

Stuart Court Memorial Charity

Registered Social Landlord Number: A2803
Charity Commission Number: 226776

Audited Annual Report and Financial Statements

For the year ended 31 October 2018

Stuart Court Memorial Charity

Year ended 31 October 2018

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Stuart Court Memorial Charity

Year ended 31 October 2018

Registered Social Landlord number: A2803

Registered Charity number: 226776

Trustee: Norwich Housing Society Limited

Address: 13 Bracondale
Norwich
Norfolk
NR1 2AL

Bankers: HSBC
18 London Street
Norwich
NR2 1LG

The Charity Bank Limited
182 High Street
Tonbridge
Kent
TN9 1BE

Auditor: Lovewell Blake LLP
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB

Norwich Housing Society Limited

Report of the Chairman

Year ended 31 October 2018

The financial year of 2017/18 was another action packed experience for us all. Since the AGM in March 2018 there have been ten members on the Board of Management of Norwich Housing Society, which is the Corporate Trustee for the Stuart Court Memorial Charity. To fulfil our duty to both charities we address the business of each at every Board Meeting, and at the various sub-committee meetings, focusing on each in turn. Board succession is now planned according to the National Housing Federation Model Rules 2011, which was adopted by the Society at the AGM in March 2014. We have a rolling programme of two or three members seeking re-election or standing down after each three-year period of service, until the ninth year when they are obliged to stand down; although they can reapply after one year's absence. As Chairman of the Board I am most fortunate to serve with people who have an amazing range of skills and expertise, which they readily apply to all aspects of Board business and discussion.

After the 2018 AGM the sub-committee structure was changed to better address the needs of the Society and deploy the expertise of the Board members involved. These sub-committees meet at regular intervals, and are expertly led by people who are well qualified for the task; this makes the work of the Board more effective and efficient and reduces the need for lengthy debates at full Board meetings, while giving time for clear decision making. Board members are encouraged to attend workshops and conferences in order to help us learn new ways of achieving our goals, and gain more contacts and a greater awareness of other organisations and the work they do.

Our joint enterprise with McCarthy and Stone went well, and we watched with interest the final stages of the building of this new scheme, which we call Leander Court, on the Bluebell Road site at Eaton, Norwich, although the wet weather between the construction of the main building and the topping off process gave us some cause for concern. We opened the new scheme on 21st February 2018, supported by a local councillor, and various people who helped us achieve this goal by guiding us to additional sources of funding etc., which in turn meant it was funded without drawing down on the two million pound loan we had arranged, a most satisfactory outcome. Letting these excellent flats took a little more time than we had anticipated, but we learnt from this experience and have a better idea of the way we should approach such a task in future.

Mike Allen our current CEO, who has been in post since March 2014, continues to work hard for the good of the Society, and in the leadership of the staff. He is supported by a very competent group of people who work well together, while being encouraged to develop and use their individual skills resulting in a more motivated, flexible and efficient team. The sale of some of our general needs housing stock, and the new development, has meant that we have all acquired many new skills, and learnt new procedures, which will make any future developments easier to work through. Mike's time-line charts for such endeavours are being deployed once again as we are beginning another project in the same area of Norwich, but more of that later. Mike and I work well together and enjoy a very open and honest exchange of ideas, which in turn leads to good working arrangements between the Board and Staff, as the Board continues to keep a watching brief over all aspects of staff deployment, and the working environment within the office, and the Scheme Managers' accommodation and work-places. All this applies not only to the Norwich Housing Society, but also to the Stuart Court Memorial Charity for which the Society is the Corporate Trustee, monitored by the Board. The day-to-day work of the Society has continued to provide a high level of service to our tenants, and our property portfolio has been well managed and maintained.

The tenant satisfaction survey conducted by Acuity in 2016, highlighted the fact that our level of service, and attention to detail, had improved in many areas, from the previous survey conducted in 2013. This is rewarding, but we shall continue to check and double check what we do and why, in order to maintain this high level of tenant satisfaction, while endeavouring to find new ways of service provision and communication before the next survey in 2019.

