director of Resources - Appointed 23/06/2014 – Resigned 11/09/2014
Tara Agarwal	Director of Property and Operations - Appointed 01/10/2013 - Resigned 15/09/2014
Orla Gallagher	Interim Managing Director - Appointed 31/07/2014
Mark Johnson	Interim Director of Property and Operations - Appointed 15/09/2014 – Resigned 2/4/2015

Secretary

Trowers & Hamlins
Sceptre Court
40 Tower Hill
London EC3N 4DX

Strategic Report

During the year, operational activities downsized significantly. The majority of tenant and housing services managed by Hounslow Homes Limited (**HHL**) were transferred to direct management by the London Borough of Hounslow (**LBH**) by the 1 January 2015, with HHL retaining responsibility for tenant and housing services for the 79 properties it owns outside of the HRA.

Management of the transition through to this position proved challenging as the objectives for the company changed significantly throughout the year. At the beginning of the year **the intention was for HHL to be wound up**, with the transfer of all its staff, assets and liabilities into LBH. In line with this, HHL Board members all stood down on the 23/10/2014 to be replaced by an **Interim HHL Integration Board** tasked with implementing this. This Board acted through an LBH Agent with specific corporate, administrative and decision making responsibilities for Hounslow Homes Ltd, by way of a power of attorney, as provided for in the Articles of Association.

The **Interim HHL Integration Board** were responsible for overseeing interim governance and management arrangements designed to ensure the smooth transfer of all staff, services and assets into LBH, without impacting significantly on day to day operational service delivery and continuity to tenants. This would be a precursor to LBH's overall plan to redesign and restructure the way housing services are delivered across the whole of the LBH, as part of a broader Transformation programme.

The Council additionally:

- established an Interim Hounslow Housing Integration Board - **IHHIB** - **within the Council**, charged with overseeing and directing the transfer of the housing management services to the Council. This Integration Board comprised the Lead Member for Housing, the Chief Executive, the Director REDe, and the Interim Chair of the Hounslow Homes Board; and
- tasked the appointed 'LBH Agent' with working across Hounslow Homes and the Council in leading the transfer process, reporting to the **IHHIB**.

The **IHHIB** also put in place additional reviews encompassing a wide range of areas including:

- looking at different delivery models for housing services;
- efficiencies;
- value for money;
- staffing, service and asset absorption models;

As a consequence, it was felt that it would be a better option **to no longer wind up HHL and also to retain the Almo structure**. The 79 Non HRA properties owned by HHL would therefore remain within the Company, plus responsibility for all the tenancy and housing management services associated with these.

It was also felt that in addition to HHL retaining assets and operational activities in its own right, it needed to create its own distinct, new, separate identity going forward from the old organisation. The best way to achieve this would be through a name change.

It was agreed that from the 2nd April 2015 Hounslow Homes Ltd would be known as Lampton 78 Ltd.

The **IHHIB** appointed an interim managing director and interim director of property services, **and agreed early improvement actions prior to the full transfer of staff and housing and tenancy management operations.**

Within these, priority areas initially focussed on included:

a) The Council to lead actions, working with Hounslow Homes staff to:

- improve financial management and better control expenditure - LBH are taking a robust approach to managing expenditure within Hounslow Homes, making sure HH achieve better value for money at every opportunity;
- actively review all Hounslow Homes procurement decisions and aligning high expenditure areas, including fleet management;
- complete the Voids Improvement Project, which will put in place new arrangements for improving and maintaining voids management;
- update stock condition information to support the planning of major works and reviews of our HRA 30-year business plans; and
- review ICT systems and needs to support service improvement and integration.

b) The Council to support Hounslow Homes officers and:

- improve the responsive repairs service aiming to reduce the waiting times for tenants. This also means improving how officers diagnose repairs, and ensuring repairs are done right, first time, every time;
- improve overall responsiveness to tenants concerns and complaints, including prioritising responses to tenants' concerns over damp and condensation in their homes;
- renew focus on controlling and bringing down the escalating rent arrears, including by actively targeting high arrear cases;
- better manage the high sickness levels within Hounslow Homes, which are having a direct impact on productivity and service delivery – this includes reviewing all absence cases and ensuring there is no abuse of the sickness policy; and
- review training and development for Hounslow Homes staff to better align them, focussing on health & safety, sickness and performance management.

In addition the **IHHIB** have been actively improving the communication systems within Hounslow Homes prior to transfer, engaging and involving staff in both the improvement and integration processes, and in developing monitoring and performance management systems for key service outputs.

Additional priorities independent of these for 2014/15 were to deliver:

- Management of the impact of welfare reforms and provision of support to tenants with the transition.
- Continuation of the tenancy fraud project.
- Implementation of improved estate services across the borough.
- Maintenance of the new build programme and support for the implementation of the LBH Housing Revenue Account (HRA) business plan.
- Development of the Green Deal across the HRA estate.

Financial Review

The Company has continued to operate effectively within the terms of the management agreement with the Council. To this end we have endeavoured to break even on services provided to the Council, with any trading profit accruing from other activities.

During the year, the staff teams, HRA assets and liabilities, and pension assets and liabilities transferred to LBH.

The £35,768, 375 (2014:£296,337) profit on ordinary activities before tax shown in the profit and loss account is largely as a result of adjusting for the effects of Financial Reporting Standard 17, which was adopted for the first time in 2004. This includes an exceptional gain of £35,695,000 as a result of transferring all of the pension deficit as at the 31.12.2014 to LBH. If these adjustments had not been made this would have resulted in a profit before tax of £229,375 (2014:£367,337).

