

Registered Charity Number: 226852
Homes and Communities Agency Registration Number: A3825
Almshouses Association Member No. 1353

Butterfield Homes, Cottingley

Annual Report and Financial Statements

for the Year Ended 31 March 2017

Butterfield Homes, Cottingley

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Butterfield Homes, Cottingley

Registered Social Housing Provider Information

Charity Registration Number 226852
Home and Communities Agency registration Number A3825
Almshouse Association Member Number 1353

Establishment of the Charity The Butterfield Homes, Cottingley were constructed in 1935. On 7 October 1935 the Charity Commission established a Scheme for the regulation of the Charity. The Charity was established to provide almshouses for persons resident in Cottingley or within a radius of five miles therefrom and who are either aged not less than sixty years of age or infirm.

Members of the board Mrs Jean Bastow
Miss Margaret Holmes
Mrs Amy Booth
Mrs Astrid Hansen
Mr Albert Pratt
Mr Simon Watts
Reverend Robin Figg
Mr Mark Silver

Clerk Mr Colin Huntley

Registered office The Trustees of Butterfield Homes, Cottingley
C/o Mr Colin Huntley
3 Popples, School Lane
Bradshaw
Halifax
HX2 9QP

Bankers Barclays Bank plc
10 Market Street
Bradford
BD1 1EG

Auditors Watson Buckle Limited
Chartered Accountants
York House
Cottingley Business Park
Bradford
BD16 1PE

Butterfield Homes, Cottingley

Board Report

The trustees present the annual report together with the financial statements of the charitable company for the year ended 31 March 2017.

Structure, governance and management

The charity is regulated by a Declaration of Trust dated 7 October 1935 and a Scheme dated 11 May 1990.

The trustees hold four meetings annually and remain the owners of six dwellings at Cottingley Moor Road, Cottingley, Bingley BD16 1SD. Mark Silver was again re-elected for the year as Chair in February 2017. There were no changes or additions to the trustee board during the year.

All new trustees are given an introduction to the work of the trust by existing trustees and are also provided with Charity Commission publication CC3 'The Essential Trustee; what you need to know' and The Charity Governance Code.

The trustees continued with their programme of improvement and modernisation of the almshouses attending to the pointing to the front elevation and providing new inner gates and front railings as part of the cyclical repairs and maintenance to the almshouses.

Objectives and activities

The Trustees remain committed to achieving their aim of providing a high standard of accommodation and comfort at an affordable weekly contribution (now £79.00 per week) and to compete with other social housing providers in providing comparable modern facilities for their residents at a lower weekly cost. Decisions are made by the trustees on a majority basis with the chair having a casting vote in the event of a tied vote. For there to be quorum the number of trustees present should be four. All meetings in the year were quorate.

The Trustees continue to liaise with the usual Local Authority service departments, the Almshouse Association, the Home & Communities Agency and the VOA for the purpose of assessing the weekly maintenance contribution. The VOA reassessed the WMC at £100.00 per week on the 28 September 2015. The Trustees are keenly aware of the need to ensure a warm safe and comfortable environment for the residents under the Decent Homes Standards and will continue to make improvements which enhance energy saving and help to reduce residents heating costs.

Financial review

The trustees are pleased to report a surplus for the year of £9,127 (2016 - £5,211).

The trustees aim is to continue to build up its reserves. The trustees will continue to seek other funding from grant-making bodies for major projects where necessary and utilise the routine and cyclical repair funds for lessor projects such as general maintenance and repairs.

The level of reserves at 31 March 2017 was £141,013 (2016 - £131,886). After taking into consideration the amount tied up in fixed assets and the associated grant which is being amortised over the life of the assets the amount available in free reserves at the year end was £75,242.

So far as the trustees are aware there are no major risks facing the charity. The internal controls of the charity are reviewed and monitored annually. Deregistration of the almshouses from the HCA remains under review and will be possible when the title can be registered and the loan is repaid in 2020.

Public benefit

The Trustees pay due regard to the charity commission guidance on Public Benefit and believe that the provision to social housing within the local community conforms with their guidance.

Butterfield Homes, Cottingley

Board Report

Value for money

The trustees are mindful of the need to obtain value for money in all transactions entered into on behalf of the charity. When major works are undertaken a competitive tender is carried out. The trustees regularly review the investments to ensure they still achieve a good rate of return.