The Elder, having been reinstated in 2018, continues to serve us well as everyone has come to the new release with fresh ideas and greater tenant involvement. The Society now has a twitter account which adds an additional perspective to those who appreciate this form of communication. The tenant meetings are held at nine monthly intervals in the hope that we shall be made more aware of issues which affect the various schemes at different times of the year, while keeping us in touch in an informal way with the views of our tenants. These meetings are extremely helpful as they promote dialogue between staff, tenants, board and contractors; which is good as it reduces speculation and gossip, and helps us all to work together from an informed base.

Stuart Court Memorial Charity

Report of the Chairman (continued)

For the year ended 31 October 2018

The Society's website has been upgraded to make it more 'user friendly', which we hope will attract the attention of a wider range of people. We endeavour to maintain and monitor a healthy tenant waiting list by revisiting the people's interest at regular intervals, in order to keep voids low at all times. Occasionally a property may be left empty for a longer period of time in order to make improvements to either the unit or the scheme. We are in the process of selling the one remaining property in Starling Road to the original developer, with the tenant in situ, as she had no desire to leave even when offered a new two bedroom flat at Leander Court, and her tenancy precludes us from moving her on. We are doing this now in order to help fund the new building project we are hoping to achieve in 2019.

The twenty flats in Leander Court were fully funded by the sale of twelve general needs houses plus a 'Right to Buy' grant from Norwich City Council, our financial position is strong, with all the loan covenants satisfied. The contact we now have at Norwich City Council for any Right to Buy grants, and advice on locations for such future projects, is proving invaluable as we seek to replace our general needs housing with purpose built stock for housing the over 60s. We are very conscious of the need to gain value for money in all our dealings, and the replacement of boilers and other service equipment, plus improved insulation and window replacements on a rolling programme will help us achieve this and reduce our tenants' outgoings. Contracts for work are routinely reviewed and tendered for where necessary. Our tenants' views on contractors and their work are taken into consideration where appropriate. We will continue to use our income wisely, in order to maintain our properties to provide efficient, comfortable accommodation for our tenants. We will also endeavour to bring our more aged housing stock up to date where this is cost effective, which we are doing at St. Barnabas Court and Nelson Street. Where it is not financially beneficial we will sell, as was the case in Starling Road. In the light of the Grenfell Tower disaster we have reviewed the cladding, building materials and fire precaution systems in all our schemes, in line with any Government directives or National Housing Federation advice, and as in the past we shall regularly check and monitored these. At the time of the disaster we were in the process of planning and renewing the curtain wall at Westwood House, which gave us the opportunity to improve the fire escapes leading from each landing included in this section of the property. We are also working on partitioning the void area above the Stuart Court flats to reduce the risk of a fire in one flat moving through the whole property.

We are hoping to achieve a joint Norwich Housing Society and Stuart Court development project on Bluebell Road, Norwich in the near future while keeping the funding of each aspect of this clearly delineated between the said charities, as we need to progress the service provision for both our charities while being mindful of the need to sustain and maintain all our housing stock. In order to achieve this we must continue to seek any funding available to us, while taking time at the planning stage in order to avoid long periods of lost income or tenant displacement. Once again these patterns can be applied to Stuart Court Memorial Charity. One major concern is of course Brexit and what this will mean for us and our service provision, with that in mind we shall all remain vigilant as the process unfolds and hope that we can continue with our work without too much disruption.

I believe the Norwich Housing Society, and Stuart Court Memorial Charity, are more than ready to move forward into the future thanks to the continuing dedication of both Staff and Board. Sadly, Norwich Housing Society still has to factor in the government decision in April 2016 to apply a one per cent decrease in rents over a four year period for all Housing Associations, which will continue until November 2020 for us. Fortunately, as Stuart Court belongs to the Almshouse Association they are exempt, as this Association lobbied the government at the time and won. It is our duty to stay abreast of national legislation changes, plus national trends, in order to thrive and compete within this much needed area of service provision in the social housing sector

Carol A Sangster
Board Chairman

22 January 2019

Stuart Court Memorial Charity

Report of the Trustee

For the year ended 31 October 2018

Principal activities and objectives for the public benefit

The Charity exists in order to provide for the public benefit, within the city of Norwich, affordable good quality rented accommodation for those over 60 years of age currently without a self-contained home or living in other circumstances unsuitable to their needs.