HHL owns completed new build housing stock of 79 units. No capital spend has been incurred in year on these or assets under construction. In addition HHL has not received any Capital grants from the London Borough of Hounslow or the Homes and Communities Agency.

Depreciation of £15,204 (2014: £15,204) was charged against completed Housing Assets in 2015.

Financial Reporting Standards

Along with many organisations Hounslow Homes has implemented the accounting changes required as a result of Financial Reporting Standard 17, relating to the employers liability in respect of the final salary pension scheme.

This is a statutory scheme and all employees have a right to join. The scheme is administered by the Council, which is obliged to follow the rules of the Local Government Pension Scheme so that pensioners' benefits are properly paid.

As at the 31st December 2014, membership of the scheme transferred from HHL to the LBH **on an ongoing cessation basis**. This means that LBH as an Employer within the LGPS is willing to underwrite the liabilities attributable to the deferred and pensioner members of Hounslow Homes, subject to a payment by Hounslow Homes of the estimated deficit in the scheme at this point of £208k. However the requirement of FRS 17 is to show the deficit on the pension scheme as a liability on the balance sheet. As at 31st December 2014, the pension liability was £35,695,000. This liability was transferred to LBH before the year-end, resulting in an exceptional gain in year of the equivalent amount.

As at March 2015, the pension liability is £0 (2014:£33,050,000) with a corresponding net balance on the pension reserve of £0 (2014:£33,050,000).

At the balance sheet date, HHL has no pension fund obligations as the balance has been transferred to LBH at 31 December 2014 and LBH has continuing responsibility for employer's payments to the pension fund and addressing any future potential pension fund deficits.

Operational and Performance Review

The current Management Agreement with the Council was to run to the 31st March 2017, with an optional extension for a further two years. This was not exercised as the Council transferred back all staffing and responsibility for HRA operations during the year.

The focus this year has been on managing transition and integration arrangements linked to transferring the HRA related tenancy and housing management functions back into the Council and stabilising service delivery.

In line with this, former Hounslow Homes based delivery models have been either adopted, re-configured or dropped within LBH, with the focus on ensuring front-line services are not impacted and seamlessly incorporated.

The financial impact of the transfer is captured within LBH as the current HH Management agreement dictates that HH should break-even on HRA Housing related activities. Any surplus or deficit associated with this in HH is therefore either repaid to LBH, or paid by LBH as additional management Fee.

In addition all External Trading operations of HHL except for those associated with the 79 Non HRA properties owned by HHL, are now administered by LBH.

The transfer of operations and staff was carried out in phases, with support services, namely the Customer Services Centre, Tenant Participation, Equalities Policy and Business Development, and the Management of Community Centres transferred to the Council on 1st June 2014. The Neighbourhood Wardens

Service and Finance transferred on the 1st November 2014, with the transfer of the remainder of the core organisation on the 31.12.2014.

A residual component of predominantly contracted resource remains within the organisation. They are responsible for completing the financial statements and managing any "core activity" residual run-off operations that remain in HHL. The expectation is that after the financial statements have been completed, none of these should exist, with the only activities remaining in HHL being those associated with the 79 non HRA owned properties.

Key risks

A strategic risk register has been maintained **in line with the old operating structure**, to identify and manage key organisation risks. **A significant number of these risks however, now reside within LBH as services and operations have transferred.**

Similarly, operational risk registers are now also maintained within LBH.

The Risk Management Strategy **for the new organisation going forward** is in the process of being developed, given the scale of operations has diminished significantly. A strategic and operational risk register is being developed, to match this and will be reviewed by the **HHL** Board. Its content will be shaped by the current operational activities of Hounslow Homes, coupled with potential opportunities for new business development.

We have a comprehensive internal control framework in place to mitigate all risks. This is set out in the Statement of Internal Control. The following risks have the highest residual risk rating:

1. Making sure the funding arrangements in place going forward are sufficient to meet the tenancy and housing management requirements of the 79 non HRA residual properties remaining in HHL
2. Formalising a new management agreement with LBH whereby HHL pay a management fee to LBH for providing tenancy and housing management services.
3. Evidencing value for money from the new management agreement.
4. Risk to HHL that the transitional management of insurance cover does not fully capture any closing run-off claims.

All of these risks are being actively managed by both the Hounslow Homes Ltd and the Interim Hounslow Housing Integration Boards.



Councillor Stephen Curran
Chair

Directors Report

Principal activities

At the 1st of April 2014 the Company's principal activity was responsibility for the continuing management and maintenance of the housing stock of 13,269 dwellings owned by the London Borough of Hounslow and the management of the investment programme for the modernisation of this housing stock. This applied up to the 31st December 2014, after which responsibilities changed to management and maintenance for 79 wholly owned new build non HRA properties and the asset management strategy associated with these.

History

The Company was incorporated on 15th February 2002 and was dormant for the period from this date until 31st March 2002.

These accounts are for the 13th year of operations for Hounslow Homes Limited

The Company commenced trading on 1st April 2002. Under a management agreement with London Borough of Hounslow, Hounslow Homes Limited receives a sum of money to carry out the business of managing and maintaining the housing stock on behalf of the London Borough of Hounslow. This is included in the Company's profit and loss account as income under the heading 'Turnover'. The amount of the management fee for 2015 was £26,395,940 (2014: £36,496,258). In addition, the management agreement allows Hounslow Homes to employ building contractors to undertake the capital programme: £25,974,286 (2014: £23,582,841) of such expenditure is also included in the 'Turnover' figure.

The total turnover for the year of £53,213,590 (2014: £62,009,460) also includes income from other sources of £710,893 (2014: £1,723,484).

