

Society of St James

Report and Financial Statements

Year Ended

31 March 2018

Company Number: 03009700

Charity Number: 1043664

Society of St James

Annual report and financial statements for the year ended 31 March 2018

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Society of St James

Reference and administrative information for the year ended 31 March 2018

Trustees and Directors:	D Scott T Rogerson G Barwick J Lovelock G Ward J Dawes S Butterfill D Craggs P Hilary A Holland G Marshall J Osman	(Chair) (resigned 26 August 2018) (resigned 12 October 2017) (resigned 12 October 2017) (resigned 12 October 2017) (Treasurer, appointed 12 October 2017) (appointed 12 October 2017) (appointed 12 October 2017)
Company Secretary:	T Pickup	
Senior Staff	T Pickup A Powell J Smith M Taylor T Keall	(Chief Executive) (Director of Finance and Central Services) (Operations Director) (Operations Director) (Operations Director)
Registered Office:	125 Albert Road South Southampton SO14 3FR	
Registered Company Number:	03009700	
Regulator of Social Housing Registration Number:	LH4337	
Registered Charity Number:	1043664	
Auditors:	Nexia Smith & Williamson Cumberland House 15 – 17 Cumberland Place Southampton SO15 2BG	
Solicitors:	Blake Morgan New Kings Court Tollgate Chandler's Ford Hampshire SO53 3LG	
Bankers:	NatWest 68 Above Bar Street Southampton SO14 7DS	

Society of St James

Report of the Board of Trustees incorporating a Strategic Report for the year ended 31 March 2018

Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2018, which should be read in conjunction with the information on page 1. All Trustees are directors of the Charitable Company for the purposes of company law.

Structure, Governance and Management

The Society of St James is a company limited by guarantee and is registered with the Regulator of Social Housing (RSH) (number LH4337). The liability of the members is limited to their guarantee. In the event of the Society being wound up during the period of the membership (or within the year following), members undertake to contribute such amounts as may be required, but not exceeding £10.

The Society is governed by the Board of Trustees, which meets every two months. The Board has created three Committees to take specific interest in the areas of Personnel, Audit and Finance, and Operations. These Committees meet regularly in the year. A Development Panel was also convened as required to provide a mechanism for Board supervision of new major projects as they arise. In line with good practice, the Society also convenes a Directors' Remuneration Committee each February to set the Senior Management Team's salaries.

As a Registered Provider (Housing Association) the Society is required to meet the standards set by the RSH, as its key regulator. The Society is able to confirm as required that it is compliant with the Governance and Viability standard.

At its "away day" in November 2017, the Board reviewed its own performance and the performance of the sub committees of the Board. It also reviewed the Governance and Viability standard, and the systems of reporting, internal and external checks, risk management and governance to ensure compliance with the standard. The Board was satisfied that the current committee structure and systems in place provided effective governance arrangements for the Society.

The Society seeks to recruit one or two new Board members each year. The recruitment and induction process includes a tour around some of the Society's projects and an introduction to the Society's work. Potential new Board members also attend a Board Meeting as observers before they formally agree to join the Board. All Board members serve in a voluntary capacity; it is not the policy of the Society to remunerate Board members.

The senior staff report to the Chief Executive and the Chief Executive reports to the Board and the rest of the staff in turn report to the senior staff.

The Society has adopted the National Housing Federation Code of Governance and has recently reviewed its performance against the 2016 edition. The Society is compliant with the Code, with one exception, that the Governing Documents need to be revised to enable the Board to vote for the removal of a Board Member.

The Trustees have given due consideration to Charity Commission guidance on public benefit when reviewing objects and activities.

Objectives and Activities

The Objectives of the Society are:

"The relief of poverty, sickness, hardship and distress in particular but not exclusively of persons who are homeless, unemployed or who have drug, alcohol or other substance addictions by the provision of housing, rehabilitation, care, support, education, training and employment opportunities: in order to improve the individuals' opportunities and quality of life and to contribute to the wider community".

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Objectives and Activities (*continued*)

The Society seeks to achieve this through a range of activities, which can be broken down between the following headings:

- Housing;
- Support;
- Care;
- Substance Misuse Services; and
- Social Enterprise.

Housing

The Society provides a range of housing to homeless people in Southampton, Portsmouth and elsewhere in Hampshire, ranging from hostels, through shared housing to one-bedroom flats and a registered residential care home. The Society also manages accommodation for homeless families in Rushmoor. The Society managed 419 units (bed spaces), including the care home, on 31 March 2018 of which 143 were owned and 276 were either managed or leased.

For its owned property the Society fulfils a full range of property maintenance obligations, from day to day repairs to managing a long term repairs and maintenance programme. As a Registered Provider the Society offers tenancy or licence agreements, collects rents and generally fulfils the role of landlord.

For leased or managed projects, the Society fulfils some of the elements listed above, depending upon the form of agreement with the property owner. These often include maintenance obligations, offering tenancy and licence agreements, and the collection of rent.

The Society has also leased two properties to another Registered Provider in order for it to provide services similar to the Society but for younger people.

Support

The Society seeks to provide support beyond the services normally provided by a landlord to those living in its accommodation. This activity is largely funded through contracts from Local Authorities, under which the Society received £1.496 million (2017 £1.853 million) during the year, enabling the employment of support staff in most residential projects. The support provided enables people previously homeless, with mental health issues, young homeless and with substance misuse problems to maintain their housing and to develop skills to live independently in the community. The Society is also supporting 9 residents in Aldershot in a homelessness hostel with Housing related support being funded by the Local NHS Trust.

Southampton City Council also funds the Handyperson service, supporting owner occupiers to stay in their own homes through property maintenance services.

The provision of Housing Related Support remains a major element of the Society's work, delivering services under contractual arrangements and being subject to a wide range of inspection, regulation and monitoring. In addition, as existing contracts expire, services are put out to competitive tender, so that a range of organisations have the opportunity to competitively bid to provide the service. These contractual arrangements are a crucial factor in forming a picture of the environment in which the Society operates.

Care

The Society manages St James Care, a registered care home. The Society purchased the care home in November 2006 in order to create a specialist care service for people with backgrounds of homelessness, substance misuse and mental health issues. This therefore provides an appropriate environment for older residents who could no longer stay in their existing accommodation because of their increasing care needs.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Objectives and Activities (*continued*)

Substance Misuse Services

The Society provides a number of non-residential services for people with substance misuse issues. These services are provided in Southampton, Portsmouth and Hampshire. Each area has a different structure for substance misuse services and the Society provides a different service in each area.

These services work with over 1500 people at any one time, providing a range of interventions to people with issues with alcohol and drugs. Each project is commissioned through competitive tendering and performance is carefully monitored by the commissioning body, the relevant local authority.

Social Enterprise

The Society manages Jamie's Computers which operates as a Social Enterprise. The aim of Jamie's is to generate income for the Society and to create training and learning opportunities as well as work placements for vulnerable adults in the city of Southampton.

Strategic Report - *Achievements and performance*

The Society's income has increased from £8.4 million to £10.0 million, which was due to additional income from Portsmouth and philanthropic funding, and in spite of reducing levels of income from various other local authority funded activities.

