

Society of St James

Report and Financial Statements

Year Ended

31 March 2020

Company Number: 03009700

Charity Number: 1043664

Society of St James

Annual report and financial statements for the year ended 31 March 2020

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Society of St James

Reference and administrative information for the year ended 31 March 2020

Trustees and Directors:	D Scott S Butterfill D Craggs P Hillary A Holland G Marshall J Osman R Hollis G Tunney	(Chair until resignation 24 March 2020) (Chair from 24 March 2020) (Treasurer until 3 December 2019) (Treasurer from 3 December 2019) (appointed 24 October 2019) (appointed 24 October 2019)
Company Secretary:	T Pickup	
Senior Staff	T Pickup A Powell J Smith M Taylor T Keall N Wilsenham	(Chief Executive) (Director of Finance and Central Services) (Operations Director – resigned 30 April 2019) (Operations Director) (Operations Director) (Operations Director – appointed 1 May 2019)
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 2020

Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2020, 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 is 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 2019 the Board reviewed its own performance and the performance of the sub committees of the Board. It also reviewed the effectiveness of the current committee structure and systems in place to ensure that they provided effective governance arrangements for the Society. The Board also reviewed the key risks facing the Society and mechanisms to ensure that they addressed within Board meetings and reports to the Board. The Board is confident of its continued compliance with the Standard.

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 2020

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.

The Society agreed a 10 year strategy in the spring of 2019, to provide a long term direction for its work. Further detail was provided in the 2 year action plan, agreed by the Board in March 2019.

Housing

The Society provides a range of housing to homeless people in Southampton, Portsmouth and elsewhere in Hampshire, ranging from hostels, through to 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 505 (2019 – 459) units (bed spaces), including the care home, on 31 March 2020 of which 226 were owned and 279 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 £1.209 million (2019 £1.460 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 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 and Rushmoor Borough Council.

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 can 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 2020

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 (until 30 June 2019), 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 1,500 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.

Employment and Training Opportunities

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 £10,502k to £10,550k, with additional income from Portsmouth and philanthropic funding offsetting reduced levels of income from various other local authority funded activities.

The surplus for the year of £99k (2019: £107k) is a good result and in line with previous performance and with our internal budget.

Despite the Society not retaining two contracts during the year the last twelve months have been successful. Performance for the year against the key objectives in the 2 year action plan was as follows:

Increase housing stock

SSJ is committed to developing additional housing in order to provide more move-on opportunities from our existing housing projects and to contribute to reducing rough sleeping. Over the year SSJ acquired 3 new buildings, mostly funded by a mix of Homes England and mortgages. Once these buildings are refurbished, it will create 17 units of accommodation, for single people. During the year SSJ also completed 6 schemes purchased in the previous year, bringing 41 more units into service.

SSJ was also successful, alongside SWVG (Southampton and Winchester Visitors Group) in an application for National Lottery funding to provide a house for SWVG, which will enable them to accommodate 6 adults with no recourse to public funds. This house was purchased in January 2020 and will be refurbished and opened in June or July 2020.

Develop partnerships

A number of partnerships have been further developed with a range of partners where SSJ can provide housing expertise. These include:

- The Society, working with Southampton City Council, took on the lease of 12 units of accommodation to be used for temporary accommodation nominated by the City Council.
- Partnership with Mental health services in Southampton to provide accommodation for people leaving hospital. This property was opened in the year and provides accommodation for 6 people.

Continue to bid for relevant services

SSJ expected to be bidding for a number of contracts over the year, but several were delayed by the various commissioners. The Young People's service in Portsmouth was put out to tender and the Society was unsuccessful in its bid to retain that service which was transferred to another provider from 1 November 2019.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2020

Strategic Report - Achievements and performance (*continued*)

Fundraising

This has been a successful year for fundraising for SSJ, with over £251k (2019: 263k) being raised to support the work of the Society.

An element of this (£68k) has come from a mixture of grants from philanthropic bodies, including the National Lottery Community Fund towards specific projects including Re-fit and Saints4Sports. We are especially grateful to receive renewed funding from the National Lottery Community Fund for these schemes, a reflection on the success of these projects. We have also received project specific contributions from the Nationwide Community Fund to support our house purchasing, Homeless Link for their award of Ending Women's Homelessness Fund monies to support our Horizons Project in partnership with Aurora New Dawn and from the Office of the Police and Crime Commissioner.