Capital projects typically run over more than one financial year and contractual commitments normally exist at the year-end. As part of the process of transferring operations to the London Borough of Hounslow, contractual responsibilities transferred as well. As such, **no financially significant** contractual capital commitments for work to be undertaken in HHL exist as at the 31 March 2015 (2014: £40,341,624).

Hounslow Homes buys almost all of its essential back-office services from the London Borough of Hounslow. These include legal services, provision of IT services, financial services, internal audit and strategic personnel services. There are Service Level Agreements in place, which give details of the services provided, and the cost of these services.

Strategic Objectives

Looking back at 2015 Hounslow Homes Limited main strategic objective was to efficiently and effectively manage the transition and integration of its former tenancy and housing management operations into the LBH.

This objective was achieved seamlessly without any significant service delivery disruptions.

Employees

All permanent staff teams were TUPE transferred in year by the 31st December 2014 to the London Borough of Hounslow.

A small residual team of consultancy and agency staff were put in place to deal with the remaining run-off activities of Hounslow Homes Ltd linked to the transfer of core operations. The focus for this team was completion of the financial statements for 2014-15.

Proposed dividend

The Company has been set up not to distribute profits, the directors therefore do not recommend the payment of a dividend, or distribution of any surplus.

Directors and directors' interests

The directors who held office during the year are detailed on page 2. The London Borough of Hounslow is the sole Member of the Company. A register of Directors' interests is maintained at the Civic Centre, Hounslow.

Disclosure of information to auditors

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Political and charitable contributions

The Company made no contributions to political or charitable organisations (2014: £Nil).

Auditors

In accordance with section 487 of the Companies Act 2006 a resolution for the re-appointment of KPMG LLP as auditor to the Company is to be proposed at the forthcoming annual general meeting.

By order of the board and signed on its behalf



Councillor Stephen Curran
Chair of the Board

Hounslow Homes Limited
Pink Zone
Civic Centre
Lampton Road
Hounslow, TW3 4DN

Statement of Internal Control 2015

The Board of Directors acknowledges its ultimate responsibility for ensuring that the Company has in place a system of controls that is appropriate to the various business environments in which it operates. The system of internal controls includes financial controls but also includes a comprehensive performance management framework to ensure the highest standard of service delivery. The system of internal control was established with reference to the Company strategic risk register. The register identifies priority risks using a recognised risk management framework. In summary, the system of internal controls is designed to give reasonable assurance with respect to:

- The reliability of financial and other non-financial performance information used within the Company or for publication;
- The actions taken by the Company to ensure its objectives are met and stated standards of performance are achieved;
- The maintenance of proper accounting records; and
- The safeguarding of assets against unauthorised use or disposal.

The systems of internal control established by the Board of Directors can only provide reasonable and not absolute assurance against material financial misstatement or loss.

The system of internal control includes the following key elements:

- A risk management framework is in place in which strategic risks are reviewed by the Board, Managing Director and Senior Management Team. Operational risks are managed through Directorate Management Teams and subject to regular review.
- Formal policies and procedures which are in place for both financial and operational activities. This includes the Standing Orders, Financial Regulations and Procurement Rules which have all been formally approved by the Board. The Standing Orders incorporate clear rules relating to the delegation of authorities. These are supplemented by detailed financial and operational procedures. This allows the monitoring of controls and protects against unauthorised use of the Company's assets, as well as aiding effective service delivery.
- The availability of experienced and suitably qualified staff to take responsibility for important business functions. A professionally qualified accountant was in the post of Director of Resources up to September 2014 and oversaw the financial health of the Company. From October onwards, this responsibility was then delegated to the Councils Chief Financial Officer with day to day responsibility falling to the LBH Head of Finance. Annual appraisal reviews and training needs analyses have been established to maintain standards of performance. Sound recruitment and selection procedures ensure only suitable people are employed. An Organisational Development Plan is in place to ensure managers continually develop and update their skills.

- Regular forecasts and budgets are prepared allowing the Board of Directors and senior management team to monitor the key financial risks and objectives and progress towards financial plans for the year and the medium term. Regular management accounts are prepared promptly, providing relevant financial information. These management accounts are considered by Senior Management on a monthly basis and include the investigation of significant variances and any necessary management action to ensure programmes are delivered to budget.
- There is a system for reviewing and developing the Annual Service Plan and all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Board of Directors and senior managers.
- There is an internal audit programme in place based on assessment of risks. This programme is agreed with a sub-committee of the Board of Directors and with senior managers. All internal audit reports are made to the Managing Director and Director of Resources as well as the relevant service manager.
- Normally during the year the Head of Internal Audit reports to the Finance, Audit and Personnel Committee on progress on the delivery of the annual Audit Plan for the year. In addition, the Board meets also with the Head of Internal Audit to receive his report on the adequacy of the company's internal controls. Whilst a number of Internal Audits were issued to the Board as part of the delivery of the internal audit plan, no reports were presented to the Finance, Audit and Personnel Committee. Reports on the progress of delivery of Hounslow Homes' specific audits were presented to and discussed by the main London Borough of Hounslow main Audit Committee.
- The Board of Directors receives the annual external auditors report. In line with best practice the Board is offered the opportunity to meet with the external auditors without officers present to ensure they are able to raise any concerns. The external auditor has direct access to the Board of Directors to allow them to raise concerns directly rather than through officers of the company. To date neither of these channels of communication have been utilised nonetheless it is best practice to keep such channels available.
- Ensuring that Housing Management procedures are compliant with ISO9001 2008. A programme of internal reviews is undertaken by the Performance Management Team to test compliance with these operational procedures. Any actions necessary as a result of these reviews will be incorporated into the service plan. The BSI undertake external accreditation of the ISO procedures, their most recent review in November 2011 found that the scope of activities continued to meet registration requirements.
- An established Health and Safety policy is in place and regularly reviewed, to meet all legislative requirements and comply with best practice.
- The service plan has been monitored by the Quality and Performance sub-committee of the Board and periodically at full Board also. A Performance and Scrutiny Committee is charged with this function, replacing the old committee, from 1 June 2014.