The surplus of the year of £150,343 is a good result and in line with previous performance

The last twelve months have been successful for the Society, with a number of key objectives (as defined in the business plan) being achieved, including:

Tendering results/new projects

- At the end of March 2017, Southampton City Council announced that SSJ had been successful in retaining contracts for homelessness and alcohol accommodation services for a further 3-5 years but that the mental health service would be re-modelled and transferred to another provider. These changes took effect in July 2017. The staff from the Mental Health contract were offered employment by the new provider under the TUPE regulations. The Handyperson Plus service, recently put out to tender again, was also retained by SSJ.
- Portsmouth Winter Beds - SSJ was asked by Portsmouth City Council to provide emergency accommodation over the winter period, and provided accommodation for between 25-44 people from mid-January to March 2018. This was in response to the high numbers of rough sleepers in the City, who were not able to access the existing hostel provision.
- Aldershot emergency accommodation - SSJ was asked by Rushmoor Borough Council to set up and manage a hostel for nine rough sleepers in Aldershot, which opened in February 2017. This is a three year project to address the needs to rough sleepers in Aldershot, using a refurbished building on ex-military land.
- SSJ was successful in its bid to run the Café in the Park, Portsmouth. The aim of the project is to create better chances of successful recoveries for the 1,000 or so service users that SSJ work with in the city. The project also aims to provide employment and training opportunities to the people with histories of homelessness and substance misuse, thereby reducing the burden on services in the city.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Strategic Report - *Achievements and performance (continued)*

Grants and fundraising

- Receiving HCA/Homes England grant- During the year SSJ was also successful in applying to join the Wayfarer development group, which gives access to bidding for capital for Homes and Community Agency (HCA) /Homes England grant. A bid was submitted and SSJ has been awarded capital of £630,000 to enable the purchase of 5 properties during the 2017 – 2020 funding round. Three of these properties have already been purchased and another completed in July 2018. These schemes are in Portsmouth and Aldershot. Further grant was also agreed from Southampton City Council and Homes England for the purchase of three flats for homeless families, one of which was acquired in July 2018.
- SSJ successfully submitted a number of bids to the National Lottery, Children In Need and Sports England, which resulted in grants being awarded for a number of schemes to enhance the work of our services.

Personnel

- SSJ was assessed again for Investors in People, and was once again awarded a Gold standard. This was especially encouraging, as the standards had changed over the last 2 years and become more challenging. The assessment focuses on a range of topics, most of which are linked to being a good employer. As an organisation, our staff are crucial to our success and Investors in People has been key in ensuring good practice in this area.

Strategic Report - *Financial Review*

Financial Position and Management Policies

The year ended 31 March 2018 has again seen net cash generated from operating activities of £53,262 (2017 - £894,692), and an operating surplus of £159,910 (2017 - £112,999). The Society remains in a sound financial position at 31 March 2018 and finished the year with Total Comprehensive Income of £134,343 (2017 - £123,823).

There has been a decrease in cash during the year to £884,163 (2017 - £1,194,842) which is mainly due to the Society investing in new housing. The Society has decided to widen its sources of borrowing and since the year end has started to borrow from Charity Bank. It also has mortgage arrangements with Natwest and the Nationwide Building Society.

The Society has formal financial procedures in place that have been ratified by the Audit and Finance Committee and are followed by staff. The systems that are in use are considered to be sufficient for purpose.

All expenditure has to be authorised by project staff and management, with final payments approved by two people in the finance team, including either the Financial Accounts Manager or the Director of Finance & Central Services. For items of major expenditure, competitive quotes are requested to ensure the Society receives the best possible value for money. Cash is held in a variety of accounts and investments in order to both accrue interest and spread risks in areas such as investment return and fraud. Very few transactions are in cash, with payments to staff and suppliers made predominantly by bank transfer or, less frequently, by cheque. This year the Society has removed most of the petty cash floats that projects held, replacing them with pre-paid credit cards, thus limiting its exposure to cash still further. The Society follows a policy of ensuring that there is always sufficient cash in its accounts to ensure that relevant debts can be paid in full and on time.

Reserves

Free reserves increased slightly in the year to £712,174 at 31 March 2018 (2017 - £689,485); representing just under 4 weeks' worth of expenditure. Free reserves are calculated by subtracting the value of fixed assets (excluding investments) from total reserves before adding back long term liabilities and the next year's mortgage liability. The Trustees consider that the optimum level of free reserves (given the nature of the Society's operations and the environment in which it operates) is equal to approximately 8 weeks' worth of expenditure.

The Society had £3,053,406 of total reserves at 31 March 2018 (2017 - £2,919,063).

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Strategic Report - *Financial Review (continued)*

Sources of Income

The largest source of income for the Society is now income from substance misuse support services which has increased to £3,620,053 (2017 - £2,615,992) and now represents 36% of the Society's total income (2017 - 31%). The principal reason for this increase was the full year impact of the Society's success in winning a large tender in Portsmouth. The percentage of the Society's income that it receives through housing support (previously Supporting People ("SP")) contracts has decreased during the year to around 15% (2017 - 22%) of total income with the actual amount of funding from this source falling by approximately £318,000. The reduction in the funding has come about as Southampton City Council reshaped some of its services and reduced the value of retendered services meaning the Society couldn't renew some of its services.

Rental and service charge income from the properties the Society owns or manages is still a very significant source of income. This has remained fairly similar to the previous year at approximately 36% of total income in the year to 31 March 2018 (2017 37%), with actual income in this area rising by £445,916 but within the context of increased turnover. It is usually collected directly from the relevant Local Authority in the form of Housing Benefit payments. Donations and awards from philanthropic trusts and the general public remain a key source of funding with the Society benefitting from £268,133 in the year to 31 March 2018 (2017 - £239,955).

Investments

The Society has a policy of diversifying its investments in order to spread risk and to maintain suitable cash balances for the day to day running of its operations. However, only minimal levels of cash are kept in current accounts with larger receipts being transferred into higher interest accounts with instant access facilities. The interest received on cash deposits has remained stable during the year. The Society has chosen particular investment funds that are specifically designed for charities with the aim of spreading risk and investing in a largely ethical manner.

The funds in which the Society held investments during the year were Charifund and the Charities Property Fund. Charifund is an equity based investment managed by M&G Securities. The Charities Property fund (CPF) is a property based investment aimed at both capital growth and income in the form of rents charged to tenants in these properties, the fund is managed by Cordea Savills. Both of the funds increased in value during the year.

Strategic Report - *Plans for the Future*

There are significant areas of unmet need within the areas of expertise in which the Society operates. In order to meet the charitable objectives of the Society, it will need to continue to fulfil its existing role and to develop new services.

The Society will therefore over the next three years seek to continue to deliver Housing, Support, Care, Treatment and Training to vulnerable adults in Hampshire and surrounding areas. The Society will also seek to develop its work into new geographic areas and into new types of services, in order to meet the needs of our existing and potential new service users.