We also received about £174k (2019: £164k) in financial support from corporate partners, schools, and community groups. This included being adopted as the charity of the year by the Southampton Property Association for the second year running.

We benefited from a successful partnership with the Southern Coop, which included training events for both partners, support for events and financial help. This partnership won a national award, the Third Sector Business Charity Award for best short term partnership and will continue into a second year. The partnership was noted as 'inspiring' by the judges.

SSJ was also successful in winning a partnership bid submitted by SSJ and the Southampton and Winchester Visitors group to the National Lottery to fund a house and support staff to provide accommodation to asylum seekers and refugees. This house has been purchased but the income does not appear in the accounts, as it is due in May 2020.

Impact of Covid – 19

With the beginning of lockdown occurring in March 2020, the Society has managed to deal with the challenge that this has brought well.

SSJ has worked with local authorities to reduce the numbers of people sleeping rough and therefore at great risk of becoming infected by the virus. This has meant helping manage new buildings and services, and using existing buildings for alternative uses for the short term. Services have adjusted their styles of working to reduce the risk of infection, with some support being delivered by phone rather than by face to face working. Head Office was closed and all staff based there began to work from home. The social enterprises, Jamies Computers and the Café in the Park closed completely and the staff put on furlough.

The financial impact in March was limited with most income continuing as normal, and only limited additional expenses being incurred. In the coming year SSJ will continue to provide the extra services described above, with additional financial support of the local authorities. The impact of the virus and the economic issues associated with it over the next 12 months is likely to create greater demand for the services provided by SSJ, but whether funds will be available to deliver such services is currently unknown.

Strategic Report - Financial Review

Financial Position and Management Policies

The year ended 31 March 2020 has again seen net cash generated from operating activities of £735k (2019 - £53k), and an operating surplus of £194k (2019 - £135k). The Society remains in a sound financial position at 31 March 2020 and finished the year with cash of £1,035k (2019 - £442k). During the year the Society invested £2m (2019 £3.5m) in acquiring and developing new Housing Property.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2020

Strategic Report - *Financial Review (continued)*

Financial Position and Management Policies (continued)

The increase in cash during the year of £593k (2019 – decrease of £442k) was mainly due to a significant improvement in cash generated from operating activities through an improvement in debt collection. The Society has borrowed over £1million from Charity Bank during the year and will borrow more in the new year. 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. The Society follows a policy of ensuring that there is always sufficient access to cash to ensure that relevant debts can be paid in full and on time.

Reserves

Free reserves were £948k at 31 March 2020 (2019 - £517k). 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 level of free reserves at 31 March 2020 has improved since the previous year as the cash from grants and loans from the Society's development programme is more in sync than last year with the Society not awaiting significant grants or loan balances. The current year free reserves figure is perhaps more comparable with the amount disclosed in last year's accounts had the loan facilities been available to draw by 31 March 2019 when the free reserves would have been £816k.

The Society updated its Treasury Management policy during the year and has decided upon the following liquidity policy:

“SSJ is required to maintain ready access to sufficient sources of liquidity to meet the following month's cash operating costs plus the next three month's debt service costs (together “the Cash Requirement”). For the year ending 31 March 2020 £400,000 of this amount (“the Minimum Liquidity”) must be met from cash. For the purpose of meeting the Cash Requirement in full, debtors due to be collected and investments realisable within the next 14 days and overdraft facilities may be included.”

The Society had £3,307k of total reserves at 31 March 2020 (2019 - £3,196k).

Sources of Income

The largest source of income for the Society has this year has again been net rental and service charge income which has increased to £4,132k (2019 - £3,879k) and now represents 39% of the Society's total income (2019 - 37%). The reason for this increase has been the increase in bed spaces provided by the Society through acquisitions and some leasing of property. It is usually collected directly from the relevant Local Authority in the form of Housing Benefit payments. 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 11% (2019 - 14%) of total income with the actual amount of funding from this source falling by approximately £356k from £1.565m to £1.209m. The reduction in the funding has come about as the Society was unsuccessful when trying to retain services that were re-tendered by Portsmouth City Council.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2020

Strategic Report - *Financial Review (continued)*

Sources of Income (continued)

Grant income from substance misuse services is still extremely important to the Society and has remained fairly similar to the previous year at £3.810m (36% of the Society's income) (2019: £3.624m; 35%). Donations and awards from philanthropic trusts and the general public remain a key source of funding with the Society benefitting from £251k in the year to 31 March 2020 (2019 - £263k).

