

Society of St James

Report and Financial Statements

Year Ended

31 March 2017

Company Number: 03009700

Charity Number: 1043664

Society of St James

Annual report and financial statements for the year ended 31 March 2017

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Society of St James

Reference and administrative information for the year ended 31 March 2017

Trustees and Directors:	N Cato	(Chair – resigned 27 October 2016)
	D Scott	(Elected as Chair 13 December 2016)
	T Rogerson	(Treasurer)
	G Barwick	
	J Lovelock	
	G Ward	
	J Diaper	(resigned 27 October 2016)
	J Dawes	
	S Butterfill	
	D Craggs	
	P Hillary	(elected 27 October 2016)
	A Holland	(co-opted 28 March 2017)
Company Secretary:	T Pickup	
Senior Staff	T Pickup	(Chief Executive)
	A Powell	(Director of Finance and Central Services)
	J Smith	(Operations Director)
	M Taylor	(Operations Director)
	T Keall	(Operations Director)
Registered Office:	125 Albert Road South Southampton SO14 3FR	
Registered Company Number:	03009700	
Homes and Communities Agency 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 12 High Street Southampton SO14 2NX	

Society of St James

Report of the Board of Trustees incorporating a Strategic Report for the year ended 31 March 2017

Introduction

The Board of Trustees presents its report and financial statements for the year ended 31 March 2017, 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 Homes and Community Agency (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. 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 Homes and Communities Agency, 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 2016, the Board reviewed its own performance and the performance of the sub committees of the Board. It also reviewed the Governance and Viability standard, and the systems of reporting, internal and external checks, risk management and governance to ensure compliance with the standard. The Board was satisfied that the current committee structure and systems in place provided effective governance arrangements for the Society.

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

The senior staff report to the 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 2017

Objectives and Activities (*continued*)

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

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

Housing

The Society provides a range of housing to homeless people in Southampton, Portsmouth and Hampshire, ranging from hostels, through shared housing to one-bedroom flats and a registered residential care home. The Society also manages accommodation for homeless families in Rushmoor. The Society managed 407 units (bed spaces including the care home) on 31 March 2017 of which 126 were owned and 281 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 made one property available to another Registered Provider, which manages the scheme on behalf of the Society on a day to day basis, under a three year management agreement.

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 £1.853 million during the year, enabling the employment of support staff in most residential projects. The support provided enables previously homeless people, people with mental health issues, young homeless people and people with substance misuse problems to maintain their housing and to develop skills to live independently in the community. The Society is also supporting 9 residents in Aldershot in a homelessness hostel with Housing related support being funded by the Local NHS Trust.

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

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

Care

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

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

Objectives and Activities (*continued*)

Substance Misuse Services

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

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

Social Enterprise

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

Strategic Report - Achievements and performance

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

- a) Developing more housing - there is a constant need for more housing and The Society of St James (SSJ) seeks continually to increase its stock of property, either owned or managed. In the last year, SSJ has purchased another property in Portsmouth to be used as move-on accommodation. This was funded through a mixture of fundraising and a mortgage.
- b) Successful tendering - SSJ was successful in bidding for the provision of Substance Misuse services in Portsmouth. This contract is worth £2.7 million per year and covers a range of substance misuse interventions, including assessment, treatment, psycho-social programs, housing and a homelessness advice and support centre. The medical interventions are delivered by Solent NHS Trust under a sub-contracting arrangement.
This contract began in November 2016. The Society also retained the IOM contract in Hampshire, although the contract value was reduced significantly.
- c) Joining Wayfarer and receiving HCA grant - During the year SSJ was successful in applying to join the Wayfarer development group, which gives access to bidding for capital for Homes and Community Agency (HCA) grant. A bid was submitted and SSJ has been awarded capital to enable the purchase of 5 properties during the 2017 - 2020 funding round. These will be in Portsmouth and Aldershot.
- d) SSJ was asked by Portsmouth City Council to provide emergency accommodation over the winter period, and provided accommodation for between 25-44 people from mid-January to mid-March 2017. This was in response to the high numbers of rough sleepers in the City, who were not able to access the existing hostel provision.
- e) SSJ was asked by Rushmoor Borough Council to manage a hostel for nine rough sleepers in Aldershot, which opened in February 2017. This is a three year project to address the needs to rough sleepers in Aldershot, using a refurbished building on ex-military land.
- f) Successful bids for philanthropic funding - SSJ successfully submitted a number of bids to the National Lottery, Children In Need and Sports England, which resulted in over £400k of grant being awarded for a number of schemes to enhance the work of our services.

The Society's income has increased from £7.3 million to £8.4 million, which was due to the additional income from Portsmouth and the philanthropic funding, and in spite of reducing levels of income from various other local authority funded activities.