This will involve bidding for new work through the tendering process, working on specific proposals with local commissioners and by seeking philanthropic funding for projects or areas of work.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Strategic Report - *Plans for the Future (continued)*

The main areas of focus for SSJ to develop and to make a contribution to the local community are:

a) *Provision of Housing*

In response to the clear need for more housing for our service users, SSJ is committed to buying more property. The Society will continue to bid to Homes England for grants which will allow for the purchase for more properties to provide move-on housing and other accommodation, working with partners as appropriate.

b) *Future Tendering Opportunities*

There will continue to be a number of tenders issued by local authorities and other commissioners over the next 12 months, both in accommodation-based services and in substance misuse, and SSJ will seek to retain its existing services and to increase the range of its work through this process.

Over the next year, it is planned to upgrade our IT infrastructure, and to replace our HR system with a new one, in order to provide effective and efficient support for the Society's work.

Strategic Report - *Principal Risks and Uncertainties*

The Society faces a wide range of risks and uncertainties, many of which are collated annually in the Society's Business Risk Management Plan. In the context of this report, the principal risks are considered to be financial.

The majority of SSJ's income comes from government funding in some form or another. This funding has been under pressure over the last five years as the Government has sought to reduce public spending. This results in less money being available for local authorities, who in turn, reduce the funding available to providers of services.

Rent levels being cut by 1%

The Society has been required to cut its rents by 1% per annum this year (April 2018) and will be required to do the same next year. This is part of the Government's plans to reduce the welfare budget, as a proportion of rent is covered by Housing benefit.

Housing Association rents have been capped by the regulator for many years, but this actual reduction of 1% per annum against CPI of between 2-3% means a significant cut in real terms.

These changes could have a significant impact on SSJ, alongside other providers of accommodation to vulnerable adults, although at the time of writing, the plans are not detailed enough to provide any certainty. The Government has now withdrawn its previous plan to link rents to the Local Housing Allowance level, as used within the Housing benefit system.

Reviewing Funding model for Supported Housing

On-going Pressure on Local Authority Budgets

This will result in SSJ facing a number of challenges over the coming two to three years, such as:

- a) Local authorities seeking to renegotiate existing contracts as they seek to save money. This process is currently under way with several contracts;
- b) Risk of existing contracts not being re-commissioned when reaching their end date;
- c) Tenders being issued when contracts come to an end but at reduced values.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Strategic Report - *Principal Risks and Uncertainties (continued)*

Since almost all of the contracts are for a three year period with options to extend, all of these could be re-rendered in the period covered by this plan. However, it is impossible to be clear about specific dates, as contracts are also often extended, due to lack of resources to undertake the commissioning exercise.

SSJ has undertaken financial modelling, looking at the best, worst and most likely scenarios for the various projects and schemes it provides. The "most likely" scenario shows a reduction of funding over the next three years, as the government austerity program continues, reducing the ability for local authorities and other agencies to fund services.

Strategic Report - *Fundraising practices*

Under the Charities (Protection and Social Investment) Act 2016, the Society is required to describe its approach to fundraising. The Society is well supported by the local community and benefits from numerous donations from schools, churches, business groups, social clubs and individuals. The majority of these are one-off donations, but a small number of individuals have set up regular payments by standing order. SSJ runs a number of fundraising campaigns over the year to appeal for funds for specific activities, such as the Christmas appeal as well as seeking donations towards our general activities. These campaigns are conducted by sending newsletters by post and email and by running social media campaigns. Staff also give talks and presentations when invited, to various groups, which often leads to donations.

Our mailing list and email list is made up of members of the Society and those who have either donated in the past or have asked to be added to the mailing list. We have not undertaken any mass mailing campaigns in the last year. We have also contacted everyone on the mailing list and confirmed that supporters wish to continue to receive information, in line with GDPR requirements.

The Society runs a sponsored sleep-out, has sold Christmas cards and has participants in various local running and similar events. We also benefit from being chosen as the "Charity of the Year" by various commercial companies and associations.

Donations of food, clothing, Christmas presents and time from individual volunteers and from teams of volunteers is also valuable. Jamie's receives about 20 tonnes of computing and other IT equipment each month, which it processes and sells to generate income, and the Recycle bike project receives numerous bikes over the year. SSJ does not use external consultants to undertake fundraising on our behalf, and we seek to ensure an ethical approach to our appeals and campaigns.

The Society is not a member of the institute of fundraisers, and has not signed up to any voluntary regulatory framework. We do receive complaints which are dealt with carefully. The most common complaints we get are either a lack of a thank you letter following a donation or that we are sending too much publicity and should not be wasting money in this way.

We are conscious of safeguarding issues and have previously not accepted large donations until some investigation concerning the donor has been undertaken (and in some cases, returned the money). We aim to send 2-3 mailing/newsletters a year to our supporters, so do not feel we are putting people under significant pressure to donate.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2018

Value for Money

The Society is committed to delivering effective and efficient services to service users and embraces the Value for Money (VFM) methodology as required by the Regulator of Social Housing (RSH). The Society agreed the Value for Money Policy in July 2013, which includes the following Statement of Intent:

"The Society of St James seeks to ensure that all financial and other resources are used to achieve the greatest benefits for the Society, in working towards the furtherance of the aims of the organisation, as described in the governing documents."

The new requirements of the RSH require standard metrics to be shown in these accounts, the following shows these metrics for the Society.

Metric 1 - Reinvestment %

Development of new properties / housing properties at cost

Property additions (being acquisition / development of new property plus works to existing)	£852,209
Property cost at 31/3/18 (NBV)	<u>£3,791,509</u>

Result 22.5%

Commentary

The Society has acquired 3 new properties during the year at a combined cost of £747,500. The Society has spent £104,709 on capital property works during the year

Metric 2 - New supply delivered %

The Society only provides social housing units and so has nothing to report for non social housing units

New social housing units Social housing developed or acquired during the year	25
Units of social housing owned at 31/3/18	<u>419</u>

Result 6.0%

Metric 3 - Gearing %

Loans less cash / housing properties at cost

Short and long term loans less cash	£403,970
Property cost at 31/3/18 (NBV)	<u>£3,791,509</u>

Result 10.7%

Commentary

The Society holds a significant amount of cash when compared with outstanding loans which reduces the gearing result quite dramatically from the result excluding cash. As the Society is a particularly diverse small provider it requires these cash holdings to function effectively.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2018

Value for Money (continued)

Metric 4 - EBITDA MRI Interest Cover %

Operating surplus less grants and capex + interest and depreciation / interest payable

Operating surplus	£159,910	
Less Amortised government grant (capital housing grant only)	(£9,787)	
Interest receivable	£11,141	
Less capex on major repairs (see commentary to metric 1)	(£104,709)	
Depreciation charge for the year	£211,301	
		<hr/>
Operating surplus less grants and capex + interest and depreciation		£267,856
Interest payable		<hr/> £27,333
<i>Result</i>		980%

Metric 5 - Headline social housing cost per unit

Social housing costs / social housing units owned and managed

Social housing costs		£5,509,381
Social housing units owned and managed		<hr/> 419
<i>Result</i>		£13,149

Commentary

The Society solely provides accommodation for formerly homeless and or vulnerable individuals / families in supported and general needs accommodation. It receives significant income to provide services in these accommodations and therefore has significant additional costs, largely staffing related. This figure is therefore likely to be far higher than a "normal" general needs social housing provider.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2018

Value for Money (continued)

Metric 6 - Operating Margin %

A Operating Margin (social housing lettings only) %

Operating surplus from social housing lettings / turnover from social housing lettings

Operating surplus from social housing lettings	£187,668
Turnover from social housing lettings	<u>£5,697,050</u>

Result 3.3%

Commentary

The Society runs a significant number of supported housing contracts that are both competitively tendered and have had significant reductions applied to them in recent years; this means that operating margins are quite small. Additionally the Society leases a number of its 'owned' properties and so costs associated with the leases are usually higher than 'for 'normally' owned properties.