Having acquired sufficient self-contained residential units so as to accommodate the current level of applicants in genuine need of housing, the ongoing objective is to ensure the maintenance, modernisation and management of those properties.

The Board confirm that, in exercising their powers and duties, they have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission.

Value for money

It is important that our community and tenants obtain value for money from our activities. We shall endeavour to achieve this by ensuring decisions are made by Board Members of the corporate trustee and Staff who know the local community and neighbourhood.

The Charity's assets are managed in order to deliver the best possible service as efficiently, effectively and economically as possible.

The state of repair of Stuart Court, a listed building built in 1915 and any other property, is regularly reviewed by the Board and its sub-committees. Works are prioritised and undertaken when required.

Tenants' satisfaction with property repairs is regularly measured and monitored. 96% of tenants who had a repair carried out in the year to October 2018 were either satisfied or very satisfied with the work done and the way it was undertaken. 4% was either dissatisfied or had no opinion. Further information is available within the Tenants' satisfaction survey report.

In 2016 Acuity, a firm of consultants, was commissioned to carry out the triennial tenants' satisfaction survey during the year. A high response rate of 72% was obtained. Overall satisfaction with the services provided by the Association is at 95%, with very high ratings also awarded for the quality of the home (96%) and the neighbourhood (94%). The satisfaction ratings found are evidence of strong performance at the Society and a credit to staff, management and the Board. The next survey is due in 2019.

Around nine out of ten tenants are satisfied with the value for money of the rent (93%) and with their service charges (88%). One in fourteen is dissatisfied with the VFM of their service charge (7%). VFM satisfaction has increased slightly since 2013 for rent (3% higher) and the service charges (5% higher).

The Regulator of Social Housing (RSH) has published a new value for money standard which must be adhered to by registered Providers. This includes the need to publish nine measures in a standard form to enable comparison across the sector, accepting that there will be variances associated with each business's policies, strategy and focus.

Stuart Court Memorial Charity

Report of the Trustee (continued)

For the year ended 31 October 2018

VFM metric	2018	2017
1. Reinvestment %	0.5%	44.7%
2. New supply delivered (social housing units %)	0%	0%
3. New supply delivered (non-social housing units %)	-	-
4. Gearing %	0%	0%
5. EBITA MRI interest cover %	0%	0%
6. Headline social housing cost per unit	£2,825	£3,342
7. Operating margin (social housing) %	22.0%	21.9%
8. Operating margin (overall) %	22.0%	21.9%
9. ROCE %	3.0%	3.0%

In 2017 a terrace of three houses were purchased in Norwich in order to provide additional suitable rented accommodation for those in need of a home. This significant purchase for the charity is reflected in the Reinvestment % metric above.

It is the Charity's policy to maintain its properties in good condition. Less capital expenditure was required in 2018, resulting in a lower Headline social housing cost per unit.

Tenants' satisfaction and Value for Money reports are available within the "About Us" area of the Society's website <http://www.norwichhousingsociety.org>

Structure, governance and management

Stuart Court Memorial Charity is governed by its trust deed, dated 7 December 1915, and aims to provide good quality affordable accommodation for persons over sixty years of age. Norwich Housing Society Limited provides day to day management services.

We operate under the National Housing Federation Model Rules 2011 which is recognised as best practice.

Market value of land and buildings

The Board is of the opinion that the market value of properties at 31 October 2018 would significantly exceed the net book values included in the financial statements, but is unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the Society's intention to retain ownership of its existing properties for use in its activities for the foreseeable future.

Reserves policy

At the year end the charity's free reserves, consisting of net current assets, totalled £131,778 (2017: £77,180). It is the trustee's policy to hold net current assets at a level that would be sufficient to fund any required maintenance and renewals in excess of income. The trustee is satisfied with the level of free reserves.

Political and charitable donations

The Charity has not made any donations during the course of this financial year.