The surplus of the year of £123,823 is a good result and in line with previous performance.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

Strategic Report - *Financial Review*

Financial Position and Management Policies

The year ended 31 March 2017 has again seen a relatively small operating surplus of £112,999 (2016 – £112,721). However the Society remains in a sound financial position at 31 March 2017 and finished the year with a surplus of £123,823 (2016 – £95,794).

There has been a further increase in cash during the year to £1,194,842 (2016 - £523,748) which is in part due to the sale of some of the Society's investments, part the successful recovery of some older debts and also the increase in short term creditors as accruals have been made against invoices due from partner agencies. The Society has no plans to alter the terms of its 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 widely known and 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, 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 cash in its accounts to ensure that relevant debts can be paid in full and on time.

Reserves

It has been an aim for a number of years to build up free reserves to a level that can be shown to provide security for current and future operations. Free reserves decreased slightly in the year to £689,485 at 31 March 2017 (2016 - £709,514); representing just over 1 month's worth of expenditure. Free reserves are calculated by subtracting the value of fixed assets from total reserves before adding back long term liabilities and the next year's mortgage liability. The Trustees consider that the optimum level of free reserves (given the nature of the Society's operations and the environment in which it operates) is equal to approximately 3 months expenditure and continue to aim for this level of free reserves.

The Society had £2,929,063 of total reserves at 31 March 2017 (2016 - £2,795,240). In previous years there was a requirement to hold the revaluation of the listed investments within a separate revaluation reserve; this requirement has now ceased and so reserves are held as revenue reserves.

Sources of Funding and Investments

The percentage of the Society's income that it receives through housing support (previously Supporting People ("SP")) contracts has decreased slightly during the year to around 22% (2016 - 26%) of total income with the actual amount of funding from this source falling by approximately £65,000. The slight reduction in the funding for some contracts in Portsmouth has led to this reduction. The largest source of income for the Society remains rental and service charge income from the properties it owns or manages. This has remained fairly similar to the previous year at approximately 37% of total income in the year to 31 March 2017 (2016 39%), with actual income in this area rising slightly again but within the context of increased turnover. It is usually collected directly from the relevant Local Authority in the form of Housing Benefit payments.

Income from substance misuse support services continues to be a significant source of income for the Society although income in this area has increased to £2,615,992 (2016 - £1,861,516) and now represents 31% of the Society's total income (2016 - 25%). The principal reason for this increase was the Society's success in winning a large tender in Portsmouth. Donations and awards from philanthropic trusts and the general public remain a key source of funding with the Society benefitting from £239,955 in the year to 31 March 2017 (2016 - £207,942) with a further £30,000 received once again specifically to aid the purchase of property in the future.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

Strategic Report - *Financial Review* (*continued*)

Sources of Funding and Investments (continued)

The Society has a policy of diversifying its investments in order to spread risk and to maintain suitable cash balances for the day to day running of its operations. However, only minimal levels of cash are kept in current accounts with larger receipts being transferred into higher interest accounts with instant access facilities. The interest received on cash deposits has increased during the year due to the change to higher levels of cash being held. 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, the Charities Property Fund and Chariguard. Charifund and Chariguard are equity based investments managed by M&G Securities and RCM (UK) Ltd respectively. RCM (UK) Ltd decided to wind up the Chariguard investment and so the Society was forced to dispose of this investment during the year. The Society is seeking to purchase additional properties in the near future and so cash is being held to facilitate this before any further investments are made. The Charities Property fund (CPF) is a property based investment aimed at both capital growth in the value of properties owned by the fund and income in the form of rents charged to tenants in these properties, the fund is managed by Cordea Savills. All of the funds increased in value during the year and the Society realised significant overall gains on its Chariguard investment on disposal.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

Strategic Report - *Plans for the Future*

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

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

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

There are a number of specific opportunities for SSJ to develop and to make a contribution to the local community and to continue to develop, as described below:

a) Provision of Housing

In response to the clear need for more housing for our service users, SSJ is committed to buying more property and the HCA grant will enable SSJ over the next three years to purchase 3 move-on houses in Portsmouth, (creating 15 bed spaces in total) and a move-on house (5 Beds) and a IOM house (6 beds) in Aldershot. There is a risk that the revenue funding for the running costs of these schemes will be removed as part of the LHA cap, but the Board has decided that it would be inappropriate for SSJ to stop developing until 2019, based on the worst case scenario.

b) Future Tendering Opportunities

There will continue to be a number of tenders issued by local authorities and other commissioners over the next 12 months, both in accommodation based services and in substance misuse, and SSJ will seek to increase the range of its work through this process. At the end of March 2017, Southampton announced that SSJ had been successful in retaining contracts for homelessness and alcohol accommodation services for a further 3-5 years but that the mental health service would be re-modelled and transferred to another provider. These changes will take effect in July 2017.

c) Investors in People (IIP)

SSJ is currently holding a Gold level Investors in People, which expires in the summer of 2017. The new assessment will be completed under a different regime, as the IIP process has been significantly revised. SSJ will seek to achieve a silver level accreditation under the new system, and work to improve this over the medium term.