- A full range of insurance which has been put in place to safeguard assets. This includes Fidelity Guarantee.

During the year senior management has received regular reports from internal audit covering the effectiveness of internal controls, both operational and financial. In addition a series of reviews have been carried out by officers of the Company. These reviews are risk based and identify and evaluate the financial and operational controls in place. Individual reviews have been signed off by individual operational managers and each Director has signed off an overall review of their Directorate. On behalf of the Board, senior management has therefore reviewed the effectiveness of the systems of internal control in existence for the year ended 31 March 2015.

It should be noted that previous reviews of internal control have identified areas for improvement in internal control that were being actioned by management, and monitored by senior management and the Board of Directors.

These were:

- The establishment of a zero-based budget and improvements to budget monitoring
- Ensuring that there is adequate financial expertise available to provide sufficient support for the Company and in particular Property Services

While the Board of Directors considers there to have been appropriate financial control in year consideration must continue to be given to the above two points looking forwards. The Board of Directors is also required to indicate where the financial statements are prepared other than on the basis that the Company is a going concern.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

Under company law the directors 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 profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HOUNSLOW HOMES LIMITED

We have audited the financial statements of Hounslow Homes Limited for the year ended 31st March 2015 set out on pages 17 to 38. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors 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 Auditing Practices Board'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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

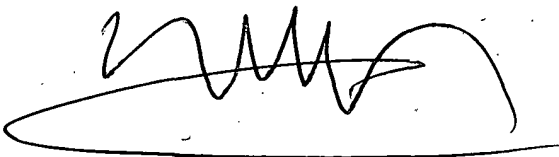
Opinion on other matter prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

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



Harry Mears (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

18 December 2015

**Profit and Loss Account
for the year ended 31st March 2015**

		Year ended 31 March 2015	Year ended 31 March 2014
	Note	£000	£000
Turnover	2	53,213	62,009
Cost of sales		(49,181)	(56,318)
Gross profit		<u>4,032</u>	<u>5,691</u>
Administrative expenses (including exceptional cost of £7,392 (2014: £342,342))		(3,747)	(4,649)
Operating profit/(loss)		<u>285</u>	<u>1,042</u>
Interest received		26	30
Other finance costs	6	35,457	(776)
Profit/(loss) on ordinary activities before taxation		<u>35,768</u>	<u>296</u>
Tax on profit on ordinary activities	7	(30)	(30)
Profit/(loss) on ordinary activities after taxation and retained profit for the financial year		<u><u>35,738</u></u>	<u><u>266</u></u>

As set out in the strategic report, the vast majority of operations were transferred back to the London Borough of Hounslow by the 31 December 2014 to continue from within the council. From this date onwards, Hounslow Homes Ltd core activities will revolve around carrying out housing management activities associated with the 79 properties it currently owns.

As the residual activities are immaterial the above profit and loss account has not been separately split into continuing and discontinuing operations.

Balance sheet
At 31st March 2015

	Note	2015	2014
		£000	£000
Fixed assets			
Housing Properties at Cost	8	11,021	11,021
Housing Grant	8	(10,463)	(10,463)
Depreciation and Impairment	8	(51)	(36)
Net Book Value of Housing Properties	8	<u>507</u>	<u>522</u>
Current assets			
Stocks	9	0	40
Debtors	10	2,320	7,760
Cash at bank and in hand		<u>3,985</u>	<u>6,550</u>
		6,305	14,350
Creditors: amounts falling due within one year	11	<u>4,509</u>	<u>12,543</u>
Net current assets		<u>1,796</u>	<u>1,807</u>
Total assets less net current liabilities		<u>2,303</u>	<u>2,329</u>
Creditors: amounts falling due after more than one year			
Setup loan from London Borough of Hounslow		(250)	(250)
Provisions for liabilities and charges	12	(922)	(1,147)
Pension liabilities			
Pension liability	16	<u>0</u>	<u>(33,050)</u>
Net assets/(liabilities) including pension liabilities		<u>1,131</u>	<u>(32,118)</u>
Capital and reserves			
Profit and loss account	15	1,131	932
Pension reserve	15	<u>0</u>	<u>(33,050)</u>
Members' surplus/(deficit)		<u>1,131</u>	<u>(32,118)</u>

These financial statements were approved by the board of directors on the 15th December 2015 and were signed on its behalf by:

Councillor Stephen Curran
Chair of the Board
Registered Company Number 4375061

Date *15th Dec 2015*



**Cash flow statement
for the year ended 31st March 2015**

		Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
	Note		
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit/(loss)		286	1,042
Depreciation		15	15
Decrease in stock		40	-
Decrease in debtors		5,440	3,391
(Decrease)/Increase in creditors		(8,034)	(4,937)
Increase in provisions		(225)	221
Pension current service cost	16	2,724	3,585
Pension contributions	16	(1,792)	(3,035)
Pension settlements/curtailments	16	(1,014)	(1,255)
Net cash (outflow)/inflow from operating activities		<u>(2,560)</u>	<u>(973)</u>

