

Central and Cecil Housing Trust

Registered Social Housing Provider -
consolidated and entity

Financial Statements

Year ended 31 March 2016

Co-operative and Community Benefit Society
(FCA) number: 27693R

Homes and Communities Agency number: H1528

Contents

Page:

3	Executives and advisors
4-16	Report of the board of management
17-21	Strategic report
22-23	Independent auditor's report
24	Consolidated and Association statement of comprehensive income
25	Consolidated and Association balance sheet
26	Consolidated statement of changes in reserves
27	Association statement of changes in reserves
28	Consolidated statement of cash flows
29-62	Notes forming part of the financial statements

Central and Cecil Housing Trust

Executives and advisors for the year ended 31 March 2016

President Harriet Bowes Lyon

Vice Presidents Ian Henderson CBE
Nicholas Moore
Michael Muller

Board of Management

Chairman Alison Carver
Vice Chairman Richard Abbott

Members

Mike Basquill	Ravi Sanguhan (resigned August 2015)
Jean Parkinson	Caroline Tiller (resigned April 2016)
Barbara Stevens	Lawrence Wiseman (resigned June 2015)
Angela Williams	Phil Insuli (from July 2015)
Serge Miodragovic	John Richardson (from January 2016)
Peter Goodacre	Mark Greenwood (from January 2016)
	Julia Ashley (from April 2016)

Executive Management Team

Chief Executive & Company Secretary	Julia Ashley MBA
Executive Director - Human Resources	Pam Macdonald BA (Hons), FCIPD
Executive Director - Finance	Nazar Al-Khalili BSc (Hons), FCA
Executive Director - Resident Services	Paul Smith FCIH

Bankers

Lloyds
Piccadilly Branch
39 Piccadilly
London
W1V 0AA

Internal Auditors

Beever & Struthers
15 Bunhill Row
London
EC1Y 8LP

External Auditors

BDO LLP
Chartered Accountants
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Funders

Santander Corporate Banking
2 Triton Square
London
NW1 3AN

Royal Bank of Scotland
7th Floor, 135 Bishopsgate
London
EC2M 3UR

Solicitors

Trowers & Hamlin
3 Bunhill Row
London
EC1Y 8YZ

Devonshires Solicitors
30 Finsbury Circus
London
EC2M 7DJ

Radcliffes LeBrasseur
5 Great College Street
London
SW1P 3SJ

Registered Office Cecil House, 266 Waterloo Road, LONDON SE1 8RQ

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

Introduction

The Board of Management presents the Report for the year ended 31st March 2016 for Central and Cecil Housing Trust ("The Association") and the group headed by the Association ("The Group").

Principal activities and review of business

The Association is a charitable registered provider whose principal activities are the provision of sheltered housing and the provision of residential and nursing care for the elderly. The Association also has some general needs housing and supported housing. The full breakdown of the Association's available units is detailed in the table below:

	2016	2015
Care Homes: Social Housing	246	252
Non-Social Housing	101	95
Sheltered Housing	1,330	1,330
General needs	282	282
Supported Housing	94	163
	<u>2,053</u>	<u>2,122</u>

The map below details where the Association's properties are held.

GREATER LONDON



The Business Plan 2015-20 sets out high ambitions for improving properties, developing new fit-for-purpose properties and challenging the perception of older age as a time of achievement and aspiration. The Association wants to focus all of its energy on achieving this and in order to focus more deeply on the business, the Board believe there is a need to narrow the breadth of the service provision. For this reason, the Board of the Association have agreed to an in principle exit from care home management. There will be a detailed investigation of the options for this proposed exit and a full consultation with residents, relatives, staff, and key stakeholders throughout this process to achieve the best possible outcome. The Association can achieve a better service to its residents by going back to its roots and focusing all of its attention on its core business of providing housing and community services.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

The Association will continue to be passionate about and be highly committed to providing quality housing and maintaining caring support services for people and this refocus means that this can be provided in the housing communities.

The ongoing care for residents and employment of staff is very important to the Board of the Association and they fully embrace the concept that another provider can deliver the standards of excellence in care services that the Association has aspired to and more.

The Board's vision for housing and supporting people aged over 55 in the future is challenging and exciting and they believe that through these actions C&C will be more able to challenge the perception of older peoples' lives and reframe older age as a time of achievement and inspiration.