Investments

The Society holds most of its cash in accounts where instant access can be achieved in order to help manage its operational cash flow. Where a longer term surplus in cash has been identified this cash has been placed into investment holdings in the past. The most recent transfer of cash into investments was in 2010 and it is not anticipated that further cash transfers will be made for the foreseeable future.

The Society has a policy of diversifying the investments it holds 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. The funds decreased by 12.6% in value during the year largely because of the impact on the markets of the current health epidemic.

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 seek to continue to deliver Housing, Support, Care, Treatment and Training to vulnerable adults in Hampshire and surrounding areas. The Society may also 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 and/or the requirements of new local authority tenders.

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.

The Board have agreed a number of priorities for the coming year. These include

- The purchase of a second Care Home – the Society has been running a specialist care home for people who need Care in a registered care home, due to their alcohol issues. The 10 year Strategy identified the need for the purchase of a second care home to meet the needs of service users with long term alcohol issues. Our existing care home has been very successful and there is a constant demand which we cannot meet to accommodate more people. Over the year, SSJ had been proceeding with the purchase and due diligence of a suitable property and this completed in the summer of 2020.
- Housing development – the Society will continue to acquire and develop new properties in order to meet the need for housing for many vulnerable people. This will continue in 2020-21 with several purchases planned. There are also several buildings which have been recently purchased that are currently being refurbished and will open during the coming year.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2020

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 impact of the Coronavirus, the requirements of social distancing and the expected economic downturn are all risks that could impact on the Society. However, the resources being made available to meet the need for additional accommodation and support for vulnerable people have already created greater demand of our services. It is not clear at the time of writing the medium-term impact of this crisis but the Board is reviewing the situation regularly.

In the context of this report, the other principal risks are considered to be financial.

Interest rates are likely to remain low over the coming few years and the Society intends to use the low interest rate environment to fix the interest rate charged on a significant proportion of its long term debt. Low variable interest rates are good news for the Society as this keeps interest charges down whilst fixing a significant proportion of the long term debt will create longer term stability to help with planning and financial control.

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.

Strategic Report - *Fundraising practices*

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 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 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 having been 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. The Society 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 2020

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 requirements of the RSH require standard metrics to be shown in these accounts; the following shows these metrics for the Society and is benchmarked against the most appropriate data (supported housing specialist providers (although these are all still large organisations)) from the RSH publication of value for money data for the sector for 2019. The Society has also chosen to add 2 of its own benchmarks which appear below after the standard metrics that are required

Required Metrics	Benchmark (2019 data)	Target (2020)	2020	2019
Metric 1 - Reinvestment %	4.2%	35.9%	21.9%	49.2%
Metric 2 - New supply delivered %	0.8%	7.4%	12.9%	8.7%
Metric 3 - Gearing %	13.3%	50%	38.7%	40.4%
Metric 4 - EBITDA MRI Interest Cover %	228%	200%	227%	212%
Metric 5 - Headline social housing cost per unit	£8,460	£12,000	£12,170	£12,010
Metric 6A - Operating Margin % (social housing lettings only)	12.9%	4.5%	5.0%	5.6%
Metric 6B - Operating Margin % (overall)	8.0%	2.0%	1.8%	1.3%
Metric 7 - Return on capital employed (ROCE) %	3.4%	2.0%	1.8%	1.6%
SSJ additional metrics				
Occupancy %	n/a	94.5%	94.0%	95.0%
Bad debts %	n/a	1.7%	0.5%	0.6%

The Society's performance on metrics 1, 2 and 3 is well above the benchmark. In 2018 the Society decided to expand its property assets by bidding actively for housing grant and using borrowing to contribute to funding. The organisations in the sector included in the benchmark vary significantly in size and pursue a wide range of strategies. Some are not actively developing as much new supported housing and/ or have undertaken their investment over a longer period of time and therefore have lower gearing. The targets that the Society has set itself are still in the learning phase and performance achieved is positive.