Cash flow statement

Net cash (outflow)/inflow from operating activities	(2,560)	(973)
Returns on investments and servicing of finance	25	30
Taxation – Corporation tax paid	(30)	(30)
Capital expenditure and financial investments		
Grant income on acquiring fixed assets		
(Decrease)/Increase in cash in the year	<u>(2,565)</u>	<u>(973)</u>

Reconciliation of net cash flow to movement in net funds

	Note	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
(Decrease)/Increase in cash in the year	17	(2,565)	(973)
Movement in net funds	17	(2,565)	(973)
Opening funds	17	6,300	7,273
Closing funds	17	3,735	6,300

Statement of total recognised gains and losses for the year ended 31 March 2015

		Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Profit/(Loss) for the financial year		35,738	266
Actuarial (loss)/gain recognised in the pension scheme	16	(2,489)	(1,683)
Total recognised gains/(losses) since the last annual accounts		33,249	(1,417)

**Reconciliation of movements in members' funds
for the year ended 31 March 2015**

	Year ended 31 March 2015 £000	Year ended 31 March 2014 £000
Profit/(Loss) for the financial year	35,738	266
Other recognised (losses)/gains relating to the year	(2,489)	(1,683)
	<hr/>	<hr/>
Net reduction in/(addition to) members' funds	33,249	(1,417)
Opening members' deficit	(32,118)	(30,701)
	<hr/>	<hr/>
Closing members' deficit	1,131	(32,118)
	<hr/> <hr/>	<hr/> <hr/>

Notes

(forming part of the financial statements)

1. Accounting Policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

Basis of Preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

During the year, the staff teams and trading activities of Hounslow Homes Limited associated with managing the HRA stock, were transferred back into the London Borough of Hounslow. From the 1/1/2015, Hounslow Homes Ltd's core activities were reduced to housing management services for the 79 properties it owns.

It has not been decided whether these properties are likely to return back to the Council.

The Council have agreed that any liabilities remaining in Hounslow Homes Ltd at the 31.3.2015 associated with HRA activities that cannot be transferred to the Council, will be settled within Hounslow Homes Ltd. The settlement will be at cost as an adjustment in Management fee payment to Hounslow Homes Ltd.

As Hounslow Homes Ltd will have ongoing Non HRA activities, these accounts have been prepared on a going concern basis.

Operational activities were transferred back to the Council as a Going Concern. The remaining fixed assets and non-current liabilities have not been re-classified to current assets and liabilities and there is no impact on the carrying value of the assets or liabilities.

Hounslow Homes has implemented the accounting changes required as a result of Financial Reporting Standard 17, relating to the employers' liability in respect of the final salary pension scheme. The Hounslow scheme, like many such schemes, has a deficit. Measures are in place to address this deficit, by increasing employers' contributions in the medium term.

As at the 31st December 2014, membership of the scheme transferred from HHL to the LBH **on an ongoing cessation basis**. This means that LBH as an Employer within the LGPS is willing to underwrite the liabilities attributable to the deferred and pensioner members of Hounslow Homes, subject to a payment by Hounslow Homes of the estimated deficit in the scheme at this point of £208k. However the requirement of FRS 17 is to show the deficit on the pension scheme as a liability on the balance sheet. As at 31 March 2015, the pension liability is £0 (2014:£33,050,000) with a corresponding net balance on the pension reserve of £0 (2014:£33,050,000).

Notes (continued)

At the balance sheet date, HHL has no pension fund obligations as LBH has ongoing responsibility for employer's payments to the pension fund and addressing any future potential pension fund deficits

The board have also reviewed the cash flow forecast and taking account of the ongoing and proposed changes in operations and a letter of support from the London Borough of Hounslow, believe that Hounslow Homes will be able to settle its liabilities as they fall due for payment during this transition period.

The Company is limited by guarantee and does not have any share capital.

Housing properties

Housing properties in the course of construction for LBH are stated at cost and are transferred to housing stock on completion, where they are shown at historic cost less depreciation as at the balance sheet date.

Capitalisation of interest

When it is necessary to enter into prudential borrowing arrangements to complete the financing of new build schemes, interest on an appropriate proportion of total borrowings will be capitalised.

Capitalisation of development costs

Development costs are capitalised where they are directly attributable to bringing the properties into working condition for their intended use. Directly attributable costs are staff costs relating to the construction or development of the property and incremental costs that would have been avoided only if individual properties had not been constructed or acquired.

Depreciation

Freehold land is not depreciated.

Housing under construction is not depreciated.

Completed freehold buildings are depreciated on a straight line basis of the building's components over their remaining expected useful economic lives from the year following the completion/acquisition date. The estimated useful life of the properties is 60 years. Full year depreciation is charged in the year of disposal. Depreciation is charged on historic cost.

Using component costing principles housing properties are divided into components which are depreciated using the following useful economic lives:

Main contract, roofing and drainage	60 years
Kitchens and bathrooms, electrical heating & ventilation	15 years
Internal doors and flooring	15 years
Carpentry and internal finishing's	30 years

Notes (continued)

Depreciation of £15,204 was charged to the Profit & Loss Account for Hounslow Homes completed housing stock; in line with the London Borough of Hounslow's policy, no depreciation is charged in the year of asset recognition, and a full year's depreciation is charged in the year of disposal.

Impairment

Housing properties will be subject to impairment reviews on an annual basis.

Social housing grant and other grants

Where housing developments have been financed wholly or partly by capital grants, the cost has been reduced by the amount of the grant received. Social Housing Grant due from the Homes & Communities Agency or received in advance will be included as a current asset or liability. The only other capital grant receivable will be from the London Borough of Hounslow, paid under Section 25 of the Local Government Act 1988, (Financial Assistance to Third Parties).