Strategic Report - *Principal Risks and Uncertainties*

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

The majority of SSJ's income comes from government funding in some form or another. This funding has been under pressure over the last four 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. Following the Chancellor's Autumn Statement in November 2015, the Government affirmed its commitment to further reductions in public expenditure, with a number of its proposals directly impacting on Housing Associations working with people with support needs. These various proposals have significant implications for SSJ as outlined below.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

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

Rent levels being cut by 1%

The Society has been required to cut its rents by 1% per annum over the next three years. This is part of the Government's plans to reduce the welfare budget, as a proportion of rent is covered by Housing benefit.

Housing Association rents have been capped by the regulator for many years, with parameters agreed well in advance to allow associations to plan financially. The Government caused considerable surprise by reversing this agreement, replacing the annual rent increase of CPI plus 1% with a minus 1% cut to rents each year for the next four years. The impact of this cut is significant, as it represents a 4.4% cut in rent over the four years plus the loss of the CPI + 1% to cover the cost of living. While inflation is low this has less of an impact, but if CPI climbs to 2% in the next few years, the total loss of income could be 10-12% reduction compared to the previous model.

Capping Social Rents to the levels of Local Housing Allowance (LHA).

The Autumn Statement (November 2015) proposed that housing benefit claimed to cover social housing rents should be capped at the same level as private sector rents (as defined by the LHA). While this may be possible for general needs family housing, this proposal would have a devastating effect on Supported Housing with its higher costs and higher rent levels. The impact on SSJ would be a loss in income of just over £1 million per annum, which is a 40% cut to rents. This would make all of SSJ's existing schemes unviable.

This would have a domino effect within SSJ, as support contracts could not be delivered if the buildings could not be sustained. This would result in projects closing with over 50% of SSJ's activity at risk. Property owned by other Housing Associations and managed under Housing Management Agreements or leases would need to be handed back, and other uses found for property owned by SSJ.

In terms of planning for the future, it must be assumed that the Government will not allow the closure of almost all supported and sheltered housing across the country, and it is anticipated that the Government will not implement the LHA cap as currently defined. However, the Department of Work and Pensions are committed to reducing the welfare budget and therefore some cuts to funding are likely. At the time of writing, it is impossible to predict the magnitude of these. The government have begun an evidence review which is due to report back this year, to allow legislation to be passed in time for implementation in April 2019.

The Board will monitor this situation carefully, drawing up plans based on the various scenarios as they unfold.

On-going Pressure on Local Authority Budgets

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

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

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

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

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

On-going Pressure on Local Authority Budgets (continued)

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

Other Issues

SSJ faces a range of other issues which impact in various ways:

- a) Minimum and living wage - the “National Living Wage” was implemented by the Department for Work and Pensions (DWP) in April 2017 for adults over 25 years of age. This will have an increasing impact on SSJ as the rates increase. While the numbers of staff employed at these rates are low, the changes will impact especially at St James Care, the Registered Care Home. Increasing staff salaries have been included in the three year plan, and are expected to be covered by increasing fees, which will be received for working with individuals with higher care needs;
- b) Reduction in welfare benefits to Service Users, including implementation of Universal Credit (UC) - the DWP is rolling out UC in stages across the country and by different demographic groups. For example, some couples and single people are now on UC, but most residents of supported housing are still excluded. SSJ will need to support some clients in making UC claims, especially for the first time. Support such as food parcels may also be needed, with the longer period of time that people have to wait before their first payment arrives.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*Continued*) for the year ended 31 March 2017

Value for Money Statement

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 Homes and Community Agency. 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 approach adopted for VFM assessment by the Society is designed to reflect the goals and circumstances for the organisation.

The Society is a highly diversified organisation, with only 37% of its income coming from rent and service charges (net rent and service charges receivable £3,117,249 as a proportion of £8,377,076 turnover).

The Society has therefore a wide range of indicators, many agreed with commissioners, to evaluate the effectiveness of the organisation, in addition to the housing based KPI's, as used by Registered Providers.

The Society is committed to providing good quality services in an efficient manner and to use surpluses achieved to deliver better services in the future. The Society has therefore completed an annual self-assessment, based on key areas of activity in the year, which included head office procurement.