The Society exceeded its target for EBITDA MRI Interest cover % and its result is in line with the sector.

The Society's Social Housing cost per unit is always likely to be higher (and operating margin % lower) than the sector as the Society bears the full costs of running support services (partly funded by grants), whereas most other providers fund fewer support services. The target is to reduce this cost over time as the impact of development reduces in comparison with the overall costs in this area.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2020

Value for Money (continued)

The Society's Operating Margins are significantly below the benchmark as it is a strategic decision of the Society to spend as much of its income in providing services to vulnerable people as possible and therefore actively pursues a strategy of achieving low but sustainable surpluses.

The Society's ROCE metric is more comparable to the benchmark but again is lower due to the aforementioned difference in approach.

The Society has chosen 2 specific metrics for its internal performance which are crucial to monitor the level of housing income and that the efficiency of the service provided.

The occupancy percentage is close to the target set in the budget and is consistent with the previous year's performance. The Society has plans to improve the time taken to make bed spaces available for re let after a void period and is targeting improvements in this area.

The bad debt percentage has been consistently low over the last 2 years due to good rent collection policies from the Housing Management team and the Society continuing to benefit from direct payments of benefits.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2020

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 (2018) 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 2019. 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 (2018).

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 1 September 2020 and is signed on its behalf by:


Patricia Hillary (Sep 2, 2020 10:42 GMT+1)

P Hillary, 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 'association') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income, the Statement of Changes in Reserves, the Statement of Financial Position and the 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 association's affairs as at 31 March 2020 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 2019.

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 association 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 association'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES (continued)

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
- the Report of the Board of Trustees incorporating a Strategic Report has been prepared in accordance with applicable legal requirements.

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 11, the members of the board are the directors of the association 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 association'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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SOCIETY OF ST JAMES (continued)

Use of our report

This report is made solely to the association'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 association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nexia Smith & Williamson
Nexia Smith & Williamson (Sep 9, 2020 16:59 GMT+1)

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: 09/09/2020

Society of St James

Statement of Comprehensive Income for the year ended 31 March 2020

	Notes	2020	2019
		£000s	£000s
Turnover		10,550	10,502
Operating costs		(10,356)	(10,367)
		194	135
Operating surplus	2	194	135
Unrealised (deficit)/surplus on investments		(23)	8
		171	143
Surplus on ordinary activities before interest		171	143
Interest receivable and similar income	6	6	9
Interest payable and similar charges	7	(78)	(45)
		99	107
Actuarial gain in respect of pension scheme		12	36
		111	143
Total Comprehensive Income for the year		111	143

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 2020

	Retained Earnings £000s
Balance at 1 April 2018	3,053
Surplus for the year	107
Other Comprehensive Income	36
	<hr/>
Balance at 31 March 2019	3,196
	<hr/>
Balance at 1 April 2019	3,196
Surplus for the year	99
Other Comprehensive Income	12
	<hr/>
Balance at 31 March 2020	3,307
	<hr/> <hr/>

Society of St James

**Statement of Financial Position
at 31 March 2020
Company Registration Number: 03009700**

	Notes	2020 £000s	2019 £000s
Fixed assets			
Housing properties at cost less depreciation	9	9,013	7,226
Intangible assets	10	46	52
Other fixed assets	11	594	504
Investments	12	165	188
		9,818	7,970
Current assets			
Debtors	13	865	1,135
Cash at bank and in hand		1,035	442
		1,900	1,577
Creditors: amounts falling due within one year	14	1,223	1,312
Net current assets		677	265
Total assets less current liabilities		10,495	8,235
Creditors: amounts falling due after more than one year	15	7,188	5,038
Provisions for liabilities			
Pension scheme provision	22	-	1
Total net assets		3,307	3,196
Capital and reserves			
Retained Earnings		3,307	3,196
Total Capital and Reserves		3,307	3,196

The financial statements on pages 15 to 37 were approved and authorised for issue by the Board of Trustees on 1 September 2020 and are signed on its behalf by:-

Graeme Marshall
Graeme Marshall (Sep 2, 2020 11:41 GMT+1)

G Marshall
Trustee

Patricia Hillary
Patricia Hillary (Sep 2, 2020 10:42 GMT+1)