Other than Hounslow Homes-owned housing stock, the London Borough of Hounslow owns all buildings, plant, equipment, furniture & IT hardware. When the Company was first incorporated, an agreement stating this was made between the Company and the London Borough of Hounslow. The Company is not required to pay any rent, lease or hire charge for the use of these fixed assets. The London Borough of Hounslow is responsible for the calculation of depreciation on assets, and the replacement of assets when necessary.

True and Fair Override

Capital grant income received as a contribution towards capital cost of fixed assets is deducted from the fixed asset cost in accordance with the Statement of Standard Accounting Practice (SSAP4). This treatment is contrary to the Companies Act 2006 which states fixed assets should be stated at purchase price, or valuation, less any provision for depreciation or diminution in value. The purpose of the capital grants is to subsidise the cost of the social housing and the income from properties is a function of net cost. Accordingly the Board considers it necessary to adopt the treatment set out in SSAP4 in order to give a true and fair view of the financial position of the company.

Post-retirement Benefits

The Company participates in the Local Government Pension Scheme (LGPS). The scheme is a defined benefit pension scheme based on final pensionable salary. The assets of the scheme are held separately from those of the Company in an independently administered fund.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges,

Notes (continued)

finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

The pension reserve represents the impact of actuarial gains and/or losses, less tax, which have been accounted for in the statement of total recognised gains and losses.

Stocks

All stock in Hounslow Homes Ltd was transferred to the London Borough of Hounslow at cost on the 31.12.2014. Historically, stocks (also known as inventories) are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the weighted average purchase price is used.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Except where otherwise required, full provision is made, without discounting, for all timing differences which have arisen but not reversed at the balance sheet date except as required.

Turnover

Turnover represents the amounts derived from the provision of services to third parties and is stated net of value added tax.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Provisions

A provision has been made for unsettled public liability claims of the Company. These claims are likely to be paid in the coming 2015 financial year.

Notes (continued)

2. Analysis of Turnover

	2015	2014
	£000	£000
By activity		
Housing services	26,317	24,132
Repairs and technical services	26,185	36,153
Taxable Income from External Work	711	1,723
	<hr/>	<hr/>
	53,213	62,009
	<hr/> <hr/>	<hr/> <hr/>

3. Profit/(Loss) on ordinary activities before taxation is stated after charging:

	2015	2014
	£000	£000
Depreciation – owned assets	15	15
Auditor's remuneration:		
Audit	30	28
In respect of other services relating to taxation	-	-

Exceptional costs have been incurred during the year, whereby the company has restructured the business following savings requirements specified by the London Borough of Hounslow. The result of this has included redundancy costs of £7,392 (2014: £342,342) which have been classified as exceptional due to their size and nature.

Notes (continued)

4. Remuneration of directors

	2015	2014
	£000	£000
Members of the Board of Directors		
Directors' emoluments – The Chair of the Board is the only Director to receive payment.	5	6
None of the Directors are members of the defined benefit pension scheme.		
Members of the Senior Management Team		
The Senior Management Team, including the Managing Director, received emoluments as follows:		
Aggregate emoluments (wages & salary) payable to the Senior Management Team (Including pension contributions. No benefits in kind were received)	181	562
	=====	=====
Emoluments payable to the highest paid employee (Excluding pension contributions. No benefits in kind were received)	78	105
Compensation for loss of office	0	97
Pension contributions made in respect of highest paid employee	11	16
	=====	=====

Notes (continued)

5. Staff numbers and costs

The average number of persons employed by the Company (including directors and members of the senior management team) during the year, analysed by category, was as follows:

	2015 No.	2014 No.
Housing & Property services	484	527
Support services	12	50
Directors	2	4
	498	581

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	11,331	18,056
Social security costs	956	1,442
Other pension costs	2,556	3,026
	14,843	22,524

6. Other finance costs

	2015 £000	2014 £000
Expected return on pension scheme assets	3,250	3,783
Interest on pension scheme liabilities	(3,488)	(4,559)
Gain on transfer of pension deficit to LBH	35,695	
	35,457	(776)

Notes (continued)

7. Taxation

Analysis of charge in year

	2015	2014
	£000	£000
<i>UK corporation tax</i>		
Current tax on income for the year	30	30
	<hr/>	<hr/>
Tax charge on profit on ordinary activities	30	30
	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current year

The current tax charge for the year is higher than the standard rate of corporation tax for smaller entities in the UK of 20%. The differences are explained below.

	2015	2014
	£000	£000
<i>Current tax reconciliation</i>		
Profit/(loss) on ordinary activities before tax	35,768	296
(Less)/Add FRS17 adjustments	(35,539)	71
	<hr/>	<hr/>
Profit for tax calculation	229	367
	<hr/>	<hr/>
Current tax charge at 20%	46	74
Effects of:		
Depreciation	3	3
Adjustment in respect of non-trading surplus	(19)	(47)
	<hr/>	<hr/>
Total current tax charge (see above)	30	30
	<hr/> <hr/>	<hr/> <hr/>

Given that the profit for the current tax calculation is below the £300,000 threshold, the Small Profits Rate of 20% applies to the year ended 31 March 2015 (and the year ended 31 March 2014).