Equal opportunities

The Charity believes it has a 'fair housing programme' which does not discriminate on the grounds of colour or race, sex or disability in each of the five following categories - access to housing; quality of housing; security of tenure; influence over management; and redress when things go wrong.

It is also intended that this policy should extend to the Charity's employees, consultants and contractors and to the composition of the management board.

Stuart Court Memorial Charity

Report of the Trustee (continued)

For the year ended 31 October 2018

Statement of Trustee's responsibilities for the financial statements

The Trustee is responsible for preparing the financial statements in accordance with applicable law and with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Law applicable to charities and registered social housing legislation require the Trustee to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Charity and of its surplus or deficit for that period. In preparing these financial statements, the Trustee 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in operation.

The Trustee is responsible for keeping accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable it to ensure that the financial statements comply with the Trust Deed, the Charities Act 2011, 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 Charity and to prevent and detect fraud and other irregularities.

The Trustee is responsible for the maintenance and integrity of the corporate and financial information included on the Charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Disclosure of Information to Auditor

We, the Board members of Norwich Housing Society Limited which acts as corporate Trustee of Stuart Court Memorial Charity, who held office at the date of approval of these financial statements as set out above, confirm, so far as we are aware, that:

- there is no relevant audit information of which the Charity's auditor is unaware; and
- we have taken all the steps that we ought to have taken as corporate Trustee to make ourselves aware of any relevant audit information and to establish that the Charity's auditor is aware of that information.

Carol Sangster
Chairman

22 January 2019

Stuart Court Memorial Charity

Independent Auditors' Report to the Trustee of Stuart Court Memorial Charity

Year ended 31 October 2018

Opinion

We have audited the financial statements of Stuart Court Memorial Charity (the 'association') for the year ended 31 October 2018 which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Reserves, the Statement of Cash Flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)*.

In our opinion the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 October 2018 and of its incoming resources and application of resources, including 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.

Basis for opinion

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

Conclusions relating to going concern

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

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

Stuart Court Memorial Charity

Independent Auditors' Report to the Trustee of Stuart Court Memorial Charity (continued)

Year ended 31 October 2018

Other information

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

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

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the board report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; 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.

Responsibilities of the board

As explained more fully in the Trustee's responsibilities statement set out on page 5 and 6, the board members (who are also the trustees of the association for the purposes of charity law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Stuart Court Memorial Charity

Independent Auditors' Report to the Trustee of Stuart Court Memorial Charity (continued)

Year ended 31 October 2018

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and section 136 of the Housing and Regeneration Act 2008 and report in accordance with regulations made under section 154 of the Charities Act 2011 and section 137 of the Housing and Regeneration Act 2008.

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

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

Use of our report

This report is made solely to the association's board, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008 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.

**Lovewell Blake LLP
Statutory Auditor
Bankside 300
Peachman Way
Broadland Business Park
Norwich
NR7 0LB**

28 January 2019

Lovewell Blake LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Stuart Court Memorial Charity
Statement of Comprehensive Income
For The Year Ended 31 October 2018

	Note	2017 £	2017 £
Turnover	2	136,201	131,528
Operating expenditure	2	(106,173)	(101,763)
Operating surplus / (deficit)		<u>30,028</u>	<u>29,765</u>
Interest receivable and similar income	3	268	523
Total comprehensive income for the year	4	<u><u>30,296</u></u>	<u><u>30,288</u></u>

The results relate wholly to continuing activities.

The financial statements on pages 10 to 21 were approved by the Trustee on 22 January 2019 and are signed on its behalf by:-

Carol Sangster – Chairman, Norwich Housing Society

Michael Allen – Chief Executive, Norwich Housing Society

The notes on pages 14 to 21 form part of these financial statements.