P Hillary
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 2020

	Notes	£000s	2020 £000s	2019 £000s
Net cash generated from operating activities	22		735	53
Cash flow from investing activities				
Acquisition, construction and works to tangible fixed assets		(2,219)	(3,679)	
Grants received		984	1,143	
		-----	-----	
Net cash used in investing activities			(1,235)	(2,536)
Cash flow from financing activities				
New loans		1,229	2,138	
Loans repaid		(65)	(64)	
Interest paid		(77)	(42)	
Interest received		6	9	
		-----	-----	
Net cash generated in financing activities			1,093	2,041
			-----	-----
Increase / (Decrease) in cash and cash equivalents			593	(442)
Cash and cash equivalents at beginning of year			442	884
			-----	-----
Cash and cash equivalents at end of year			1,035	442
			=====	=====

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020

1 Accounting policies

Society of St James (“the Society”) is a private 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 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019.

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.

Going concern

The UK wide coronavirus lockdown began on 23 March 2020. The Board have considered the financial impact of coronavirus on any estimations included within these financial statements. As the impact of the coronavirus pandemic evolves the Board will continue to review the potential risks to the Society and implement any actions needed to minimise them. After making enquiries, the Board has observed that financial performance during the first 2 months of the lockdown has exceeded targets and cash holdings have increased. Furthermore, the Board has reviewed forecasts and further information that has reassured it that there is a reasonable expectation that the Society has, and will continue to receive, adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statement are signed. For this reason it continues to adopt the going concern basis in the financial statements.

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

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020

1 Accounting policies (continued)

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.

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 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.

1.1f 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.

1.1g 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.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020

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 on loan finance during the development of new property assets is capitalised as a development cost of the new asset for which the loan was drawn. All other 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 2020

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 took 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

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 Comprehensive Income.

1.13 Operating leases

Annual rentals under operating leases are charged to the Statement of Comprehensive Income 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 2020 (*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 Taxation

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

1.16 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 2020 (*Continued*)

1.17 *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.

1.18 *Cash and Cash Equivalents*

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

1.19 *Development staff costs*

Where staff costs are directly attributable to the development of new property assets these costs will be capitalised as a development cost of the new asset. No staff costs have been capitalised during the year to 31 March 2020.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

2 Operating surplus

	2020 £000s	2019 £000s
<i>Operating surplus is stated after charging:</i>		
Depreciation		
- housing properties	186	119
- other fixed assets	156	141
Amortisation of goodwill	6	7
Auditors' remuneration	15	14
- as auditors (including VAT and expenses)	-	1
- other services	-	-
Rent losses from bad debts	12	12
- rent (net of service charges)	10	10
- service charges	10	10
Operating lease costs	688	664
	688	664

3 Income and Expenditure from Social Housing Activities

	2020 £000s	2019 £000s
Income		
Rent receivable net of identifiable service charges and voids	2,535	2,396
Service charges receivable	1,597	1,483
Revenue and capital grants relating to lettings	1,809	1,958
Revenue and capital grants from other social housing activities	4,331	4,304
	10,272	10,141
Turnover from social housing activities		
	10,272	10,141
Social housing activity expenditure relating to lettings		
	6,146	5,512
Other social housing activity expenditure		
	3,864	4,515
	10,010	10,027
Total expenditure on social housing activity		
	10,010	10,027
Operating surplus from social housing activities		
	262	114
Void losses		
	264	204

4 Staff costs

	2020 £000s	2019 £000s
Wages and salaries	5,177	5,393
Employer National Insurance Contributions	399	418
Employer pension contribution costs	406	349
	5,982	6,160

Company pension scheme contributions are made to pension schemes operated on the company's behalf by TPT retirement solutions (formerly the Pensions Trust) and Hampshire County Council.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

4 Staff costs (continued)

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

	2020 Number	2019 Number
Housing and support	119	121
Substance misuse	59	68
Social enterprise	9	9
Finance	7	6
Administration	12	16
	<u>206</u>	<u>220</u>

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

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

	2020 £000s	2019 £000s
Wages and salaries	293	261
Employer National Insurance Contributions	34	30
Employer pension contribution costs	39	38
	<u>366</u>	<u>329</u>
Remuneration payable to the highest paid Director excluding pension	<u>76</u>	<u>71</u>