Notes (continued)

8. Fixed Assets

	Completed Schemes £000	Total £000
Housing assets at cost		
Housing Properties at Cost at 1 st April 2014	11,021	11,021
At 31st March 2015	11,021	11,021
 Social Housing Grant		
At 1st April 2014 and at 31st March 2015	(10,463)	(10,463)
 Depreciation		
Depreciation as at 1 st April 2014	(36)	(36)
Charge for year	(15)	(15)
At 31st March 2015	(51)	(51)
 Net Book Value		
as at 31 st March 2015	507	507
as at 31 st March 2014	522	522

9. Stock

	2015 £000	2014 £000
Raw materials and consumables	0	40

10. Debtors

	2015 £000	2014 £000
Trade debtors	654	63
Amounts owed by group undertakings	1,187	7,344
Prepayments	92	95
Accrued income	-	258
Other taxes and social security	387	-
	2,320	7,760

Notes (continued)

11. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	148	1,525
Amounts owed to group undertakings	4,220	5,156
Accruals and deferred income	111	5,025
Corporation tax	30	30
Other taxes and social security	-	807
	<u>4,509</u>	<u>12,543</u>

12. Provisions for liabilities and charges

	2015	2014
	£000	£000
At beginning of year	1,147	926
Utilised during year	(225)	(139)
Increase to existing provision	-	360
At end of year	<u>922</u>	<u>1,147</u>

13. Tax Contingent Liability

HM Revenue and Customs accepts that "The arrangements between an ALMO and its Council member lack the necessary element of commerciality to amount to trading." Therefore Hounslow Homes Limited's activities with London Borough of Hounslow within the management agreement do not amount to a trade for corporation tax purposes. Any profit arising and similarly any losses, are outside the scope of corporation tax.

14. Called Up Share Capital

The Company is limited by guarantee and does not have any called-up share capital.

Notes (continued)

15. Reserves

	Profit and loss account £000	Pension Reserve £000	Total capital and reserves £000
At beginning of year	932	(33,050)	(32,118)
Retained profit/(loss) for the year	199	(156)	43
Actuarial loss recognised in the pension scheme	-	(2,489)	(2,489)
Gain on transfer of Pension Liability to LBH		35,695	35,695
	<hr/>	<hr/>	<hr/>
At end of year	1,131	0	1,131
	<hr/>	<hr/>	<hr/>
		2015 £000	2014 £000
Profit and loss account excluding pension reserve		1,131	932
Pension reserve			(33,050)
		<hr/>	<hr/>
Profit and loss account including pension reserve		1,131	(32,118)
		<hr/>	<hr/>

16. Pension scheme

The Company was a member of the London Borough of Hounslow Pension Fund, but withdrew from it as at 31 December 2014. A cessation valuation was carried out in accordance with Regulation 64 of the LGPS Regulations 2013, which determined the termination contribution due by the Employer. This was calculated to be £208k held in creditors at the year-end, and was paid in May 2015.

As Hounslow Homes Ltd no longer participate in the Fund and have since paid their cessation debt, they are no longer subject to any pension risks in relation to the fund.

During the year contributions payable by the Company to the scheme amounted to £1,792,000 (2014: £3,035,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes (continued)

The pension scheme provides benefits based on final pensionable pay. The contributions are determined by a qualified actuary.

The most recent valuation was at 31 March 2013, and valuations are triennial.

The London Borough of Hounslow and Hounslow Homes will keep the level of employers' contributions under review to allow the fund to balance in the medium term.

The ongoing employer contribution rate for 2014/15 is 16% of pensionable pay, plus a fixed amount of £203,500 for deficit recovery. This differs from 2013/14 where 19.4% was collected representing an ongoing rate of 13.1% plus a deficit recovery rate of 6.3%.

Scheme assets

The fair value of the scheme's assets (which are not intended to be realised in the short term and are likely to be subject to significant change before they are realised) and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods (and thus inherently uncertain) were:

	31/12/2014	31/3/2014
	£000	£000
Present value of funded defined obligations	109,500	104,925
Fair value of scheme assets	(73,805)	(71,875)
Deficit	35,695	33,050
Deferred tax (asset)/liability relating to pension liability	-	-
Net liability in balance sheet	<u>35,695</u>	<u>33,050</u>

The liability of £35,695 was transferred to LBH before the year-end, resulting in an exceptional gain of the same value.

The major assumptions used in this valuation were:

Actuarial assumptions at the highlighted dates (expressed as weighted averages)

	9 months to 31 Dec 2014	Year to 31 Mar 2014
Rate of increase in salaries	4.40%	4.70%
Rate of increase in pensions in payment	2.60%	2.90%
Discount rate	4.50%	4.50%
Rate of inflation (RPI)	3.40%	3.70%
Rate of inflation (CPI)	2.60%	2.90%

Notes (continued)

Movement in present value of defined benefit obligation

	9 months to 31 Dec 2014 £000	Year to 31 Mar 2014 £000
Opening defined benefit obligation at beginning of year	104,925	102,229
Movement in year:		
Current service cost	2,724	3,585
Interest cost	3,488	4,559
Actuarial loss	2,638	935
Losses on curtailments	-	250
Liabilities assumed/(extinguished) on settlements	(3,292)	(5,131)
Benefits paid	(1,765)	(2,532)
Contributions by members	782	1,030
Closing defined benefit obligation	<u>109,500</u>	<u>104,925</u>

Reconciliation of opening and closing balances of the fair value of scheme assets	9 months to 31 Dec 2014 £000	Year to 31 Mar 2014 £000
Opening fair value of scheme assets	71,875	70,933
Expected return on Scheme assets	3,250	3,783
Actuarial (loss)/gain	149	(748)
Contributions by employer	1,792	3,035
Contributions by members	782	1,030
Benefits paid	(1,765)	(2,532)
Settlement prices received/(paid)	(2,278)	(3,626)
Fair value of Scheme assets at end of period	<u>73,805</u>	<u>71,875</u>