On 6th April 2016, the Association's Chief Executive Officer, Caroline Tiller, retired from her role after six years of inspirational service that has transformed C&C. She was superseded by Julia Ashley who had worked as Executive Director of Commercial Services at the Association.

As part of the business rationalisation and ensuring all properties are fit for purpose, the Association has been and will continue to review its assets. During the last financial year the Association sold land in the London Borough of Barnet. Following lengthy negotiations with regards to planning permission, the Association agreed in 2014-15 that it was in the best interest of the Association and its residents if this land was sold on the open market, generating funds for reinvestment. The Board believe that the best price was achieved and that the interests of residents were protected. This decision was one arrived at by the Board after careful consideration of the various options, risks and of the income that could be generated to invest in other C&C priorities.

In addition, the Association transferred a scheme in Luton to another provider.

The Association is a developing organisation that is not currently relying on grant to develop its assets. The Association owns a number of properties in prime locations within London that can be used to generate subsidy to fund other activities. This means that the business plan objectives are delivered by cross-subsidising activities. The developments that the Association is currently working on are co-designed with residents and staff wherever possible to ensure that new homes are built that meet people's needs, are adaptable, efficient to manage into the future and affordable to live in.

As the Association is involved in development activity, it has two subsidiary companies to assist in ensuring revenues are maximised and value for money is achieved. The two subsidiary companies which are both 100% owned by the Association are Central & Cecil Innovations Limited and Central & Cecil Construction Services Limited.

Central & Cecil Innovations Limited operates the Group's commercial activities whilst Central & Cecil Construction Services Limited provides design and build construction work for the Group.

The Group published a surplus for the year ended 31st March 2016 of £6,695k which compares with a surplus of £1,630k in the previous year. This is the first year that the Association and Group have published their accounts under FRS102.

This year's figures includes the surplus generated from the planned sale of an empty scheme in Barnet.

The other business changes that have affected the surplus are:

- * Care Homes - Like many other care providers and the NHS, C&C has had difficulty recruiting for certain roles, especially nurses. The high agency costs needed to cover this have had an impact on the surplus. Following the appointment of a new management team within care, the staffing issues are now being resolved and the Board believe that in 2016-17 there will be better control and a marked reduction in staff and agency costs.
- * Dora House - The redevelopment of this property in St John's Wood is planned to commence later in 2016-17. In preparation for this and after extensive consultation with residents, the residents have been

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

moved to other properties. As at 31 March 2016, only three residents remained in the 202 unit scheme. A number of properties at other schemes had been kept vacant for this purpose which has resulted in a reduction in income for the year. The Association has consulted with its residents at every stage of their moves and provided alternative accommodation including developing two new flats using redundant communal space at one of C&Cs sheltered housing schemes to meet the needs of specific residents with disabilities.

The Group's five-year income and expenditure accounts and balance sheets are summarised below:

Five Year Analysis					
For the year ended 31st March	2016 **	2015 *	2014	2013	2012
Income & Expenditure Account	£'000	£'000	£'000	£'000	£'000
Total Turnover	25,297	26,103	25,369	26,245	27,138
Operating Surplus/(Deficit)	(235)	807	72	1,349	1,943
Surplus for the year transferred to reserves	6,695	1,630	46	883	1,393
Balance Sheet					
Housing Properties net of Depreciation	88,591	83,659	93,857	91,060	91,817
Social Housing Grants and other grants	(32,257)	(32,947)	(44,364)	(44,364)	(44,364)
	56,334	50,712	49,493	46,696	47,453
Other Fixed Assets	5,645	5,675	7,940	11,320	10,406
Fixed Assets	61,979	56,387	57,433	58,016	57,859
Net Current Assets	8,483	6,249	2,149	5,236	4,519
Total Assets less Current Liabilities	70,462	62,636	59,582	63,252	62,378
Loans (Due over one year)	17,168	16,086	16,429	16,720	17,502
Pension Liability	598	1,588	675	4,975	810
Reserves - Restricted	350	350	350	350	350
- Revenue	52,346	44,612	41,461	39,379	42,452
- Revaluation			667	1,828	1,264
- Total	70,462	62,636	59,582	63,252	62,378
Housing Properties owned at year end	No.	No.	No.	No.	No.
Social Housing	1,952	2,027	2,096	2,174	2,234
Non-Social Housing	101	95	123	123	123
	2,053	2,122	2,219	2,297	2,357
Key Performance Indicators					
Operating Surplus as a % of turnover	-0.93%	3.09%	0.28%	5.14%	7.16%
Surplus for year as a % of income from lettings	-1.17%	7.40%	0.23%	4.23%	6.56%
Rent Losses (voids and bad debt as a % of rent and service charges receivable)	15.56%	6.90%	2.82%	3.98%	3.19%
Rent Arrears (gross arrears as a % of rent and service charges receivable)	5.23%	6.07%	6.31%	7.48%	6.11%
Liquidity (Current assets divided by current liabilities)	2.3	1.6	1.2	2.2	2.1
Gearing (total loans as a % of capital grants plus reserves)	20.21%	20.65%	18.92%	19.46%	19.79%