For the year ended 31 March 2020 the number of employees whose annual emoluments including pension contributions were £60,000 or more were:

	2020 Number	2019 Number
£60,000 to £70,000	2	-
£70,000 to £80,000	1	-
£80,000 to £90,000	1	1

The Chief Executive is a member of the 'Growth Plan' pension scheme that is administered by TPT retirement solutions (formerly 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 2020 (*Continued*)

6 Interest receivable and similar income

	2020 £000s	2019 £000s
Interest receivable and investment income	6	9
	6	9

7 Interest payable

	2020 £000s	2019 £000s
Mortgage interest	111	51
Unwinding of discount factor in respect of the pension growth plan	1	3
Less capitalised interest	(34)	(9)
	78	45

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

	Property in development £000s	Leasehold land and property held for lettings £000s	Freehold land and property held for lettings £000s	Total £000s
<i>Cost</i>				
At 1 April 2019	762	1,458	6,156	8,376
Additions: new properties	537	241	1,141	1,919
works to existing properties	-	12	42	54
Disposals: components replaced	-	-	(2)	(2)
	1,299	1,711	7,337	10,347
<i>Depreciation</i>				
At 1 April 2019	-	164	986	1,150
Charge for the year	-	31	155	186
Disposals	-	-	(2)	(2)
	-	195	1,139	1,334
<i>Net book value</i>				
At 31 March 2020	1,299	1,516	6,198	9,013
At 31 March 2019	762	1,294	5,170	7,226

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

10 Intangible assets	Goodwill £000s
Cost at 1 April 2019 and 31 March 2020	130
<i>Amortisation</i>	
At 1 April 2019	78
Charge for the year	6
At 31 March 2020	84
<i>Net Book Value</i>	
At 31 March 2020	46
At 31 March 2019	52

11 Other fixed assets

	Freehold Property £000s	Leasehold Improve- ments £000s	Motor vehicles £000s	Office Equipment £000s	Housing Equipment £000s	Total £000s
<i>Cost</i>						
At 1 April 2019	237	405	66	161	259	1,128
Additions	-	18	64	50	114	246
Disposals	-	(8)	-	(3)	-	(11)
At 31 March 2020	237	415	130	208	373	1,363
<i>Depreciation</i>						
At 1 April 2019	21	263	50	105	185	624
Charge for the year	3	62	19	32	40	156
Disposals	-	(8)	-	(3)	-	(11)
At 31 March 2020	24	317	69	134	225	769
<i>Net book value</i>						
At 31 March 2020	213	98	61	74	148	594
At 31 March 2019	216	142	16	56	74	504

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

	2020 £000s	2019 £000s
Cost	296	296
Aggregate depreciation	(92)	(89)
Depreciated cost	204	207

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

12 Investments	Listed £000s	Unlisted £000s	2020 £000s	2019 £000s
<i>Cost or valuation</i>				
Valuation at 1 April 2019	178	10	188	180
Unrealised (deficit)/ gain in year	(23)	-	(23)	8
<hr/>				
Cost or Valuation at 31 March 2020	155	10	165	188
<hr/>				
Historic Cost at 1 April 2019 and 31 March 2020	80	10	90	90
<hr/>				

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 4 periods from 1 April 2016 to 31 March 2020. Jamie's Computers Limited had £10,000 of unpaid share capital and £9,500 reserves at 31 March 2019 and 31 March 2020.

13 Debtors	2020 £000s	2019 £000s
Trade Rent and service charge	379	350
Debtors: Less Provision for doubtful debts	(109)	(116)
Rent and service charge (net of provision for doubtful debts)	270	234
Other trade debtors (net of provision)	284	733
Grants receivable	166	-
Other debtors	-	6
Prepayments and accrued income	145	162
<hr/>		
	865	1,135
<hr/>		

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

14 Creditors: Amounts falling due within one year	2020 £000s	2019 £000s
Secured mortgage	105	65
Trade creditors	392	490
Grants in advance	126	141
Taxation and social security	111	123
Intercompany creditor (Jamies Computers Ltd)	10	10
Other creditors	241	261
Accruals and deferred income	151	151
Pension creditor (TPT)	23	22
Deferred capital grant (Note 16)	64	49
<hr/>		
	1,223	1,312
<hr/>		