Stuart Court Memorial Charity

Statement of Financial Position

As at 31 October 2018

	Note	2018		2017	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		875,673		911,215
Current assets					
Debtors	8	2,826		2,525	
Bank balances	9	170,201		99,430	
		<u>173,027</u>		<u>101,955</u>	
Creditors: amounts falling due within one year	10	<u>(41,249)</u>		<u>(24,775)</u>	
Net current assets			<u>131,778</u>		<u>77,180</u>
Total assets less current liabilities			<u>1,007,451</u>		<u>988,395</u>
Creditors: amounts falling due after more than one year	11		<u>(89,550)</u>		<u>(100,790)</u>
Total net assets			<u>917,901</u>		<u>887,605</u>
Reserves					
Income and expenditure reserve	13	<u>917,901</u>		<u>887,605</u>	
Total reserves			<u>917,901</u>		<u>887,605</u>

The financial statements on pages 10 to 21 were approved by the Trustee on 22 January 2019 and are signed on its behalf by:-

Carol Sangster – Chairman, Norwich Housing Society

Michael Allen – Chief Executive, Norwich Housing Society

The notes on pages 14 to 21 form part of these financial statements.

Stuart Court Memorial Charity

Statement of Changes in Reserves

As at 31 October 2018

	Income and expenditure reserve £	Total £
At 1 November 2016	857,317	857,317
Total comprehensive income for the year	30,288	30,288
At 31 October 2017 and 1 November 2017	<u>887,605</u>	<u>887,605</u>
Total comprehensive income for the year	30,296	30,296
At 31 October 2018	<u>917,901</u>	<u>917,901</u>

Stuart Court Memorial Charity

Statement of Cash Flows

As at 31 October 2018

	Note	2018 £	2017 £
Net cash flow from operating activities	17	<u>75,231</u>	<u>26,482</u>
Cash flow from investing activities			
Payments to acquire fixed assets		(4,728)	(407,549)
Receipts from sales of investments		-	-
Payments to acquire investments		-	-
Interest received		<u>268</u>	<u>523</u>
Net cash flow from investing activities		<u>(4,460)</u>	<u>(407,026)</u>
Net increase in cash and cash equivalents		70,771	(380,544)
Cash and cash equivalents at 1 November 2017		<u>99,430</u>	<u>479,974</u>
Cash and cash equivalents at 31 October 2018		<u>170,201</u>	<u>99,430</u>
Cash and cash equivalents consists of:			
Cash at bank and in hand		5,402	6,899
Short term deposits		<u>164,799</u>	<u>92,531</u>
Cash and cash equivalents at 31 October 2018		<u>170,201</u>	<u>99,430</u>

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

1. Accounting policies

The significant accounting policies used in the preparation of these financial statements are:-

a. Introduction and accounting basis

Stuart Court Memorial Charity is a registered charity and registered social landlord, governed by its trust deed, dated 7 December 1915. The address of the registered office is given in the reference and administrative information on page 1 of these financial statements. The nature of the Charity's operations and principal activities are detailed on page 4 of these accounts.

The Charity represents a public benefit entity as defined by FRS 102.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standard 102 *The Financial Reporting Standard Applicable in the UK and Ireland* (FRS 102), the Statement of Recommended Practice for Social Housing Providers 2014, and 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 the going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in sterling (£) which is the functional currency of the Charity, and rounded to the nearest £.

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.

b. Turnover

Turnover represents rental and service charges receivable in the year net of rent and service charge losses from voids, revenue grants from the government (local authorities) and the Homes and Communities Agency.

c. Depreciation of housing properties

The Charity separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life.

The Charity depreciates the major components of its housing properties at the following annual rates:

Boilers/Fires	6.66%
Kitchens	5.00%
Lift	5.00%
Plumbing	3.33%
Bathroom	3.33%
Windows/Doors	3.33%
Electrics	2.50%
Roof	1.43%
Walls	1.00%

Freehold land is not depreciated.

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

1. Accounting policies (continued)

d. Housing properties

Housing properties are properties held for the provision of social housing or to otherwise provide social benefit. Housing properties are principally properties available for rent and are stated at cost less accumulated depreciation and impairment loss (representing a diminution in the recoverable service potential of the asset below its carrying value in the balance sheet). Cost includes the cost of acquiring land and buildings, development costs, and interest charges incurred during the development period.