Statement of Boards Responsibilities


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

The registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the association and of its income and expenditure for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015. It has general responsibility for taking reasonable steps to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The annual report was approved by the trustees of the Charity on5/9/17..... and signed on its behalf by:


.....
Trustee M. SILVER

Butterfield Homes, Cottingley

Independent Auditors' Report to the members of Butterfield Homes, Cottingley

We have audited the financial statements of Butterfield Homes, Cottingley for the year ended 31 March 2017, which comprise the Statement of Comprehensive Income, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the housing association's board, in accordance with regulations made under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association's board 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 board as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

As explained more fully in the (set out on page 3), the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. We have been appointed as auditors under section 145 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statement is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2017 and of its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011, the Housing and Regeneration Act 2008 and the Accounting Direction for private registered providers of social housing in England 2015.

Butterfield Homes, Cottingley

Independent Auditors' Report to the members of Butterfield Homes, Cottingley

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Board Report is not consistent with the financial statements; or
- the association has not kept sufficient accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

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

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

Watson Buckle Limited

Watson Buckle Limited, Statutory Auditor

Bradford

Date: 5 September 2017

Butterfield Homes, Cottingley

Statement of Comprehensive Income for the Year Ended 31 March 2017 (Including Income and Expenditure Account)

	Note	2017 £	2016 £
Turnover	2	27,439	26,929
Administrative expenditure	2	<u>(28,885)</u>	<u>(19,971)</u>
Operating surplus/(deficit)		(1,446)	6,958
Income from fixed asset investments		2,912	2,567
Interest receivable and similar income		47	54
Interest payable and similar charges		(993)	(1,170)
Movements in fair value of financial instruments		8,607	(3,198)
Surplus/(deficit) for the year		<u>9,127</u>	<u>5,211</u>
Total comprehensive income for the year		<u>9,127</u>	<u>5,211</u>

All of the registered social housing provider's activities derive from continuing operations during the above two periods.

The financial statements were approved by the board and authorised for issue on and signed on their behalf by:


.....
Trustee


.....
Trustee


5/9/17

Butterfield Homes, Cottingley

Balance Sheet as at 31 March 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	7	183,555	186,412
Investments	8	<u>73,224</u>	<u>61,997</u>
		<u>256,779</u>	<u>248,409</u>
Current assets			
Debtors	9	1,021	2,113
Cash at bank and in hand		<u>11,757</u>	<u>16,208</u>
		12,778	18,321
Creditors: Amounts falling due within one year	10	<u>(5,269)</u>	<u>(5,141)</u>
Net current assets		<u>7,509</u>	<u>13,180</u>
Total assets less current liabilities		264,288	261,589
Creditors: Amounts falling due after more than one year	11	<u>(123,275)</u>	<u>(129,703)</u>
Net assets		<u>141,013</u>	<u>131,886</u>
Reserves			
Income and expenditure reserve		116,445	115,925
Revaluation reserve		<u>24,568</u>	<u>15,961</u>
Total reserves		<u>141,013</u>	<u>131,886</u>

The financial statements were approved by the board and authorised for issue on and signed on their behalf by:



 M. Silver
 Trustee

5/9/17



 Amy Booth
 Trustee

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The notes on page 10 to page 15 form part of these accounts.

Butterfield Homes, Cottingley

Statement of Changes in Reserves as at 31 March 2017

	Income and expenditure reserve	Revaluation reserve	Total
	£	£	£
At 1 April 2016	115,925	15,961	131,886
Surplus/(deficit) for the year	520	-	520
Revaluation of tangible fixed assets	-	8,607	8,607
Total comprehensive income	<u>520</u>	<u>8,607</u>	<u>9,127</u>
At 31 March 2017	<u><u>116,445</u></u>	<u><u>24,568</u></u>	<u><u>141,013</u></u>

Butterfield Homes, Cottingley

Cash Flow Statement for the Year Ended 31 March 2017

Reconciliation of net movement in funds to net cash flow from operating activities

	2017 £	2016 £
Net income	9,127	5,211
Investment income	(2,959)	(2,621)
Interest payable	993	1,170
Depreciation	9,643	8,891
(Profit) /loss on revaluation of fixed asset investments	(8,607)	3,198
Decrease in debtors	1,092	1,229
Decrease in creditors	(2,524)	(2,011)
Net cash inflow	<u>6,765</u>	<u>15,067</u>