Head Office Procurement

The Society began a systematic review of contracts and other procurement 3 years ago, in order to ensure that the Society was being efficient in use of resources. Last year's report highlighted the savings achieved, through the successful review of a number of 2-3 year contracts, which are on-going. These cover landline telephony, mobile telephony and energy contracts.

The provision of lone working devices is carefully managed to minimise cost. Any devices which are no longer required are reallocated to an alternative member of staff to minimise the time in which the device is not in use. The annual spend for 2016/17 was £5,644, a saving of £2,576 against the previous year.

Following a review of the lone working devices there is a concern that these are not being utilised as much as they should be. Usage has been highlighted to senior managers and we will shortly be exploring options to either reduce the number of devices or promote usage to ensure maximum value for money.

A number of contracts are due for renewal over the next 12 months which will be carefully market tested.

Tendering and TUPE

As already mentioned, the Society has also been involved in a number of tendering exercises, during which the costs of the Society are compared against other providers. The TUPE process also provides details of staffing costs from other similar organisations. As a result of both of these, the Society is introducing a new staffing structure for substance misuse and housing related support schemes. The Board has approved the plan to reduce the numbers of higher paid Project workers and substance misuse workers in each team and to move towards a mix, which will include less well paid support workers. This model is in line with that being adopted by other similar providers.

Society of St James

Report of the Board of Trustees incorporating a Strategic Report (*continued*) for the year ended 31 March 2017

Statement of the Board of Trustees' responsibilities

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

Company law and social housing legislation require the Board members to prepare financial statements for each financial year. Under that law the Board members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, including FRS 102). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the society and of the surplus or deficit of the society for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice for social housing providers (2014) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the society will continue in business.

The Board members are responsible for keeping proper accounting records that are sufficient to show and explain the society's transactions and disclose with reasonable accuracy at any time the financial position of the society and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015. They are also responsible for safeguarding the assets of the society and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

Auditors

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

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

This report was approved by the Board of Trustees on 5.9.2017
and is signed on its behalf by:



D Scott, Trustee

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

We have audited the financial statements of the Society of St James for the year ended 31 March 2017 which comprise the Statement of Income and Retained Earnings, the Statement of Financial Position, the Statement of Cash Flows and the related notes 1 to 24. 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 Society's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Society's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Society and the Society's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of the Board of Trustees' responsibilities set out on page 11, the Board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Society's affairs as at 31 March 2017 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the requirements of the Housing and Regeneration Act 2008 and The Accounting Direction for Private Registered Providers of Social Housing 2016.

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 during the course of the audit:

- the financial information given in the Report of the Board of Trustees 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 has been prepared in accordance with the applicable legal requirements.

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Housing and Regeneration Act 2008 require us to report to you if, in our opinion:

- a satisfactory system of control over transactions has not been maintained;
- 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 Board member and or directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Julie Mutton
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Cumberland House
15-17 Cumberland Place
Southampton
SO15 2BG

Date: 6/9/17

Society of St James

Statement of Income and Retained Earnings for the year ended 31 March 2017

	Notes	2017	2016
		£	£
Turnover	3	8,377,076	7,302,448
Operating costs	3	(8,264,077)	(7,189,727)
Operating surplus	2,3	112,999	112,721
Surplus on disposal of fixed asset investments		6,285	-
Unrealised surplus/(deficit) on investments		14,666	(4,715)
Surplus on ordinary activities before interest		133,950	108,006
Interest receivable and similar income	6	11,367	8,495
Interest payable and similar charges	7	(21,494)	(20,707)
Surplus on ordinary activities before taxation		123,823	95,794
Tax on surplus on ordinary activities	8	-	-
Surplus for the year		123,823	95,794
Retained Earnings at the beginning of the year		2,795,240	2,699,446
Surplus for the year		123,823	95,794
Retained Earnings at the end of the year		2,919,063	2,795,240

All activities of the charitable company are classed as continuing.

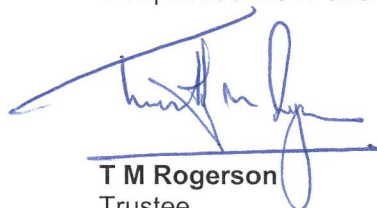
The notes on pages 17 to 33 form part of these financial statements.