Works to existing properties which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in the net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

e. Government grants

Government grants include grants receivable from the Homes and Communities Agency (the 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 and, where applicable, its individual components (excluding land) under the accruals model.

f. Cyclical repairs and maintenance

The Charity has established a regular programme of repair and maintenance for its housing property. Actual costs are charged to the income and expenditure account as incurred.

g. VAT

The Charity is not VAT registered. Income and expenditure, where applicable, is therefore shown inclusive of VAT in the financial statements.

h. Current assets

Debtors are recognised and carried forward at invoiced amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand.

i. Creditors and provisions

Creditors and provisions are recognised when the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

j. Financial instruments

The Charity 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 with the exception of bank loans which are subsequently measured at amortised cost using the effective interest method.

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

1. Accounting policies (continued)

k. Going concern

The financial statements have been prepared on a going concern basis as the Board of Management believes that no material uncertainties exist. The Board of Management have considered the level of funds held and the expected level of income and expenditure for the 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the Charity to be able to continue as a going concern.

2. Turnover and operating surplus

	Turnover	Operating Costs	2017 Operating Profit	Turnover	Operating Costs	2017 Operating Deficit
	£	£	£	£	£	£
Supported housing lettings (note 6)	136,201	(106,173)	30,028	131,528	(101,763)	29,765
	<u>136,201</u>	<u>(106,171)</u>	<u>30,028</u>	<u>131,528</u>	<u>(101,763)</u>	<u>29,765</u>

3. Interest receivable and similar income

	2018 £	2017 £
Bank interest received	268	523
	<u>268</u>	<u>523</u>

4. Operating surplus

The operating surplus is stated after charging.

	2018 £	2017 £
Depreciation of tangible fixed assets	40,270	32,702
Auditor's remuneration for audit	3,378	3,560
Auditor's remuneration for audit (over accrual)	312	-
Auditor's remuneration for non-audit	<u>618</u>	<u>640</u>

5. Employees

The Charity does not have any employees and as such there are no staff costs incurred.

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

6. Particulars of turnover and administrative expenditure from social housing lettings	Supported housing and housing for older people	
	2018 £	2017 £
Income		
Rents receivable excluding service charges	105,247	96,387
Service charge income	21,086	23,841
Government grants taken to income	<u>9,513</u>	<u>10,640</u>
Turnover from social housing lettings	135,846	130,868
Other income	<u>355</u>	<u>660</u>
Total income	<u>136,201</u>	<u>131,528</u>
Operating costs		
Service charge costs	19,128	17,567
Routine maintenance	13,583	12,723
Planned maintenance	2,847	13,547
Major repairs expenditure	7,070	2,685
Depreciation of housing properties	40,270	32,702
Accountancy and audit	4,308	4,200
Management fees	17,256	16,800
Insurance	1,148	1,023
Other costs	563	516
	<u> </u>	<u> </u>
Administrative expenditure on social housing lettings	<u>106,173</u>	<u>101,763</u>
Operating surplus on social housing lettings	<u>30,028</u>	<u>29,765</u>
Void losses	<u>5,850</u>	<u>2,682</u>

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

7. Fixed assets – freehold housing properties

	Social housing properties held for letting 2018 £
Cost	
At 1 November 2017	1,001,963
Additions	4,728
	<hr/>
At 31 October 2018	1,006,691
Depreciation	
At 1 November 2017	90,748
Charge for year	40,270
	<hr/>
At 31 October 2018	131,018
Net book value at 31 October 2018	<u>875,673</u>
Net book value at 31 October 2017	<u>911,215</u>
Non depreciable land amounts to £38,539 (2017: £38,539)	

Expenditure on works to existing properties

	2018 £	2017 £
Improvement works capitalised	4,728	14,500
Amounts charged to income and expenditure (note 6)	23,500	28,955
	<hr/>	<hr/>
	<u>28,228</u>	<u>43,455</u>

Social housing assistance

	2018 £	2017 £
Total accumulated social housing grant received or receivable at 31 October	<u>144,957</u>	<u>144,957</u>
Recognised to date in the Statement of Comprehensive Income	45,894	36,382
Held as deferred income (notes 11 and 12)	99,063	108,575
	<hr/>	<hr/>
	<u>144,957</u>	<u>144,957</u>