Cash flow statement

	2017 £	2016 £
Net cash inflow from operating activities	<u>6,765</u>	<u>15,067</u>

Returns on investments and servicing of finance

Interest received	<u>2,959</u>	<u>2,621</u>
Interest payable	<u>(993)</u>	<u>(1,170)</u>
	<u>1,966</u>	<u>1,451</u>

Capital expenditure and financial investment

Purchase of tangible fixed assets	(6,786)	(730)
Purchase of investments	<u>(2,620)</u>	<u>(8,272)</u>
	(9,406)	(9,002)

Financing

Repayment of loans and borrowings	<u>(3,776)</u>	<u>(3,599)</u>
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(Decrease)/increase in cash in the year

	<u>(4,451)</u>	<u>3,917</u>
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Reconciliation of net cash flow to movement in net funds

(Decrease)/increase in cash	(4,451)	3,917
Net funds at 1 April 2016	<u>16,208</u>	<u>12,291</u>
Net funds at 31 March 2017	<u>11,757</u>	<u>16,208</u>

All of the cash flows are derived from continuing operations during the above two periods.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

1 Accounting policies

General information

The charity is a registered social housing provider.

Registered charity number: 226852

Homes and Communities Agency Registration number: A3825

Almshouses Association member number: 1353

The address of the registered office is:

3 Popples, School Lane

Bradshaw

Halifax

HX2 9QP

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102, the Statement of Recommended Practice for Social Housing Providers 2014, and with the Accounting Direction for private registered providers of social housing in England 2015. The financial statements are also prepared under the requirements of the Housing and Regeneration Act 2008.

The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value.

The registered social housing provider constitutes a public benefit entity as defined by FRS102.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated.

Financial instruments

The registered social housing provider only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Depreciation

Management review its estimates of the useful lives of the depreciable assets at each reporting date based on the expected utility of the assets; however. By their nature, component life cannot be determined with absolute certainty.

Loans and borrowings

Loans and borrowings are initially recognised at the transaction price including transaction costs. Subsequently, they are measured at amortised cost using the effective interest rate method, less impairment. If an arrangement constitutes a financing transaction it is measured at present value.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

Going concern

The financial statements have been prepared on a going concern basis.

The trustees assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the Charity to continue as a going concern. The trustees make this assessment in respect of a period of one year from the date of approval of the financial statements.

Turnover

Turnover represents weekly maintenance charge receivable, including water rates in the year net of losses from voids, and amortisation of government grants.

Social Housing Grant

Social Housing Grant (SHG) is receivable from the Homes and Communities Agency and is utilised to reduce the capital costs of housing properties. The SHG is recognised in income on a systematic basis over the expected useful economic life of the properties.

Investment income

Income is earned from holding fixed assets for investment purposes and is recognised when receivable and the amount can be measured by the charity.

Interest on funds held on deposit is included when receivable and the amount can be measured by the charity.

Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred.

Taxation

The registered social housing provider is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is potentially exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

Tangible fixed assets

Tangible fixed assets (including social housing properties) are stated at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended such as the cost of acquiring land and buildings, developments costs, interest charges on loans during the development period and expenditure on improvements. Expenditure on improvements will only be capitalised when it results in incremental future benefits such as increasing rental income, reducing maintenance costs or resulting in a significant extension of the useful economic life of the property.

Depreciation is provided on tangible fixed assets so as to write off the cost or valuation, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Depreciation method and rate
Properties	50 years
Plant and equipment	10% straight line basis
Doors and windows	30 years
Kitchens	20 years
Bathroom	25 years
Boilers	15 years
Electrical and heating installations	25 years

Major components of housing properties have been accounted for and depreciated separately from the connected housing property, over their expected useful economic lives. The costs of replacing these components are capitalised in full. The costs of partially replacing or repairing these components are charged to the comprehensive income.