Included within Grants in advance is £13k (2019: £16k) from the Big Lottery Grant fund relating to their support of the Society's Saints4Sport project and £22k (2019: £9k) relating to the Re:Fit project.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

15 Creditors: Amounts falling due after more than one year	2020 £000s	2019 £000s
Deferred capital grant (note 16)	2,690	1,639
Secured mortgages	4,410	3,286
Pension creditor	88	113
	7,188	5,038
	7,188	5,038

The mortgages are repaid on a monthly basis over terms ranging from 20 to 30 years. Rates are either variable with a margin over Bank of England base rate or LIBOR, or fixed. The remaining terms on these loans are between 9 and 25 years.

A variable rate of interest was charged on £4,392k of mortgage balances (2019 £3,223k). The variables rates applied are:

	2020 £000s	2019 £000s
LIBOR + 0.65% on the mortgage balance of	380	410
Bank of England (BoE) base rate + 3% on the mortgage balance of	271	286
Bank of England (BoE) base rate + 2.53% on the mortgage balance of	374	390
Bank of England (BoE) base rate + 2% on the mortgage balance of	3,367	2,137
	4,392	3,223
	4,392	3,223

A fixed rate of 3.73% was charged on £123k of mortgage balances (2019 £128k).

The mortgages are secured by fixed charges over 23 of the Society's properties.

The mortgages are repayable as follows:

	2020 £000s	2019 £000s
In less than one year	105	65
In more than one year but less than two years	180	102
In more than two years but less than five years	529	405
In more than five years	3,701	2,779
	4,515	3,351
	4,515	3,351

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

16 Deferred Capital Grant	2020 £000s	2019 £000s
At 1 April	1,688	629
Grant received in year	1,108	1,080
Released to income in the year	(42)	(21)
	2,754	1,688
At 31 March	2,754	1,688
	64	49
Amounts to be released within one year	2,690	1,639
Amounts to be released in more than one year	2,754	1,688
	2,754	1,688

17 Commitments

Capital commitments

None

18 Housing stock

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

	2020 Number	2019 Number
Leased supported units	279	295
Owned supported units	226	164
	505	459
	505	459

19 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.

20 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 2020 £000s	2019 £000s
Operating leases which expire:		
Within one year	708	657
In two to five years	1,270	1,510
After five years	159	256
	2,137	2,423
	2,137	2,423

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

21 Pension Scheme

The Society of St James participates in a variety of pension schemes administered by TPT retirement solutions, previously 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 and have relevant employment rights, 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, the Society paid contributions of 3% whilst members paid contributions at the rate of 5% 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 950 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.

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 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.5m. 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 2019 to 31 January 2025 were set at £22,458 per annum (payable monthly and increasing by 3% each on 1st April). From 1 April 2020 the deficit contributions required from the Society of St James increased to £23,131 per annum.

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.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (*Continued*)

21 Pension Scheme (continued)

<i>Present Values of Provision</i>	2020	2019	
	£000s	£000s	
Present Value of Provision	111	135	
<i>Reconciliation of Opening and Closing Provisions</i>	2020	2019	
	£000s	£000s	
Provision at start of period	135	157	
Unwinding of the discount factor (interest expense)	2	2	
Deficit contributions paid	(23)	(20)	
Remeasurements – impact of any change in assumptions	(3)	1	
Remeasurements – amendments to the contribution schedule	-	(5)	
Provision at end of period	111	135	
<i>Income and Expenditure Impact</i>	2020	2019	
	£000s	£000s	
Interest expense	2	2	
Remeasurements – impact of any change in assumptions	(3)	1	
Remeasurements – amendments to the contribution schedule	-	(5)	
<i>Assumptions</i>	2020	2019	2018
	%	%	%
Rate of discount	2.53	1.39	1.71

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:

	2020	2019	2018
	£000s	£000s	£000s
Year 1	23	22	20
Year 2	24	23	21
Year 3	25	24	21
Year 4	25	25	22
Year 5	22	25	23
Year 6		22	23
Year 7	-	-	24
Year 8	-	-	12

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 (Continued)

21 Pension Scheme (continued)

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 2019 and the contributions to be paid until 31 March 2023 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.