B Operating Margin (overall) %

Operating surplus / Total turnover

Operating surplus	£159,910
Total Turnover	<u>£9,988,210</u>

Result 1.6%

Commentary

The Society runs a number of other contracts that are run alongside and in conjunction with supported housing services. These are very much holistic complimentary services for the vulnerable people that the Society houses and are very much in line with the organisation's charitable aims. The contracts that are run are also competitively tendered and so again have very low margins. Additionally the calculations to attribute operating surplus to social housing lettings or other social housing activities are subjective as indirect costs and fundraising income could be applied in a different manner.

Metric 7 - Return on capital employed (ROCE) %

Operating surplus / Total assets less current liabilities

Operating surplus	£159,910
Total assets less current liabilities	<u>£5,045,520</u>

Result 3.2%

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2018

Statement of the Board of Trustees' responsibilities

The Board members are responsible for preparing the report of the Board and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation require the Board members to prepare financial statements for each financial year. Under that law the Board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102). 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 society and of the surplus or deficit of the society for that period.

In preparing these financial statements, the Board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for social housing providers (2014) 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 society will continue in business.

The Board members are responsible for keeping proper accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society 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 2015. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board is responsible for ensuring that the Report of the Board is prepared in accordance with the Statement of Recommended Practice for social housing providers (2014).

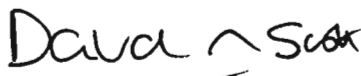
Financial statements are published on the society's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the society's website is the responsibility of the Board Members. The Board Members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Auditors

All of the current Trustees have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Trustees are not aware of any relevant audit information of which the auditors are unaware.

Nexia Smith & Williamson are deemed to be re-appointed as auditors.

This report was approved by the Board of Trustees on 28/8/18
and is signed on its behalf by:



D Scott, Trustee

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES**Opinion**

We have audited the financial statements of Society of St James (the 'Society') for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position, Cash flow statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Society's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES (continued)**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the association and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Trustees incorporating a Strategic Report.

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.

Responsibilities of directors

As explained more fully in the Statement of Board's Responsibilities set out on page 12, the members of the board are the directors of the Society for the purposes of company law. The directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal controls as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the society'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 society'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 society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson

Julie Mutton

Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 3/9/18

Society of St James

Statement of Comprehensive Income for the year ended 31 March 2018

	Notes	2018	2017
		£	£
Turnover	3	9,988,211	8,377,076
Operating costs	3	(9,828,301)	(8,264,077)
		159,910	112,999
Operating surplus	2,3		
Surplus on disposal of fixed asset investments		-	6,285
Unrealised surplus on investments		6,625	14,666
		166,535	133,950
Surplus on ordinary activities before interest			
Interest receivable and similar income	6	11,141	11,367
Interest payable and similar charges	7	(27,333)	(21,494)
		150,343	123,823
Surplus for the year			
Actuarial (loss) in respect of pension scheme		(16,000)	-
		134,343	123,823
Total Comprehensive Income for the year		134,343	123,823

All activities of the charitable company are classed as continuing.

The notes on pages 19 to 37 form part of these financial statements.

Society of St James

Statement of Changes in Reserves for the year ended 31 March 2018

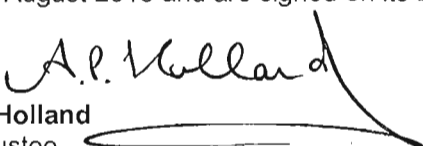
	Retained Earnings £
Balance at 1 April 2016	2,795,240
Surplus for the year	123,823
	<hr/>
Balance at 31 March 2017	2,919,063
	<hr/>
Balance at 1 April 2017	2,919,063
Surplus for the year	150,343
Other Comprehensive Income	(16,000)
	<hr/>
Balance at 31 March 2018	3,053,406
	<hr/> <hr/>

Society of St James

Statement of Financial Position
at 31 March 2018
Company Registration Number: 03009700

	Notes	2018 £	2017 £
Fixed assets			
Housing properties at cost less depreciation	9	3,791,509	3,029,137
Intangible assets	10	58,500	65,000
Other fixed assets	11	520,476	497,284
Investments	12	180,113	173,488
		<u>4,550,598</u>	<u>3,764,909</u>
Current assets			
Debtors	13	979,211	555,247
Cash at bank and in hand		884,163	1,194,842
		<u>1,863,374</u>	<u>1,750,089</u>
Creditors: amounts falling due within one year	14	1,368,452	1,283,394
		<u>494,922</u>	<u>466,695</u>
Net current assets			
		<u>5,045,520</u>	<u>4,231,604</u>
Total assets less current liabilities			
		<u>1,964,114</u>	<u>1,312,541</u>
Creditors: amounts falling due after more than one year	15		
Provisions for liabilities			
Pension scheme provision	22	28,000	-
		<u>3,053,406</u>	<u>2,919,063</u>
Total net assets			
		<u>3,053,406</u>	<u>2,919,063</u>
Capital and reserves			
Retained Earnings		3,053,406	2,919,063
		<u>3,053,406</u>	<u>2,919,063</u>
Total Capital and Reserves			
		<u>3,053,406</u>	<u>2,919,063</u>

The financial statements on pages 15 to 37 were approved and authorised for issue by the Board of Trustees on 28 August 2018 and are signed on its behalf by:-


A Holland
Trustee


D Scott
Trustee

The notes on pages 19 to 37 form part of these financial statements.

Society of St James

Cash flow statement for the year ended 31 March 2018

	Notes	£	2018 £	£	2017 £
Net cash generated from operating activities	23		53,282		894,692
Cash flow from investing activities					
Acquisition, construction and works to tangible fixed assets		(990,365)		(456,913)	
Grants received		287,500		-	
Sale of investments		-		149,349	
Interest received		-		-	
		-----		-----	
Net cash used in investing activities			(702,865)		(307,564)
Cash flow from financing activities					
New loans		412,000		140,000	
Loans repaid		(56,904)		(45,904)	
Interest paid		(27,333)		(21,494)	
Interest received		11,141		11,367	
		-----		-----	
Net cash generated in financing activities			338,904		83,969
			-----		-----
(Decrease)/increase in cash and cash equivalents			(310,679)		671,094
Cash and cash equivalents at beginning of year			1,194,842		523,748
			-----		-----
Cash and cash equivalents at end of year			884,163		1,194,842
			=====		=====

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies

Society of St James ("the Society") is a company limited by guarantee and incorporated in England and Wales. It is a registered provider of social housing with the Regulator of Social Housing and the address of the registered office is 125 Albert Road South, Southampton, SO14 3FR.