*2014-15 was the first year that consolidated financial statements were prepared

**2015-16 was the first year that consolidated financial statements were prepared under FRS102. 2014-15 is re-stated on this basis where applicable.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

Reserves

After transfer of the surplus for the year of £6,695k (2015: £1,630k), reserves at the year-end amounted to £52,696k (2015: £44,962k). The detailed movement in reserves is shown on page 21 of the financial statements.

Fundraising

The Group and the Association received a total of £23k (2015: £24k) in charitable donations. Donations were received from the following Trusts & Foundations as well as from a large number of individual supporters.

- David Rubens Charitable Trust
- Richmond Music Trust
- Richmond Parish Lands Charity
- The Rhododendron Charity Trust
- The Frognaal Trust
- 29th May Charitable Trust
- DM Charitable Trust
- G.M. Morrison Charitable Trust

The charitable support received this year has helped to pay for a number of activities which enhance residents' quality of life including music therapy for residents with dementia, a variety of art classes, special outings to places of interest, singing sessions, digital support activities, movement and gentle exercise and health alternatives. The Association has a specialist Creative Arts team which coordinates the delivery of activities, ensuring that the value of donations is maximised.

Employee Involvement

Applications for employment from disabled persons are given full and fair consideration. The Group continued its policy on consultation and communication with employees on matters affecting them and on the progress of the Group. Through a staff council, employees are consulted on various issues. The staff council also leads on social and other activities across the Group.

Additionally, there are cascade briefings from the executive team, departmental and team meetings and other forms of communication such as newsletters, email bulletins and the intranet.

During the last financial year the Association was awarded Silver Investors in People (IiP) accreditation which reflects the investment Association has made, and will continue to make, in its staff. The Association runs learning at work sessions to assist its employees and has won two Personnel Today awards in the last two years.

Treasury and Funding

The Group and Association has total loans as at 31 March 2016 of £18,086k (2015: £16,380k) made up of fixed and variable rate loans. During 2014-15 the Association secured further facilities of £15m to help finance the development programme. The loans as at 31 March 2016 include £2m borrowed from this facility. The management of borrowings is the responsibility of the Executive Director of Finance. The treasury strategy is set annually and approved by the Board.

Qualifying third party indemnity provisions

The company has no qualifying third party indemnity provisions in place for the directors of Central and Cecil Housing Trust - Registered Social Housing Provider.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

Compliance with Governance and Financial Viability Standard

The Association has undertaken an assessment of its compliance with the governance and financial viability standard and it is fully compliant.

NHF Code of Conduct and Code of Governance

Following a recent review, the Board agreed to adopt the NHF Code of Governance 2015 and be fully compliant by 31st March 2016. There was currently only one area of derogation from the code which was in relation to not including independent members on the Risk and Audit Committee (section F4 of the Code). The Board has subsequently reviewed this and is compliant.

Statement of Compliance with UK Law

In November 2015 one of the Association's care homes was the subject of an inspection which was carried out by the Care Quality Commission. The outcome of that inspection has been published in a report by the Care Quality Commission dated 17 March 2016. That report identified areas where the Association had failed to meet certain statutory requirements, including the Health and Social Care Act 2008.

In all other respects there have been no material breaches of law as would require notification to the Homes and Communities Agency in accordance with the Governance and Regulatory Standard and/or which would have a material impact on the Association, its residents and service users. The Association has taken reasonable measures to ensure that no such breaches of law occur.