Analysis of amount charged to profit/(loss) before tax	9 months to 31 Dec 2014 £000	Year to 31 Mar 2014 £000
Current service cost	2,724	3,585
Interest on obligation	3,488	4,559
Expected return on Scheme assets	(3,250)	(3,783)
Losses on settlement or curtailments	(1,014)	(1,255)
Total	<u>1,948</u>	<u>3,106</u>

Notes (continued)

Analysis of amount included in other finance costs	9 months to 31 Dec 2014 £000	Year to 31 Mar 2014 £000
Expected return on pension scheme assets	3,250	3,783
Interest on pension liabilities	(3,488)	(4,559)
	<hr/>	<hr/>
Net Return	(238)	(776)
	<hr/>	<hr/>

Analysis of amounts recognised in the Statement of Total Recognised Gains and Losses	9 months to 31 Dec 2014 £000	Year to 31 Mar 2014 £000
Actual return less expected return on scheme assets	276	(1,032)
Experience gains and losses	7,712	8,919
Changes in assumptions underlying the present value of scheme liabilities	(10,477)	(9,570)
	<hr/>	<hr/>
Actuarial (loss)/gain recognised	(2,489)	(1,683)
Statement of Total Recognised Gains and Losses	<hr/>	<hr/>

The Hounslow Homes pension fund commenced on 1st April 2002. Although the transfers in to the scheme were fully funded in actuarial terms, using the measurement bases required by FRS 17 results in a loss on commencement of the fund. This has been recognised.

	9 months to 31 Dec 2014	Year to 31 Mar 2014
Amount	276	(1,032)
Percentage of scheme assets	-1.44%	-1.44%
Total amount recognised in statement of total recognised gains and losses:	(2,489)	(1,683)
Percentage of scheme assets	0.37%	-2.34%

Notes (continued)

Principal assumptions at the period ends were as follows:

The expected rates of return on the assets in the scheme were:

	9 months to 31 Dec 2014	Year to 31 Mar 2014
Equities (UK)	6.9%	6.9%
Gilts	3.6%	3.6%
Other bonds	4.2%	4.2%
Property	4.6%	4.6%
Cash	0.5%	0.5%

The expected return on assets is based on the long-term future expected investment return for each asset class at the beginning of the period. As the employer is ceasing, no assumptions were made at a current date for future periods.

The assumptions relating to longevity underlying the pension liabilities at the balance sheet date are based on standard actual mortality tables and include an allowance for future improvements on longevity. The assumptions are equivalent to expecting a 65 year old to live for a number of years as follows:

- Current pensioner 65: 22.0 years (male)
26.5 years (female)
- Future retiree upon reaching 65: 24.1 years (male)
28.8 years (female)

Amounts for the current and previous periods were as follows:

Amounts for the current and previous periods	9 months to Dec 2014 £000s	Year to Mar 2014 £000s	Year to Mar 2013 £000s	Year to Mar 2012 £000s	Year to Mar 2011 £000s
Defined Benefit Obligation	(109,500)	(104,925)	(102,229)	(92,340)	(72,717)
Scheme assets	73,805	71,875	70,933	59,462	54,539
Surplus (Deficit)	(35,695)	(33,050)	(31,296)	(32,878)	(18,178)
Experience adjustments on Scheme liabilities	7,839	8,635	-	-	(2,676)
Percentage of liabilities	7.2%	8.2%	-	-	(3.7%)
Experience adjustments on Scheme assets	149	(749)	5,436	(1,596)	(4,032)
Percentage of assets	0.2%	(1.0%)	7.7%	(2.7%)	(7.4%)
Cumulative Actuarial Gains and Losses	(30,729)	(28,240)	(26,557)	(29,503)	(14,833)

Notes (continued)

17. Analysis of net funds

	At beginning of year £000	Cash flow £000	At end of year £000
Cash in hand, at bank	6,550	(2,565)	3,985
Debt due after one year	(250)	-	(250)
Total	<u>6,300</u>	<u>(2,565)</u>	<u>3,735</u>

18. Commitments

Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	2015 £000	2014 £000
Contracted	0	40,342
	<u>0</u>	<u>40,342</u>

19. Related party disclosures

Details as to the status of the Company and composition of the Board of Directors are given in the Directors' Report. The ultimate controlling party is London Borough of Hounslow.

The Company's main source of income is a management fee for the management of London Borough of Hounslow's housing stock and capital programmes: this amounted to £52,370,226 (2014: £60,079,100). At the end of the year, a net balance of £2,738,750 was due to London Borough of Hounslow (2014: £1,937,983 due from London Borough of Hounslow). The company owns housing property fixed assets of £507,134. The London Borough of Hounslow owns all buildings, plant, equipment, furniture & IT hardware. When the Company was first incorporated, an agreement stating this was made between the Company and London Borough of Hounslow. The Company is not required to pay any rent, lease or hire charge for the use of these fixed assets. The London Borough of Hounslow is responsible for the calculation of depreciation on assets, and the replacement of assets when necessary.

It is confirmed and disclosed in accordance with FRS 8 that resident members of the board occupy properties on normal terms.

Notes (continued)

20. Ultimate controlling body

The company is a subsidiary undertaking of the London Borough of Hounslow - a local authority. The largest group in which the results of the company are consolidated is that headed by London Borough of Hounslow. The consolidated accounts of this local authority are available to the public and may be obtained from The Civic Centre.

21. Post balance sheet event

The Company changed its name on the 2nd April 2015 from Hounslow Homes Ltd to Lampton 78 Ltd.