Basis of accounting

The financial statements have been prepared in accordance with UK Generally Accepted Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain fixed assets at the date of transition under the 'deemed cost' option of FRS 102 and as modified by the revaluation of investments.

The Society meets the definition of a Public Benefit Entity under FRS 102

These financial statements are single entity statements and not consolidated group accounts. Consolidation is not required as the other group member, Jamie's Computers Limited, was dormant throughout the reporting period.

The principal accounting policies of the Society are set out below.

1.1 *Significant judgements and estimates*

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the Statement of Financial Position date and the reported amounts of revenues and expenses during the reporting period.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Society that have the most significant effect on the financial statements

1.1a *Identification of housing property components*

Housing property depreciation is calculated on a component by component basis. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge. The components selected are those which reflect how the major repairs to the property are managed.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

1.1b *Goodwill*

The amortisation of goodwill over 20 years is the outcome of a decision of the Board of Trustees who chose to use this term when the goodwill arose in 2006; it is judged that this term remains reasonable and that there is no need for the goodwill to be impaired.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies (continued)

1.1c *Bad debt provision*

Trade debtor balances are recorded in the Society's statement of financial position and comprise a relatively large number of small balances. A full line by line review of trade debtors is carried out at the end of each month. Whilst every attempt is made to ensure that the bad debt provisions are as accurate as possible, there remains a risk that the provisions do not match the level of debts which ultimately prove to be uncollectable.

1.1d *Useful lives of depreciable assets*

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence with regard to IT equipment/software and any changes to decent homes standard requiring frequent replacement of components.

1.1e *Deemed Cost*

The Society has elected to recognise its head office premises at deemed cost as allowed in transitional adjustments to adopting FRS102. A Board member with appropriate professional expertise has approved the valuation that has been used but this has not been market tested and therefore is an estimate that has not been externally verified.

1.1f *Dilapidations*

A number of provisions are held in the accounts to reflect the management's view of the potential liabilities that the Society has to pay for dilapidations to premises that it rents during and after its tenure in them. Experience of previous dilapidations claims and settlements has informed these estimates.

1.1g *Multi-employer pension obligation*

The Society of St James participates in a variety of pension schemes administered by the Pensions Trust; the Growth Plan scheme has certain guarantees associated with it that require participating employers to make additional contributions to it should the scheme be in deficit. The Society has a contractual obligation to make deficit contributions over a number of years and the present value of these future contributions is measured and reported in the Financial Statements. The rate used to calculate the present value is the equivalent single discount rate 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.

1.1h *Local Government Pension Scheme (LGPS) Valuations*

The Society of St James is an admitted body to the Hampshire LGPS following transfers of staff formerly working in the public sector. The scheme actuaries estimate the liabilities of the Hampshire LGPS using a number of key assumptions including rates of inflation; mortality; discount rate; and future salary increases. Variances in these assumptions may impact the pension liability and annual expense.

1.1i *Housing Property Values*

Housing properties transferred from other Registered Providers must be valued at Existed Use Value – Social Housing (EUV-SH). The Society owns a number of such properties that were not valued on this basis when they originally transferred. The Society has chosen to estimate the EUV-SH of these properties using valuations undertaken 3 years from the date of transfer and then extrapolating rent increase percentages and multiplying the EUV-SHs by this amount. A suitably qualified Board member has ratified this valuation methodology.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies (continued)

1.2 Turnover

Turnover includes rental and service charge income from residential properties in respect of the year and any other income such as legacies. Fees or grants receivable from local authorities in respect of revenue are credited to the Statement of Comprehensive Income in the same period as the expenditure to which they relate. Grants received for housing properties are recognised in income on a systematic basis.

1.3 Interest Payable

Interest payable is charged to the Statement of Comprehensive Income in the year to which it relates.

1.4 Goodwill

Positive goodwill arising from the purchase in November 2006 of Avondale Residential Care Home (representing the excess of the purchase price of the business over the valuation of the assets acquired) has been capitalised and, subject to impairment reviews as required, will be amortised by equal charges to the Statement of Comprehensive Income, over the period from which economic benefit is derived, which is considered to be 20 years.

1.5 Housing properties

Freehold housing properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. In accordance with the SORP, component accounting has been adopted. The components of a property have therefore been identified and when a component is replaced the cost is capitalised as a component of the property. Other repair work is charged to the Statement of Comprehensive Income.

Freehold land is not depreciated. Depreciation is charged so as to write down the cost of freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives at the following rates:

Component	Years	Component	Years	Component	Years
Structure	50	Boiler and Heating System	10	Bathrooms*	10 or 20
Roof	30	Windows and Doors [^]	5 or 20	Sub structure	10
Electrical Wiring	20	Solar Panels	12	Kitchens*	5 or 10

[^] UPVC windows and doors: 20 years; wooden windows: 5 years

* Bathrooms and Kitchens are depreciated at the shorter rate where there are shared facilities

1.6 Leasehold property and leasehold improvements

Leasehold housing property and leasehold improvements are accounted for in the same way as Freehold housing property other than depreciation which is charged over the life of the lease, or using the rates in the table above, whichever is the lower.

1.7 Other freehold property

Other freehold properties are stated at cost. Cost includes the cost of acquiring land and buildings, development costs, and expenditure incurred in respect of improvements. Freehold land is not depreciated. Depreciation is charged so as to write down the cost of other freehold properties other than freehold land to their estimated residual value on a straight line basis over their estimated useful economic lives of 50 years.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018

1 Accounting policies (continued)

1.8 Other fixed assets

Expenditure on other tangible fixed assets is capitalised only when it has a life of more than one year and has a value of more than £1,000, or where the expenditure forms part of the overall setup costs of a new project (including professional fees). The cost of other items is written off as incurred. Depreciation is provided on these tangible fixed assets at rates calculated to write off cost over their expected useful lives, using the straight line method at a rate of between 25% to 50% per annum.

The Society has taken the transitional relief to include certain other fixed assets at fair value at the date of transition to FRS 102, known as deemed cost.

1.9 Capital Grants – Housing Property

Capital Grants, received as Social Housing Grants and other public grants, are recognised when appropriate, in accordance with the terms of the grant.

Government grants include grants receivable from Homes England, local authorities and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure on a pro rata basis under the accrual model. The unamortised element of the government grant is recognised as deferred income in creditors.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants released on sale of the property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund, included in creditors. If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the Statement of Comprehensive Income.

1.10 Capital Grants – Other fixed assets

Capital grants received for other fixed assets are held as creditors and recognised on a straight line basis over the useful economic life of the asset for which they have been used to acquire.

1.11 Revenue Grants

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate. Until the revenue grants are recognised as income they are recorded as liabilities.

1.12 Investments

Investments are valued at current market value with changes in value from year to year being recognised within the Statement of Income and Retained Earnings.