The Modern Slavery Act 2015

The Association complies with the Modern Slavery Act 2015 and steps be taken during the next financial year to ensure that slavery is not occurring in the Association, Group or the supply chains. In line with government guidelines the Association will be amending its supplier selection process to ensure all suppliers comply. It will also ensure staff and management are aware of the issues and are trained in how to identify possible issues that may need further investigation.

Governance

The Association is governed by a Board composed of eleven directors, ten of whom are non-executives and one is an executive director. One position is held vacant. From 1st April 2014 all Board members received remuneration for their services.

The Chair is Alison Carver who commenced in her role on 1st September 2013. The full details of the Board are detailed on page 1. The Board delegates some of its responsibilities to its two sub-committees: the Risk and Audit Committee and the Human Resources & Nominations Committee. Each of these committees has clear terms of reference and delegated authority. They report back to the Board after each meeting, where their recommendations are fully considered and approved where appropriate.

The Board meets a minimum of six times a year to conduct its normal business. It also meets at least once a year to discuss and review strategy. The Board is responsible for strategy and policy frameworks. It delegates day-to-day management to the Executive Management Team, which meets fortnightly and whose members attend Board meetings.

Each non-executive member of the Board of Management holds one fully paid share of £1 in the Association.

The Board has a biannual review, facilitated by an external advisor, in addition to annual individual appraisals and an annual review of its objectives. All Board meetings now include a pre-meeting learning and development session and a post-meeting review and reflection session. The Board has also agreed to review the skills required to effectively manage the Association and succession plans for the Board and the Executive Management Team.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

The housing regulator, the Homes and Communities Agency, sets regulatory standards to which registered providers are expected to adhere. The Board has undertaken an external review of compliance against the standards and during the year put an action plan in place to ensure robust compliance. This review concluded “there is a sound body of evidence that allows the Board assurance that housing regulatory requirements are being met”.

Risk and Audit Committee

The Risk & Audit Committee oversees the work of the internal and external audit function as well as the risk management framework and internal control framework for the Group and the Association. Through the reports it receives, the Risk & Audit Committee gains external assurance that the Group and the Association have appropriate systems of internal control and complies with the Homes and Community Agency’s guidelines in this area. The Risk & Audit Committee meets at least four times per year and reports on an annual basis to the Board on the work it has undertaken in the previous financial year. The Risk & Audit Committee is an integral part of the structure of the Group and the Association and its work is critical to the governance and the financial wellbeing of the Group and the Association. Its remit includes:

- Monitoring the integrity of the financial statements and reviewing significant financial reporting judgements.
- Reviewing internal control systems.
- Monitoring the effectiveness of the Group and the Association’s internal audit function and ensuring its recommendations are followed through.
- Monitoring the external auditor’s independence, objectivity and effectiveness.
- Making recommendations to the Board covering the terms of engagement, appointment and remuneration of the external auditor.
- Monitoring the effectiveness of the Group and the Association’s risk strategy and seeing that it has proper plans in place to ensure risk mitigation.

The committee membership comprises John Richardson (chair), Mark Greenwood, Peter Goodacre, Phil Insuli and Serge Miodragovic, all of whom are non-executive Board members.

Human Resources and Nominations Committee

The Human Resources & Nominations Committee considers all staff and Board related issues including the review of salaries and pension provisions and Board remuneration. The Committee meets at least three times per year.

Committee membership comprises: Angela Williams (chair), Mike Basquill, Alison Carver and Barbara Stevens, all of whom are non-executive Board members.

Resident Scrutiny Panel

In addition to the sub-committees, the Association has a Resident Scrutiny Panel made up of residents and relatives from both housing and care. The Panel is involved in service reviews, scrutinising the activities of the Association and reviews of key performance indicators.

The Executive Management Team

This is made up of the Chief Executive, who is also a Board member, and three executive directors for Finance, Human Resources and Resident Services.

Going concern

After making enquiries, The Board has a reasonable expectation that the Group and the Association has adequate resources to continue in operational existence for the foreseeable future. For this reason, it continues to adopt the going concern basis in the financial statements.

Assessment of the effectiveness of internal control

The Board has overall responsibility for establishing and maintaining the Group and the Association’s system of internal controls and for reviewing their effectiveness.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016

The system of internal controls is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and to provide reasonable, not absolute, assurance against material misstatement or loss.