Investments

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value through the statement of comprehensive income if the shares are publicly traded or their fair value can otherwise be measured reliably. Other investments are measured at cost less impairment.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

2 Social housing turnover and costs

	2017 £	2016 £
Turnover		
Service charges receivable	24,985	24,475
Amortised social housing grant	<u>2,454</u>	<u>2,454</u>
Turnover from social housing lettings	27,439	26,929
Administrative expenditure		
Management	(6,570)	(6,889)
Service charge costs	(577)	(811)
Routine maintenance	(11,927)	(3,289)
Depreciation of housing properties	(9,643)	(8,891)
Other costs	<u>(168)</u>	<u>(91)</u>
	<u>(28,885)</u>	<u>(19,971)</u>
Operating surplus on social housing lettings	<u><u>(1,446)</u></u>	<u><u>6,958</u></u>

3 Accommodation owned and in management

	Number of units at 1 April 2015	Number of units at 31 March 2016
Housing accommodation	<u>6</u>	<u>6</u>

4 Surplus on ordinary activities is stated after charging/(crediting):

	2017 £	2016 £
Audit fees		
Audit of the financial statements	400	400
Depreciation of freehold property	5,592	4,842
Depreciation of fixtures and fittings	4,051	4,049
Amortisation of government grants	<u>(2,454)</u>	<u>(2,454)</u>

5 Board and key management personnel remuneration and expenses

No board or key management personnel either received or waived any remuneration during the year.

6 Taxation

The registered social housing provider is a registered charity and is, therefore, exempt from taxation.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

7 Tangible fixed assets (restated)

	Housing properties for letting £	Property, plant and equipment £	Total £
Cost			
At 1 April 2016	193,981	50,475	244,456
Additions	6,786	-	6,786
At 31 March 2017	200,767	50,475	251,242
Depreciation			
At 1 April 2016	16,975	41,069	58,044
Charge for the year	5,592	4,051	9,643
At 31 March 2017	22,567	45,120	67,687
Net book value			
At 31 March 2017	178,200	5,355	183,555
At 31 March 2016	177,006	9,406	186,412

8 Investments held as fixed assets

	2016 £	2016 £
Listed investments	73,224	61,997
Listed investments		
	Listed investments £	Total £
Valuation		
At 1 April 2016	61,997	61,997
Revaluation	8,607	8,607
Additions	2,620	2,620
At 31 March 2017	73,224	73,224
Carrying amount		
At 31 March 2017	73,224	73,224
At 31 March 2016	61,997	61,997

The fair value of listed investments is determined by reference to the quoted price for identical assets in an active market at the balance sheet date. Historic costs of investments are £50,697 (2016 - £48,077).

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

9 Debtors

	2017 £	2016 £
Prepayments	889	853
Other debtors	132	1,260
	<u>1,021</u>	<u>2,113</u>

10 Creditors: amounts falling due within one year

	2017 £	2016 £
Housing Property Finance	1,874	1,676
Almshouse Association Loan	2,100	2,100
Other creditors	335	40
Accruals	960	1,325
	<u>5,269</u>	<u>5,141</u>

11 Creditors: amounts falling due after one year

	2017 £	2016 £
Housing Property Finance	5,491	7,365
Almshouse Association Loan	-	2,100
Grant	117,784	120,238
	<u>123,275</u>	<u>129,703</u>

Social Housing Grant totalling £122,692 has been received. This will be repaid if the properties are sold. The Social Housing Grant is being recognised in income on a systematic basis over the expected useful life of the structure (50 years).

12 Reserves

a) Income and expenditure reserve

The income and expenditure reserve represents the cumulative surplus and deficits net of other adjustments.

b) Revaluation reserve

The revaluation reserve represents the cumulate effect of revaluations of the fixed assets investments.

Butterfield Homes, Cottingley

Notes to the Financial Statements for the Year Ended 31 March 2017

13 Financial instruments

Categorisation of financial instruments

Financial assets measured at fair value through statement of financial activities at the balance sheet date were £73,224 (2016 - £61,997).

Financial assets that are debt instruments measured at amortised cost at the balance sheet date were £11,889 (2016 - £17,468).

Financial liabilities measured at amortised cost at the balance sheet date were £128,544 (2016 - £134,844).

Financial assets measured at fair value

Investments

The basis for determining the fair value of the investments is market value at the balance sheet date.

The fair value is £73,224 (2016 - £61,997) and the increase in value included in the statement of financial activities is £8,607 (2016 - £3,198 decrease).

Terms and conditions of loans

Included in financial liabilities is a bank loan of £7,365 which expires in four years. The interest rate on this loan is 11.5%.

The loan is secured by a legal charge held by the bank over the properties concerned.