1.13 Operating leases

Annual rentals under operating leases are charged to the Statement of Income and Retained Earnings on a straight line basis over the term of the lease. The aggregate benefits of any lease incentive are recognised as a reduction in expenses over the term of the lease

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (*Continued*)

1 Accounting policies (continued)

1.14 Pension costs

The Society operates a number of pension arrangements for its employees.

Pensions Trust – Defined Contribution

The Society operates a defined contribution scheme through The Pensions Trust. The accounting charge for the period represents the employer contribution payable.

Pensions Trust Growth Plan – Defined Benefit

The Growth Plan is a multi-employer defined benefit scheme through The Pensions Trust.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to individual participating employers. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS102 represents the employer contribution payable.

The scheme currently has a shortfall of assets compared to liabilities and a deficit payment plan which has been agreed between the participating employers and Trustee of the scheme. In line with FRS102 requirements, this cash payment plan has been recognised as a liability in the Statement of Financial Position and is measured at the reporting date by discounting the future cash outflows at the rate of AA corporate bond. The unwinding of this discounting is recognised as a finance charge in the period to which it relates.

Hampshire County Council Pension Fund

The Society participates in a defined benefit pension scheme which provides benefits based on final pensionable salary. The assets of the scheme are held by the Hampshire County Council Superannuation Fund.

The pension costs relating to the scheme are accounted for in accordance with FRS102. Current service costs and interest costs relating to the net defined obligation are included in the income statement in the period to which they relate. When applicable, actuarial gains and losses as well as any other re measurements are recognised in other comprehensive income.

1.15 Provisions

The use of provisions is restricted to situations where a liability exists but where there is some uncertainty as to the timing or amount of the expenditure or the identity of the creditor.

1.16 Taxation

The Society has charitable status and therefore is not subject to Corporation Tax on surpluses derived from charitable activities.

1.17 Value added tax

The Society is VAT registered and is able to recover all VAT incurred at Jamie's Computers and part of the VAT on Head Office costs. All other VAT incurred is included within the category of expenditure to which it relates.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 *(Continued)*

1.18 *Financial Instruments*

Financial assets and financial liabilities are recognised in the Statement of Financial Position when the Society becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and are measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Society will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Society's cash management.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where deemed appropriate, a shorter period to the net carrying amount on initial recognition.

Non-basic financial instruments are recognised at fair value using a valuation technique with any gains or losses being reported in surplus or deficit.

1.19 *Cash and Cash Equivalents*

Cash and cash equivalents includes cash in hand and bank deposits with maturities of up to three months.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

2	Operating surplus	2018 £	2017 £
	<i>Operating surplus is stated after charging:</i>		
	Depreciation		
	- housing properties	89,828	130,810
	- other fixed assets	114,973	100,397
	Amortisation of goodwill	6,500	6,500
	Auditors' remuneration		
	- as auditors (including VAT and expenses)	11,275	12,648
	- other services	1,247	-
	Rent losses from bad debts		
	- rent (net of service charges)	36,071	12,871
	- service charges	28,446	13,868
	Operating lease costs		
	- land and buildings	636,161	519,347
		636,161	519,347
3	Income and Expenditure from Social Housing Activities	2018 £	2017 £
	Income		
	Rent receivable net of identifiable service charges and voids	2,235,743	2,014,149
	Service charges receivable	1,327,422	1,103,100
	Revenue and capital grants relating to lettings	2,133,885	2,169,491
	Revenue and capital grants from other social housing activities	4,035,920	2,869,230
		9,732,970	8,155,970
	Turnover from social housing activities	9,732,970	8,155,970
	Social housing activity expenditure relating to lettings	5,509,381	5,104,282
	Other social housing activity expenditure	4,039,953	2,895,581
		9,549,334	7,999,863
	Total expenditure on social housing activity	9,549,334	7,999,863
		183,636	156,107
	Operating surplus from social housing activities	183,636	156,107
		309,224	256,911
	Void losses	309,224	256,911
4	Staff costs	2018 £	2017 £
	Wages and salaries	5,239,125	4,769,114
	Employer National Insurance Contributions	406,444	378,340
	Employer pension contribution costs	266,171	216,255
		5,911,740	5,363,709
		5,911,740	5,363,709

Company pension scheme contributions are made to a pension schemes operated on the company's behalf by the Pension Trust and Hampshire County Council.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

4 Staff costs (continued)

The average number of staff directly employed by the company during the year (expressed in full time equivalents) was:

	2018 Number	2017 Number
Housing and support	116	124
Substance misuse	71	54
Social enterprise	9	8
Finance	6	5
Administration	15	14
	217	205
	217	205

5 Senior Management Team's emoluments (including key Management Personnel)

The aggregate emoluments of the Senior Management Team, including the Chief Executive, were:

	2018 £	2017 £
Wages and salaries	255,989	251,650
Employer National Insurance Contributions	29,687	28,950
Employer pension contribution costs	37,249	36,533
	322,925	317,133
	322,925	317,133
Remuneration payable to the highest paid Director excluding pension	69,195	68,851
	69,195	68,851

For the year ended 31 March 2018 the number of employees whose annual emoluments including pension contributions were £60,000 or more were:

	2018	2017
£70,000 to £80,000	1	1
	1	1

The Chief Executive is a member of the 'Growth Plan' pension scheme that is administered by the Pensions Trust and was available to all staff until 1 July 2012. As with all staff in this scheme the Chief Executive sacrifices 5% of his salary in order for the company to make a contribution of 14% of salary (as listed above) to the scheme. There are no enhanced or special terms for the Chief Executive's pension and he is an ordinary member of the scheme. The Chief Executive has no other pension arrangements to which the company makes a contribution.

No member of the Board of Trustees received any remuneration in either the current or comparative years.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (*Continued*)

6 Interest receivable and similar income

	2018 £	2017 £
Interest receivable and investment income	11,141	11,367
	11,141	11,367

7 Interest payable

	2018 £	2017 £
Mortgage interest	25,128	17,841
Unwinding of discount factor in respect of the pension growth plan	2,205	3,653
	27,333	21,494

8 Tax on surplus on ordinary activities

Society of St James is a registered charity and, as such, is exempt from liability to taxation on income and capital gains derived from its charitable activities.