In meeting its responsibilities, the Board has adopted a risk-based approach to establishing and maintaining internal controls, which are embedded within day-to-day management and governance processes. This approach includes the regular evaluation of the nature and extent of risks to which the Group and the Association is exposed and is consistent with the good practice principles outlined in the regulatory and other guidance.

The Board also has a strategy and policy on fraud covering prevention, detection and reporting of fraud and the recovery of assets. The Board has reviewed the fraud register and has reflected upon the information contained within it in its review. The Association has a code of conduct and whistleblowing policy that are reviewed and approved by the Board.

The Board seeks assurance regarding internal controls principally through the Risk & Audit Committee who review all internal and external audit reports, the risk maps and the fraud register. During the year the Internal Audit Plan 2014-15 has been completed detailing adequacy and effectiveness of audit areas

The Board has considered the Chief Executive's annual report on internal controls, and believes it has received reasonable assurance as to the effectiveness of the internal controls in place during the period under review.

The arrangements adopted by the Board in reviewing the effectiveness of the system of internal controls, together with some of the key elements of the control framework, include:

Information and reporting systems

Financial reporting procedures include detailed budgets for the year ahead with regular monitoring by the Board of how these compare against actual results. The Board also receives reports on key performance indicators to assess progress towards the achievement of key business objectives, targets and outcomes.

Monitoring arrangements

Management reporting on control issues provides assurance to successive levels of management and to the Board. This is supplemented by regular reviews by internal audit, which provides independent assurance to the Board via its Risk & Audit Committee. It includes a procedure, monitored by the Risk & Audit Committee, for ensuring that corrective action is taken in relation to any significant control issue.

Key policies

Within the delegation of authority, the Board retains responsibility for reviewing and approving the key strategies and policies that are designed to provide effective internal control. These include strategies and policies for development projects and new business ventures, risk management, countering fraud and theft, treasury management and strategic business planning.

Post balance sheet events

These are detailed in note 35 of the financial statements.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued

Value for Money

Value for Money (VfM) is critical to the way the Association provides homes and services to residents. It seeks to find the optimum balance between economy (costs) efficiency (productivity) and effectiveness (outcomes for residents). As detailed in the Association's business plan the focus for the year was on the core services of Housing, Care, Property, Development, and Resident Engagement with an aim to deliver improved services across these areas and to ensure value is provided in all activities.

This section summarises the Association's Value for Money (VfM) commitments and accomplishments and sets out the approach and strategic priorities for the coming years. A full VfM statement along with the VfM Framework for the Association, can be found on the Association's website at www.ccht.org.uk.

The VfM commitment supports the Association's vision and sets out how surpluses will be maximised not just in the current year but for future years too. The business plan lays out the approach to value for money and the promise to deliver true value for money in all activities. This will be achieved not just by cutting costs but by properly understanding the cost drivers for the business, and maximising the opportunities to collect income. This will allow the Association to provide the best service to its residents at the best possible price. This will be achieved by constantly reviewing costs and contracts, by benchmarking against and learning from peers, and by realising efficiencies.

Principles of Care

The year 2015-16 was challenging and in Care the Association posted a surplus of £910k before central overhead costs and a deficit of £1,822k after overheads.

There were a number of known factors that contributed to this. The Association had been tied into historic block contracts in four of its eight care homes for many years and the price increases linked to the contract terms did not keep up with the cost of providing the service. Contracts expired for three of the homes towards the end of the year but negotiations with one local authority in relation to fee increases were ongoing which resulted in increased void levels as the local authority ceased placing new residents until agreement was reached.

Being contractually tied into low fee levels affected over 64% of the beds in the Association's homes. National benchmarks are available for care fee levels for the year 2014 and there is general agreement that care is more expensive to deliver in London due to the higher cost of living and its impact on wage costs.

The figures below show how care fee figures are impacted:

<i>Laing & Buisson Benchmark fee (UK average 2014)</i>	<i>£797 per week</i>
<i>C&C contract fee (London average 2015-16)</i>	<i>£644 per week</i>
<i>Actual Cost of C&C Care in London average 2015-16</i>	<i>£887 per week</i>

In addition to the impact of insufficient funding during the year, costs were increased by an over-reliance on agency staff. There is an ongoing national shortage of nursing staff and there have been particular difficulties recruiting throughout the year. The Association incurred £2,398k of agency cost to ensure critical staffing ratios were met. Agency workers are typically more expensive than employed staff and this negatively impacted the end of year financial performance as well as the quality of service.