Society of St James

Statement of Financial Position at 31 March 2017 Company Registration Number: 03009700

	Notes	2017 £	2016 £
Fixed assets			
Housing properties at cost less depreciation	9	3,029,137	2,922,377
Intangible assets	10	65,000	71,500
Other fixed assets	11	497,284	378,335
Investments	12	173,488	301,886
		<u>3,764,909</u>	<u>3,674,098</u>
Current assets			
Debtors	13	555,247	678,502
Cash at bank and in hand		1,194,842	523,748
		<u>1,750,089</u>	<u>1,202,250</u>
Creditors: amounts falling due within one year	14	1,283,394	838,235
		<u>466,695</u>	<u>364,015</u>
Net current assets			
		4,231,604	4,038,113
Total assets less current liabilities		<u>4,231,604</u>	<u>4,038,113</u>
Creditors: amounts falling due after more than one year	15	1,312,541	1,242,871
		<u>2,919,063</u>	<u>2,795,240</u>
Total net assets			
		2,919,063	2,795,240
Capital and reserves			
Retained Earnings		2,919,063	2,795,240
Total Capital and Reserves		<u>2,919,063</u>	<u>2,795,240</u>

The financial statements on pages 14 to 33 were approved and authorised for issue by the Board of Trustees on 5 September 2017 and are signed on its behalf by:-


T M Rogerson
Trustee


D Scott
Trustee

The notes on pages 17 to 33 form part of these financial statements.

Society of St James

Cash flow statement for the year ended 31 March 2017

	Notes	£	2017 £	£	2016 £
Net cash generated from operating activities	23		894,692		339,017
Cash flow from investing activities					
Acquisition, construction and works to tangible fixed assets	(456,913)			(65,512)	
Grants received	-			-	
Sale of investments	149,349			-	
Interest received	-			-	
Net cash used in investing activities			(307,564)		(65,612)
Cash flow from financing activities					
New loans	140,000			-	
Loans repaid	(45,904)			(42,380)	
Interest paid	(21,494)			(20,707)	
Interest received	11,367			8,495	
Net cash generated/(used) in financing activities			83,969		(54,592)
Increase in cash and cash equivalents			671,094		218,813
Cash and cash equivalents at beginning of year			523,748		304,935
Cash and cash equivalents at end of year			1,194,842		523,748

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies

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

Basis of accounting

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

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

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

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

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

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.

Goodwill

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

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies (continued)

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 uncollectible.

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.

Deemed Cost

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

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.

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.

Housing Property Values

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

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.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017

1 Accounting policies (continued)

Interest Payable

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

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.

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	20	Solar Panels	12	Kitchens*	5 or 10
Wiring					

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

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

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.

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 2017

1 Accounting policies (continued)

Other fixed assets

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

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

Capital Grants – Housing Property

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

Government grants include grants receivable from the Homes & Communities Agency (HCA), 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.

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.

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.

Investments

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

Operating leases

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

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

1 Accounting policies (continued)

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.

Provisions

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

Taxation

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

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 2017 (Continued)

Financial Instruments

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

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

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

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

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

Cash and Cash Equivalents

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

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

2 Operating surplus

	2017 £	2016 £
<i>Operating surplus is stated after charging:</i>		
Depreciation		
- housing properties	130,810	71,539
- other fixed assets	100,397	89,097
Amortisation of goodwill	6,500	6,500
Auditors' remuneration		
- as auditors (including VAT and expenses)	12,648	11,490
- other services	-	2,640
Rent losses from bad debts		
- rent (net of service charges)	12,871	22,809
- service charges	13,868	16,912
Operating lease costs		
- land and buildings	519,347	479,362
	<u> </u>	<u> </u>

3 Income and Expenditure from Social Housing Activities

	2017 £	2016 £
Income		
Rent receivable net of identifiable service charges and voids	2,014,149	1,815,405
Service charges receivable	1,103,100	1,041,768
Revenue and capital grants	5,038,721	4,189,879
	<u> </u>	<u> </u>
Turnover from social housing activities	8,155,970	7,045,838
Social housing activity expenditure	7,999,863	6,939,710
	<u> </u>	<u> </u>
Operating surplus from social housing activities	156,107	106,128
	<u> </u>	<u> </u>
Void losses	256,911	248,826
	<u> </u>	<u> </u>

4 Staff costs

	2017 £	2016 £
Wages and salaries	4,769,114	4,289,062
Employer National Insurance Contributions	378,340	343,591
Employer pension contribution costs	216,255	206,918
	<u> </u>	<u> </u>
	5,363,709	4,839,571
	<u> </u>	<u> </u>

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

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 *(Continued)*

4 Staff costs (continued)

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

	2017 Number	2016 Number
Housing and support	124	126
Substance misuse	54	33
Social enterprise	8	7
Finance	5	5
Administration	14	12
	<hr/> 205	<hr/> 184

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

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

	2017 £	2016 £
Wages and salaries	251,650	249,178
Employer National Insurance Contributions	28,950	28,546
Employer pension contribution costs	36,533	36,084
	<hr/> 317,133	<hr/> 313,808
Remuneration payable to the highest paid Director excluding pension	<hr/> 68,851	<hr/> 68,655