9 Housing property held for lettings

	Leasehold land and property £	Freehold land and property £	Total £
<i>Cost</i>			
At 1 April 2017	542,726	3,427,379	3,970,105
Additions: new properties	-	794,305	794,305
works to existing properties	-	57,895	57,895
	542,726	4,279,579	4,822,305
<i>Depreciation</i>			
At 1 April 2017	140,666	800,302	940,968
Charge for the year	10,245	79,583	89,828
	150,911	879,885	1,030,796
<i>Net book value</i>			
At 31 March 2018	391,815	3,399,694	3,791,509
At 31 March 2017	402,060	2,627,077	3,029,137

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2018 (*Continued*)

10 Intangible assets						Goodwill £
Cost at 1 April 2017 and 31 March 2018						130,000
<i>Amortisation</i>						
At 1 April 2017						65,000
Charge for the year						6,500
At 31 March 2018						71,500
<i>Net Book Value</i>						
At 31 March 2018						58,500
At 31 March 2017						65,000
11 Other fixed assets						
	Freehold Property £	Leasehold Improve- ments £	Motor vehicles £	Office Equipment £	Housing Equipment £	Total £
<i>Cost</i>						
At 1 April 2017	237,100	450,980	65,545	244,149	219,040	1,216,814
Additions	-	85,188	23,744	13,592	36,737	159,261
Disposals	-	(2,749)	(15,000)	(3,347)	-	(21,096)
At 31 March 2018	237,100	533,419	74,289	254,394	255,777	1,354,979
<i>Depreciation</i>						
At 1 April 2017	13,550	304,664	52,108	195,611	153,597	719,530
Charge for the year	3,508	62,592	5,224	20,436	30,650	122,410
Disposals	-	(2,749)	(4,688)	-	-	(7,437)
At 31 March 2018	17,058	364,507	52,644	216,047	184,247	834,503
<i>Net book value</i>						
At 31 March 2018	220,042	168,911	21,645	38,348	71,530	520,476
At 31 March 2017	223,550	146,316	13,437	48,538	65,443	497,284

On a historical cost basis the freehold property would have been included at:

	2018 £	2017 £
Cost	295,609	295,609
Aggregate depreciation	(84,955)	(81,209)
Depreciated cost	210,655	214,400

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (*Continued*)

12 Investments	Listed £	Unlisted £	2018 £	2017 £
<i>Cost or valuation</i>				
Valuation at 1 April 2017	163,488	10,000	173,488	301,886
Disposal at cost	-	-	-	(67,906)
Realised gains on investment	-	-	-	(75,158)
Unrealised gain/ (deficit) in year	6,625	-	6,625	14,666
	<hr/>	<hr/>	<hr/>	<hr/>
Cost or Valuation at 31 March 2018	170,113	10,000	180,113	173,488
	<hr/>	<hr/>	<hr/>	<hr/>
Historic Cost at 1 April 2017 and 31 March 2018	79,788	10,000	89,788	89,788

All listed fixed asset investments are stated at market value. The unlisted investment is held at cost and represents 100% of the share capital of Jamie's Computers Limited. Jamie's Computers Limited has its registered office at 125 Albert Road South, Southampton, SO14 3FR. Jamie's Computers was dormant throughout the 2 periods from 1 April 2016 to 31 March 2018. Jamie's Computers Limited had £10,000 of unpaid share capital and £9,500 reserves at 31 March 2017 and 31 March 2018.

13 Debtors	2018 £	2017 £
Trade Rent and service charge	427,118	292,843
Debtors: Less Provision for doubtful debts	<u>(166,880)</u>	<u>(97,647)</u>
Rent and service charge (net of provision for doubtful debts)	260,238	195,196
Sales (net of provision for doubtful debts)	527,709	272,944
Grants receivable	62,500	-
Other debtors	4,071	5,243
Prepayments and accrued income	124,693	81,864
	<hr/>	<hr/>
	979,211	555,247
	<hr/>	<hr/>

All amounts shown under debtors fall due for payment within one year.

14 Creditors: Amounts falling due within one year	2018 £	2017 £
Secured mortgage	65,139	49,303
Trade creditors	515,696	355,955
Grants in advance	175,530	187,112
Taxation and social security	104,136	104,992
Intercompany creditor	10,000	10,000
Other creditors	321,208	322,179
Accruals and deferred income	141,113	226,367
Pension creditor (TPT)	20,088	19,537
Deferred capital grant (Note 16)	15,542	7,949
	<hr/>	<hr/>
	1,368,452	1,283,394
	<hr/>	<hr/>

Included within Grants in advance is £2,049 (2017: £1,907) from the Big Lottery Grant fund relating to their support of the Society's Saints4Sport project and £8,978 (2017 £16,340) relating to the Re:Fit project.

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2018 *(Continued)*

15 Creditors: Amounts falling due after more than one year	2018 £	2017 £
Deferred capital grant (note 16)	614,112	281,492
Secured mortgages	1,212,994	873,734
Pension creditor	137,008	157,315
	1,964,114	1,312,541
	1,964,114	1,312,541

Year	Lender	Sum	Interest rates	Term
2003	Nationwide	400,000	LIBOR rate +0.65%	25 years
2006	Nationwide	350,000	LIBOR rate +0.65%	30 years
2012	Natwest	186,900	Bank of England Base Rate +3.0%	20 years
2015	Natwest	180,000	Bank of England Base Rate +3.0%	20 years
2016	Natwest	140,000	Fixed at +3.73% for 5 years then Bank of England Base Rate +2.6%	20 years
2017	Natwest	120,000	Bank of England Base Rate +2.53%	20 years
2017	Natwest	142,000	Bank of England Base Rate +2.53%	20 years
2017	Natwest	150,000	Bank of England Base Rate +2.53%	20 years

The mortgages are secured by fixed charges over 10 of the Society's properties.

The mortgages are repayable as follows:

	2018 £	2017 £
In less than one year	65,139	49,303
In more than one year but less than two years	66,505	52,740
In more than two years but less than five years	209,842	162,813
In more than five years	936,647	658,157
	1,278,133	923,013
	1,278,133	923,013

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 *(Continued)*

16 Deferred Capital Grant	2018 £	2017 £
At 1 April	289,441	297,390
Grant received in year	350,000	-
Released to income in the year	(9,787)	(7,949)
	629,654	289,441
At 31 March	629,654	289,441
Amounts to be released within one year	15,542	7,949
Amounts to be released in more than one year	614,112	281,492
	629,654	289,441

17 Financial Instruments

The company had the following Financial Instruments in place, all are classified as Basic Financial Instruments.

	2018 £	2017 £
Financial Assets		
Measured as undiscounted amount receivable		
Trade debtors including rent arrears, grants receivable and other debtors	787,947	468,140
Financial Liabilities		
Measured as undiscounted amount payable		
Trade creditors, Intercompany creditor, Other creditors and accruals	988,017	913,520
Measured at amortised cost		
Secured mortgages (see note 15)	1,278,133	923,013
Measured at fair value		
Pension liability (see notes 14 and 15)	185,096	176,852
	2,451,246	2,013,385

Trade debtors include rent arrears of £260,238 (2017 £195,196) all are recognised at their original cost due to their being payable on standard business terms.

Trade creditors are recognised at cost as they are payable on standard business terms

The secured mortgages consist of 8 loans with 2 recognised major financial institutions as detailed in note 15. Seven of the loans are basic instruments as they refer to a single observable rate plus a fixed amount of interest whilst one of the loans has a fixed rate for 10 years before moving to a similar scenario to the other 7 loans. The specific dates and terms of the loans are described in note 15.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

18 Commitments

Capital commitments

At 31 March 2018 the Board of Trustees had approved and signed contracts to acquire a property, 12 Trent House, Southampton for the amount of £125,000 (completed June 2018) and 57 Cambridge Road, Aldershot for the amount of £355,000 (completed 31 July 2018) at 31 March 2017 the company had no capital commitments.

19 Housing stock

The housing stock of the charitable company comprised the following types of property.