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

8. Debtors	2018	2017
	£	£
Rent debtors	582	1,828
Prepayments and accrued income	2,244	697
	—	—
	<u>2,826</u>	<u>2,525</u>
9. Bank balances	2018	2017
	£	£
Current accounts	5,402	6,899
Deposit accounts	164,799	92,531
	—	—
	<u>170,201</u>	<u>99,430</u>
10. Creditors: Amounts falling due within one year	2018	2017
	£	£
Trade creditors	5,397	2,346
Amounts payable to Trustee – Norwich Housing Society	2,966	360
Accruals and deferred income	32,886	22,024
Other creditors	-	25
	—	—
	<u>41,249</u>	<u>24,755</u>
Deferred income brought forward	9,828	6,256
Released during the year	(2,043)	(6,256)
Deferred during the year	<u>4,971</u>	<u>9,828</u>
Deferred income carried forward	<u>12,756</u>	<u>9,828</u>
11. Creditors: Amounts falling due over one year	2018	2017
	£	£
Accruals and deferred income	<u>89,550</u>	<u>100,790</u>
Deferred income brought forward	100,790	117,216
Released during the year	(11,240)	(16,426)
Deferred during the year	—	—
Deferred income carried forward	<u>89,550</u>	<u>100,790</u>

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

12. Reserves

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

13. Analysis of net assets between funds

	(Unrestricted) Income and expenditure	
	2018	2017
	£	£
Tangible fixed assets	875,673	911,215
Net current assets	131,778	77,180
Long term liabilities	(89,550)	(100,790)
	<u>917,901</u>	<u>887,605</u>

14. Housing stock

	Units at the year end	
	2018	2017
	Number	Number
Rehabilitation	<u>25</u>	<u>25</u>

Norwich Housing Society Limited manages these 25 properties. See note 15.

15. Related party transactions

Norwich Housing Society Limited is sole Trustee of Stuart Court Memorial Charity. Transactions between the two entities are summarised as follows:

	2018	2017
	£	£
Management charge payable to Norwich Housing Society Limited	<u>17,256</u>	<u>16,800</u>

The position at the balance sheet date is summarised as follows:

	2018	2017
	£	£
Amounts owing to Norwich Housing Society Limited at 31 October	<u>2,966</u>	<u>360</u>

During the year architectural services to the value of £968 (2017: £Nil) were provided to the charity by Jon Boon who is a member of the Board of Management of Norwich Housing Society Limited. At the year end the charity owed £Nil (2017: £Nil) to Mr Boon.

Stuart Court Memorial Charity

Notes to the Financial Statements (Continued)

For The Year Ended 31 October 2018

16. Parent company

The corporate trustee of Stuart Court Memorial Charity is Norwich Housing Society Limited, a Registered Social Landlord.

The Board of Management of the Trustee have relied upon the exemption provided by Section 99 of the Co-operative and Community Benefit Societies Act 2014 because of the insignificant amounts involved and have not therefore prepared consolidated financial statements.

17. Reconciliation of operating surplus / (deficit) to net cash inflow from operating activities

	2018 £	2017 £
Operating surplus	30,028	29,765
Depreciation of tangible fixed assets	40,270	32,702
(Increase) / Decrease in debtors	(301)	294
Increase / (Decrease) in creditors	5,234	(36,279)
	<u>75,231</u>	<u>26,482</u>

18. Capital commitments

	2018 £	2017 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	<u>610,000</u>	<u>-</u>

It is intended that this anticipated capital expenditure will be financed from loans, reserves and grants.

19. Financial instruments

The carrying amounts of the Society's financial instruments are as follows:

	2018 £	2017 £
<i>Financial assets</i>		
Debt instruments measured at amortised cost:		
Rent debtors (note 8)	<u>582</u>	<u>1,828</u>
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors (note 10)	5,397	2,346
Amounts due to Trustee (note 10)	2,966	360
Accruals (note 10)	<u>20,130</u>	<u>12,196</u>
	<u>28,493</u>	<u>14,902</u>