For the year ended 31 March 2017 the number of employees whose annual emoluments including pension contributions were £60,000 or more were:

	2017	2016
£70,000 to £80,000	<hr/> 1	<hr/> 1

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

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

Society of St James

Notes forming part of the financial statements
for the year ended 31 March 2017 (*Continued*)

6 Interest receivable and similar income

	2017 £	2016 £
Interest receivable and investment income	11,367	8,495

7 Interest payable

	2017 £	2016 £
Mortgage interest	17,776	18,287
Unwinding of discount factor	3,669	2,420
	21,445	20,707

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

	Leasehold land and property £	Freehold land and property £	Total £
<i>Cost</i>			
At 1 April 2016	542,726	3,189,809	3,732,535
Additions: new properties	-	220,000	220,000
works to existing properties	-	17,570	17,570
At 31 March 2017	542,726	3,427,379	3,970,105
<i>Depreciation</i>			
At 1 April 2016	117,551	692,607	810,158
Charge for the year	23,115	107,695	130,810
At 31 March 2017	140,666	800,302	940,968
<i>Net book value</i>			
At 31 March 2017	402,060	2,627,077	3,029,137
At 1 April 2016	425,176	2,497,202	2,922,377

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

10 Intangible assets	Goodwill £
Cost at 1 April 2016 and 31 March 2017	130,000
<i>Amortisation</i>	
At 1 April 2016	58,500
Charge for the year	6,500
At 31 March 2017	65,000
<i>Net Book Value</i>	
At 31 March 2017	65,000
At 1 April 2016	71,500

11 Other fixed assets

	Freehold Property £	Leasehold Improve- ments £	Motor vehicles £	Office Equipment £	Housing Equipment £	Total £
<i>Cost</i>						
At 1 April 2016	237,100	345,142	50,545	195,514	169,167	997,468
Additions	-	105,838	15,000	48,635	49,873	219,346
At 31 March 2017	237,100	450,980	65,545	244,149	219,040	1,216,814
<i>Depreciation</i>						
At 1 April 2016	10,041	251,152	47,361	180,175	130,404	619,133
Charge for the year	3,509	53,512	4,747	15,436	23,193	100,397
At 31 March 2017	13,550	304,664	52,108	195,611	153,597	719,530
<i>Net book value</i>						
At 31 March 2017	223,550	146,316	13,437	48,538	65,443	497,284
At 1 April 2016	227,059	93,990	3,184	15,339	38,763	378,335

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

	2017 £	2016 £
Cost	295,609	295,609
Aggregate depreciation	(81,209)	(77,465)
Depreciated cost	214,400	218,144

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)

12 Investments	Listed £	Unlisted £	2017 £	2016 £
<i>Cost or valuation</i>				
Valuation at 1 April 2016	291,886	10,000	301,886	306,601
Disposal at cost	(67,906)	-	(67,906)	-
Realised gains on investment	(75,158)	-	(75,158)	-
Unrealised gain/ (deficit) in year	14,666	-	14,666	(4,715)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost or Valuation at 31 March 2017	163,488	10,000	173,488	301,886
	<hr/>	<hr/>	<hr/>	<hr/>
Historic cost at 1 April 2016	147,694	10,000	157,694	157,694
Disposal	(67,906)	-	(67,906)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Historic Cost at 31 March 2017	79,788	10,000	89,788	157,694
	<hr/>	<hr/>	<hr/>	<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.

13 Debtors		2017 £	2016 £
Trade debtors:			
	Core rent	166,354	233,535
	Service Charge	126,489	173,321
	Less Provision for doubtful debts; rent	(55,470)	(99,054)
	Less Provision for doubtful debts; service charge	(42,177)	(73,514)
	Sales (net of provision for doubtful debts)	272,944	304,747
Grants receivable		-	47,762
Other debtors		5,243	2,533
Prepayments and accrued income		81,864	89,172
		<hr/>	<hr/>
		555,247	678,502
		<hr/>	<hr/>

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

14 Creditors: Amounts falling due within one year		2017 £	2016 £
Secured mortgage		49,303	43,387
Trade creditors		355,955	325,504
Grants in advance		187,112	31,164
Taxation and social security		104,992	87,434
Other creditors		332,179	267,173
Accruals and deferred income		226,367	56,720
Pension creditor		19,537	18,904
Deferred capital grant (Note 16)		7,949	7,949
		<hr/>	<hr/>
		1,283,394	838,235
		<hr/>	<hr/>

Included within Grants in advance is £1,907 (2016: £1,851) from the Big Lottery Grant fund relating to their support of the Society's Saints4Sport project and £16,340 (2016 £0) relating to the Re:Fit project