Reconciliation of funded status to Balance Sheet	31 March 2020 £000s	31 March 2019 £000s
Fair value of assets	823	650
Present value of funded defined benefit obligation	(719)	(651)
Funded status	104	(1)
Unrecognised asset	(104)	-
(Liability) recognised on balance sheet	0	(1)

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

	31 March 2020 % per annum	31 March 2019 % per annum
Discount Rate	2.3	2.5
RPI inflation	1.8	3.2
CPI inflation	1.8	2.1
Pension increases	1.8	2.1
General Pay inflation	2.8	3.6
Pension accounts rate of revaluation	1.8	2.1

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 *(Continued)*

21 Pension Scheme (continued)

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.

Assumed Life expectancy at 65	2020	2019
Male		
Member aged 65 at accounting date	23.0	23.3
Member aged 45 at accounting date	24.7	24.9
Female		
Member aged 65 at accounting date	25.5	26.1
Member aged 45 at accounting date	27.2	27.8

Asset allocation in the scheme is as follows:	2020	2019
	%	%
Equities	52.7	60.4
Property	7.3	7.6
Government bonds	21.8	22.7
Corporate bonds	0	5.2
Cash	2	2.3
Other	16.2	1.8
Total	100.0	100.0

Amounts recognised in Income Statement	2020	2019
	£000s	£000s
Operating cost		
Current service cost	89	88
Interest on net defined benefit asset	(1)	-
Expense recognised in Income Statement	88	88

Amounts recognised in other Comprehensive Income	2020	2019
	£000s	£000s
Asset gains/ (losses) arising during the period	65	39
Liability gains/ (losses) arising during the period	51	(3)
Adjustments in respect of paragraph 28.22	(104)	-
Total amount recognised in other Comprehensive Income	12	36

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 *(Continued)*

21 Pension Scheme (continued)

Changes to present value of the defined benefit obligation	2020	2019
	£000s	£000s
Opening defined benefit obligation	651	532
Current service cost	89	88
Interest expense on defined benefit obligation	16	14
Contributions by participants	15	16
Actuarial (gains)/ losses on liabilities	(51)	3
Net benefits paid out	(1)	(2)
	719	651
	719	651
Changes to the fair value of assets	2020	2019
	£000s	£000s
Opening fair value of assets	650	504
Interest income on assets	17	14
Remeasurement gains/ (losses) on assets	65	39
Contributions by employer	77	79
Contributions by participants	15	16
Net benefits paid out	(1)	(2)
	823	650
	823	650
Actual Return on Assets	2020	2019
	£000s	£000s
Interest income on assets	17	14
Gain/ (loss) on assets	65	39
	82	53
	82	53

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2020 *(Continued)*

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

	2020 £000s	2019 £000s
Operating surplus	194	135
Amortisation of intangible fixed asset	6	7
Amortisation of deferred capital grant	(42)	(21)
Depreciation of tangible fixed assets	342	260
Decrease/(Increase) in debtors	394	(220)
Decrease in creditors	(170)	(117)
Pension scheme adjustment	11	9
	735	53
Net cash inflow from operating activities	735	53

23 Analysis of change in net debt

	At 1 April 2019 £000s	Cash Flow £000s	Other £000s	At 31 March 2020 £000s
Cash at bank and in hand	442	593	-	1,035
Debt due within one year	(65)	65	(105)	(105)
Debt due after one year	(3,286)	(1,229)	105	(4,410)
	(2,909)	(571)	-	(3,480)
Total	(2,909)	(571)	-	(3,480)

24 Related party transactions

Related party transactions have been recorded during the year between a member of Senior Staff and his brother-in-law, with the brother-in-law providing Handyman maintenance services to the Society. The total expenditure with the related party during the year was £61k (2019: £39k) with 6k outstanding at 31 March 2020 (2019: £3k). Additionally a member of Senior Staff's daughter was employed during the year. The total remuneration for the member of staff was less than £1k (2019: n/a). No other related party transactions have occurred 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 Post Balance Sheet Events

The Society acquired a 22 bed care home in Southampton on 27 July 2020. The purchase price was £1,750k which was funded by way of a mortgage loan of £1,750k from Unity Trust Bank.

26 Controlling party

At 31 March 2020 the ultimate controlling party was the Trustees and Directors of the Society of St James.