	2018	2017
Leased supported units	276	281
Owned supported units	143	126

20 Legislative provisions

Society of St James is a company limited by guarantee and is registered with the Charity Commission and the Regulator of Social Housing.

21 Commitments under operating leases

The company had outstanding commitments for future minimum payments under non-cancellable operating leases as set out below:

	Land and buildings	
	2018	2017
	£	£
Operating leases which expire:		
Within one year	639,315	614,264
In two to five years	1,597,230	1,485,093
After five years	122,730	65,425

22 Pension Scheme

The Society of St James participates in a variety of pension schemes administered by the Pensions Trust (the Trustee) and pays contributions at a variety of rates. For members who joined any of the schemes prior to 1 July 2012 the Society paid contributions at the rate of 9% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who have transferred into the Society's employment due to TUPE regulations, or who were employed before 1 July 2012, and opted to join one of the pension schemes prior to 30 November 2012, the Society paid contributions at the rate of 6% of salary and members paid contributions at the rate of 5% of salary during the accounting period. For members who joined the Society on or after 1 July 2012, or who opted to join the pension after 30 September 2012, or who were auto enrolled, both the Society and members paid contributions at the rate of 1% of salary during the accounting period.

All schemes, apart from the Growth Plan (the scheme), are defined contribution schemes. The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating 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.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (*Continued*)

22 Pension Scheme (continued)

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with 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 pension schemes in the UK.

The scheme is classified 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 at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions required from the Society of St James from 1 April 2016 to 30 September 2025 were set at £20,087.75 per annum (payable monthly and increasing by 3% each on 1st April)

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.

Present Values of Provision

	2018 £	2017 £	2015 £
Present Value of Provision	157,096	176,852	186,780

Reconciliation of Opening and Closing Provisions

	2018 £	2017 £
Provision at start of period	176,852	186,780
Unwinding of the discount factor (interest expense)	2,205	3,669
Deficit contributions paid	(19,655)	(19,082)
Remeasurements - impact of any change in assumptions	(2,306)	5,486
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	157,096	176,852

Income and Expenditure Impact

	2018 £	2017 £
Interest expense	2,205	3,669
Remeasurements – impact of any change in assumptions	(2,306)	5,486
Remeasurements - amendments to the contribution schedule	-	-

Assumptions

	2018 %	2017 %	2016 %
Rate of discount	1.71	1.32	2.07

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 (Continued)

22 Pension Scheme (continued)

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.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

	2018 £	2017 £	2016 £
Year 1	20,244	19,655	19,082
Year 2	20,852	20,244	19,655
Year 3	21,477	20,852	20,244
Year 4	22,121	21,477	20,852
Year 5	22,785	22,121	21,477
Year 6	23,469	22,785	22,121
Year 7	24,173	23,469	22,785
Year 8	12,449	24,173	23,469
Year 9	-	12,449	24,173
Year 10	-	-	12,449

Hampshire County Council Pension Fund

The Society commenced participation in the Local Government Pension Scheme (LGPS) administered by Hampshire County Council on 1 November 2016.

The disclosures below relate to the funded liabilities within the Hampshire County Council Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS").

The funded nature of the LGPS requires participating employers and their employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets. The last actuarial valuation was at 31 March 2016 and the contributions to be paid until 31 March 2020 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate.

The Fund Administering Authority, Hampshire County Council is responsible for the governance of the Fund.

The assets allocated to the Employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole is shown in the disclosures.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2018 *(Continued)*

22 Pension Scheme (continued)

	31 March 2018	31 March 2017
	(£000s)	(£000s)
Reconciliation of funded status to Balance Sheet		
Fair value of assets	504	(392)
Present value of funded defined benefit obligation	(532)	392
Funded status	(28)	-
(Liability) recognised on balance sheet	(28)	-

The key actuarial assumptions on which the Scheme Actuary's calculations are based are as follows:

	31 March 2018	31 March 2017
	% per annum	% per annum
Discount Rate	2.6	2.5
RPI inflation	3.1	3.1
CPI inflation	2.0	2.0
Pension increases	2.0	2.0
General Pay inflation	3.5	3.5
Pension accounts rate of revaluation	2.0	2.0

Mortality Assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements. Sample life expectancies at 65 resulting from these mortality assumptions are shown below.

	2018	2017
Assumed Life expectancy at 65		
Male		
Member aged 65 at accounting date	24.1	24.0
Member aged 45 at accounting date	26.2	26.0
Female		
Member aged 65 at accounting date	27.2	27.0
Member aged 45 at accounting date	29.4	29.3

Asset allocation in the scheme is as follows:

	2018	2017
Equities	62.6%	60.3%
Property	7.0%	6.5%
Government bonds	23.7%	25.2%
Corporate bonds	1.0%	1.4%
Cash	2.6%	3.4%
Other	3.1%	3.2%
Total	100.0%	100.0%

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2018 *(Continued)*

22 Pension Scheme (continued)

Amounts recognised in Income Statement	2018 £'000	2017 £'000
Operating cost		
Current service cost	97	-
	97	-
Expense recognised in Income Statement	97	-
Amounts recognised in other Comprehensive Income	2018 £'000	2017 £'000
Asset gains/ (losses) arising during the period	2	-
Liability gains/ (losses) arising during the period	(18)	-
	(16)	-
Total amount recognised in other Comprehensive Income	(16)	-
Changes to present value of the defined benefit obligation	2018 £'000	2017 £'000
Opening defined benefit obligation	392	-
Current service cost	97	-
Interest expense on defined benefit obligation	11	-
Contributions by participants	16	-
Actuarial (gains)/ losses on liabilities	18	-
	(2)	-
Net benefits paid out	-	-
Closing defined benefit obligation	532	-
Changes to the fair value of assets	2018 £'000	2017 £'000
Opening fair value of assets	392	-
Interest income on assets	11	-
Remeasurement gains/ (losses) on assets	2	-
Contributions by employer	85	-
Contributions by participants	16	-
Net benefits paid out	(2)	-
	504	-
Closing fair value of assets	504	-

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2018 *(Continued)*

22 Pension Scheme (continued)

Actual Return on Assets	2018 £'000	2017 £'000
Interest income on assets	11	-
Gain/ (loss) on assets	2	-
	13	-
Actual return on assets	13	-

23 Reconciliation of operating surpluses to net cash inflow from operating activities

	2018 £	2017 £
Operating surplus	159,910	112,999
Amortisation of intangible fixed asset	6,500	6,500
Amortisation of deferred capital grant	(9,787)	(7,949)
Depreciation of tangible fixed assets	204,801	231,207
(Increase)/decrease in debtors (excl. capital grant receivable)	(361,464)	123,255
Increase in creditors (excl. deferred capital grant)	41,322	428,680
Pension scheme adjustment	12,000	-
	53,282	894,692
Net cash inflow from operating activities	53,282	894,692

24 Related party transactions

There have been no related party transactions recorded during the year with regards to the Trustees and Senior Staff as listed on page 1 of these accounts, other than remuneration paid to Key Management Personnel set out in note 5.

25 Controlling party

At 31 March 2018 the ultimate controlling party was the Trustees and Directors of the Society of St James.