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

15 Creditors: Amounts falling due after more than one year	2017 £	2016 £
Deferred capital grant (note 16)	281,492	289,441
Secured mortgages	873,734	785,554
Pension creditor	157,315	167,876
	<hr/>	<hr/>
	1,312,541	1,242,871
	<hr/>	<hr/>

In 2003 and 2006, the Society obtained mortgages now provided by Nationwide Building Society of £400,000 and £350,000 respectively, both of which are repayable at a variable rate of interest equal to the 6 month LIBOR rate +0.65%. In 2012, the Society obtained a mortgage of £186,900 and in 2015 a mortgage of £180,000; both are provided by Natwest bank plc and both are repayable at a variable rate of interest equal to the Bank of England Base Rate +3.0%. In 2016, the Society obtained a mortgage of £140,000 provided by NatWest bank plc which is repayable at a fixed rate of interest of for a period of 5 years after which a variable rate of interest equal to the Bank of England Base Rate +2.6% will apply. The mortgages are secured by fixed charges over 7 of the Society's properties. The mortgages are repayable as follows:

	2017 £	2016 £
In less than one year	49,303	43,387
In more than one year but less than two years	52,740	44,740
In more than two years but less than five years	162,813	145,166
In more than five years	658,157	595,649
	<hr/>	<hr/>
	923,013	828,941
	<hr/>	<hr/>

The mortgage of £400,000 is repayable over 25 years from 25 February 2003.
The mortgage of £350,000 is repayable over 30 years from 13 November 2006.
The mortgage of £186,900 is repayable over 20 years from 10 August 2012.
The mortgage of £180,000 is repayable over 20 years from 17 July 2015.
The mortgage of £140,000 is repayable over 20 years from 24 November 2016.

16 Deferred Capital Grant	2017 £	2016 £
At 1 April	297,390	305,339
Grant received in year	-	-
Released to income in the year	(7,949)	(7,949)
	<hr/>	<hr/>
At 31 March	289,441	297,390
	<hr/>	<hr/>
Amounts to be released within one year	7,949	7,949
Amounts to be released in more than one year	281,492	289,441
	<hr/>	<hr/>
	289,441	297,390
	<hr/>	<hr/>

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

17 Financial Instruments

The company had the following Financial Instruments in place, all are classified as Basic Financial Instruments and do not therefore need to be held at fair value.

	2017 £	2016 £
Financial Assets		
Measured as undiscounted amount receivable		
Trade debtors including rent arrears (see note 13)	468,140	539,035
Financial Liabilities		
Measured as undiscounted amount payable		
Trade creditors (see note 14)	355,955	325,504
Measured at amortised cost		
Secured mortgages (see note 15)	923,013	828,941
	<u>1,278,968</u>	<u>1,154,445</u>

Trade debtors include rent arrears of £195,196 (2016 234,288) all are recognised at their original cost due to their being payable on standard business terms. The impact of any rent repayment plans is not material and so is not disclosed in the accounts.

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

The secured mortgages consist of five loans with 2 recognised major financial institutions as detailed in note 15. Four of the loans are basic instruments as they refer to a single observable rate plus a fixed amount of interest whilst the most recent loan has a fixed rate for 10 years before moving to a similar scenario to the other 4 loans. The specific dates and terms of the loans are described in note 15; in addition there is a financial covenant in each of the loans arranged with Nationwide Building Society that the Society's aggregate Operating Surplus must be not less than 110% of its aggregate Interest Payable

18 Commitments

Capital commitments

At 31 March 2017 and 2016 the company had no capital commitments.

19 Housing stock

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

	2017	2016
Leased supported units	281	210
Owned supported units	126	121
	<u> </u>	<u> </u>

20 Legislative provisions

Society of St James is a company limited by guarantee and is registered with the Charity Commission and the Homes and Communities Agency.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)

21 Commitments under operating leases

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

	Land and buildings	
	2017	2016
	£	£
Operating leases which expire:		
Within one year	614,264	458,963
In two to five years	1,485,093	973,406
After five years	65,425	204,049

22 Pension Scheme

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

All schemes, apart from the Growth Plan (the scheme), are defined contribution schemes. The company participates in the scheme, a multi-employer scheme which provides benefits to some 1,300 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 2011. This valuation showed assets of £780m, liabilities of £928m and a deficit of £148m. 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 2013 to 31 March 2023 were set at £16,828 per annum (payable monthly and increasing by 3% each on 1st April)

A full actuarial valuation for the scheme was carried out at 30 September 2014. This valuation showed assets of £793m, liabilities of £970m and a deficit of £177m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions required from the Society of St James from 1 April 2017 to 30 September 2025 are now £19,655 per annum (payable monthly and increasing by 3% each on 1st April)

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (*Continued*)

22 Pension Scheme (continued)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

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

Present Values of Provision

	2017 £	2016 £	2015 £
Present Value of Provision	176,852	186,780	148,018

Reconciliation of Opening and Closing Provisions

	2017 £	2016 £
Provision at start of period	186,780	148,018
Unwinding of the discount factor (interest expense)	3,669	2,420
Deficit contributions paid	(19,082)	(17,853)
Remeasurements - impact of any change in assumptions	5,486	(2,919)
Remeasurements - amendments to the contribution schedule	-	57,114
Provision at end of period	176,852	186,780

Income and Expenditure Impact

	2017 £	2016 £
Interest expense	3,669	2,420
Remeasurements – impact of any change in assumptions	5,486	(2,919)
Remeasurements - amendments to the contribution schedule	-	57,114

Assumptions

	2017 %	2016 %	2015 %
Rate of discount	1.32	2.07	1.74

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.

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 (Continued)

22 Pension Scheme (continued)

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

	2017 £	2016 £	2015 £
Year 1	19,655	19,082	17,853
Year 2	20,244	19,655	18,389
Year 3	20,852	20,244	18,940
Year 4	21,477	20,852	19,509
Year 5	22,121	21,477	20,094
Year 6	22,785	22,121	20,697
Year 7	23,469	22,785	21,318
Year 8	24,173	23,469	21,957
Year 9	12,449	24,173	-
Year 10	-	12,449	-

Hampshire County Council Pension Fund

The Society commenced participation in the Local Government Pension Scheme (LGPS) administered by Hampshire County Council on 1 November 2016 the Scheme Actuary made a number of calculations, including the contributions payable from the 1 November 2016 to 31 March 2017.

When a new employer joins the Fund, a contribution rate needs to be calculated for it, in accordance with the Rates and Adjustments Certificate provided as part of the valuation of the Fund as at 31 March 2013. In order to carry out these calculations, the Scheme Actuary need to calculate:

- the cost of future pension benefits being earned as a percentage of pay (the future service contribution rate), to establish the employer contribution rate if there is no funding surplus or shortfall
- the value of the liabilities in respect of the past service benefits of the transferring members
- the notional transfer of assets in respect of the transferring members
- the adjustment to the future service contribution rate and / or additional contribution amounts required in respect of any funding surplus or shortfall

The results of the Actuary calculations as at the Commencement Date are set out below.

Contribution rate 1 November 2016 to 31 March 2017 (% pay)	Additional monetary amount (£s) Year commencing 1 April 2017
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30.9

-

Contributions will be reviewed with effect from 1 April 2017.

Additional contributions may be required in respect of any additional liabilities that arise under the provisions of regulations 30, 31, 35 and 38 of the 2013 Regulations and the Society will be notified of such contributions separately by Hampshire County Council. The contributions shown above represent the minimum contributions to be paid by the Society. The Society may choose to pay additional contributions from time to time subject to Hampshire County Council's agreement.

The funding position (i.e. the level of notional assets transferred and the liabilities calculated) in the Fund upon commencement of the Society as at 1 November 2016 is set out below:

	(£000s)
Assets	330.3
(Liabilities)	(330.3)
Surplus / (Shortfall)	-

Society of St James

Notes forming part of the financial statements for the year ended 31 March 2017 *(Continued)*

22 Pension Scheme (continued)

The actuary's calculations have been based on the following data which was provided by Hampshire County Council:

Sex	Number of records	Total Annualised pay (2014 Scheme definition) at 28 December 2016 (£000s)	Total post 2014 pension at 31 March 2016 (£000s)	Average age (unweighted) at 1 November 2016	Average pre 2014 service (years)
Male	6	123.9	3.7	50.2	0.3
Female	10	157.1	6.0	44.5	0.9
Total	16	281.0	9.7	46.6	0.7

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

	% per annum
Investment return	
In service	4.10
In deferment	2.50
After retirement	2.50
General Pay inflation	3.50
Pension increases and rate of revaluation of pension accounts	2.00

The demographic assumptions are consistent with those proposed for the actuarial valuation of the Fund as at 31 March 2016.

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

	2017 £	2016 £
Operating surplus	112,999	112,721
Amortisation of intangible fixed asset	6,500	6,500
Amortisation of deferred capital grant	(7,949)	(7,949)
Depreciation of tangible fixed assets	231,207	160,638
Decrease in debtors	123,255	87,637
Increase/(decrease) in creditors (excl. deferred capital grant)	428,680	(20,530)
	<hr/>	<hr/>
Net cash inflow from operating activities	894,692	339,017
	<hr/>	<hr/>

24 Related party transactions

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