Sector benchmarks for agency use are less than 10%

C&C's agency use for the year was 23%

Largely due to the over-reliance on agency staff, the Association also experienced a drop in quality and in some homes, this fell below the high standards that the Association is committed to delivering. As a result the Association invested significant time and resource to reverse the decline and ensure that high quality, consistent services were being delivered to all residents. The care management team was restructured and provision made for the recruitment was of specific clinical, governance and compliance skills. A new nurse recruitment package with enhanced pay was offered and an entire care team restructure was initiated to provide greater shift in clarity and efficiency. A new training programme for all staff was also put in place and all care policies were reviewed and updated.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued

This investment in care was required in spite of the losses incurred. The Association is responsible for providing a quality service to vulnerable people and ensuring that residents receive appropriate, safe care from competent staff. By the end of the year there was visible improvement in recruitment of nurses, reduction in the use of agency staff and significant improvement in the quality of service provided, verified by internal quality and compliance audits and CQC inspection results.

The combined impact of reduced income and excessive staff costs resulted in delivery of a service that could not meet its costs and this was being subsidised by income from other activities. This is clearly unsustainable in the long term. This is best shown in the chart below:

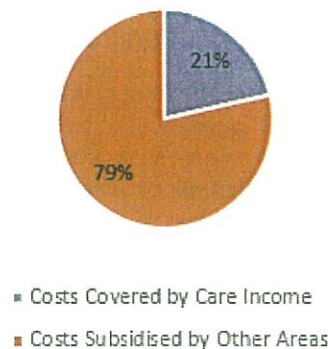
from competent people. By the end of the year there was visible improvement in recruitment of nurses, reduction in the use of agency staff and significant improvement in the quality of service provided – verified by internal quality and compliance audits and CQC inspection results.

The combined impact of reduced income and excessive staff costs resulted in delivery of a service that could not meet its costs and this was being subsidised by other Association income streams. This is best shown in the chart below:

Average weekly cost of providing a care home service



Subsidy Provided to Care



. Efforts had been made through various initiatives to reduce staff costs which form the bulk (69%) of operating costs, namely investment in nurse pay, a new care management structure and efficiency of care staff rotas. These were starting to have a positive effect on reducing costs and improving quality by the year end, and at the time of writing this report, have improved further still.

The focus for the year was on delivering a quality service that enhanced the lives of residents. Some of the value for money achievements have been:

- Renegotiated terms with the agency staff providers to ensure continuity of the agency staff used and that their qualifications and training are of the highest standard.
- The catering contract was renegotiated to maximise the quality of the service for the residents and provide an enhanced meal service at the same cost. Residents now have a greater choice of nutritious home-made food options throughout the day, every day.
- A complete dependency audit was carried out across all homes to ensure that staffing ratios were able to match the needs of the residents. In addition, a new shift pattern was identified to provide greater continuity of staff throughout the day and to ensure the shifts are able to run as efficiently as possible

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued

•

- The care management team was restructured to provide more support to home managers within the same budget, introducing new posts of Clinical Manager to oversee clinical governance and support and mentorship for nurses and Quality & Compliance Manager, conducting internal audits of services and providing support where needed for quality improvements.

During the year, the Board of the Association considered its position in relation to the ongoing operation of care homes. As well as continued losses, the Association was facing further income and cost uncertainty, with rent cuts in housing, the impact of welfare reform measures, care and health authorities at breaking point with funding for social care, and the future cost pressure of being required to pay care staff the new 'living wage' which over the four year implementation period would have increased staff costs by 14%. That is why, as referred to in the *Principal activities and review of business* above, it was decided in principle to withdraw from care home management.

Principles of Housing

2015-16 was an exciting year in housing, with firm plans in place to relocate residents from one of the outdated large sheltered housing schemes in Westminster, Dora House, in order that it be replaced with modern, purpose built accommodation that can adapt to meet the changing needs of people as they age.

The business plan states that *95% of residents would recommend C&C as a place to live*. The Association monitors this through a monthly rolling satisfaction survey. The average number of residents during the year that said that C&C was a good place to live was 90.9%.

The plan for the coming year is to continue the partnership work with residents so that the Association can fully understand what makes a difference and improve the number of residents who would recommend the Association as a good place to live.

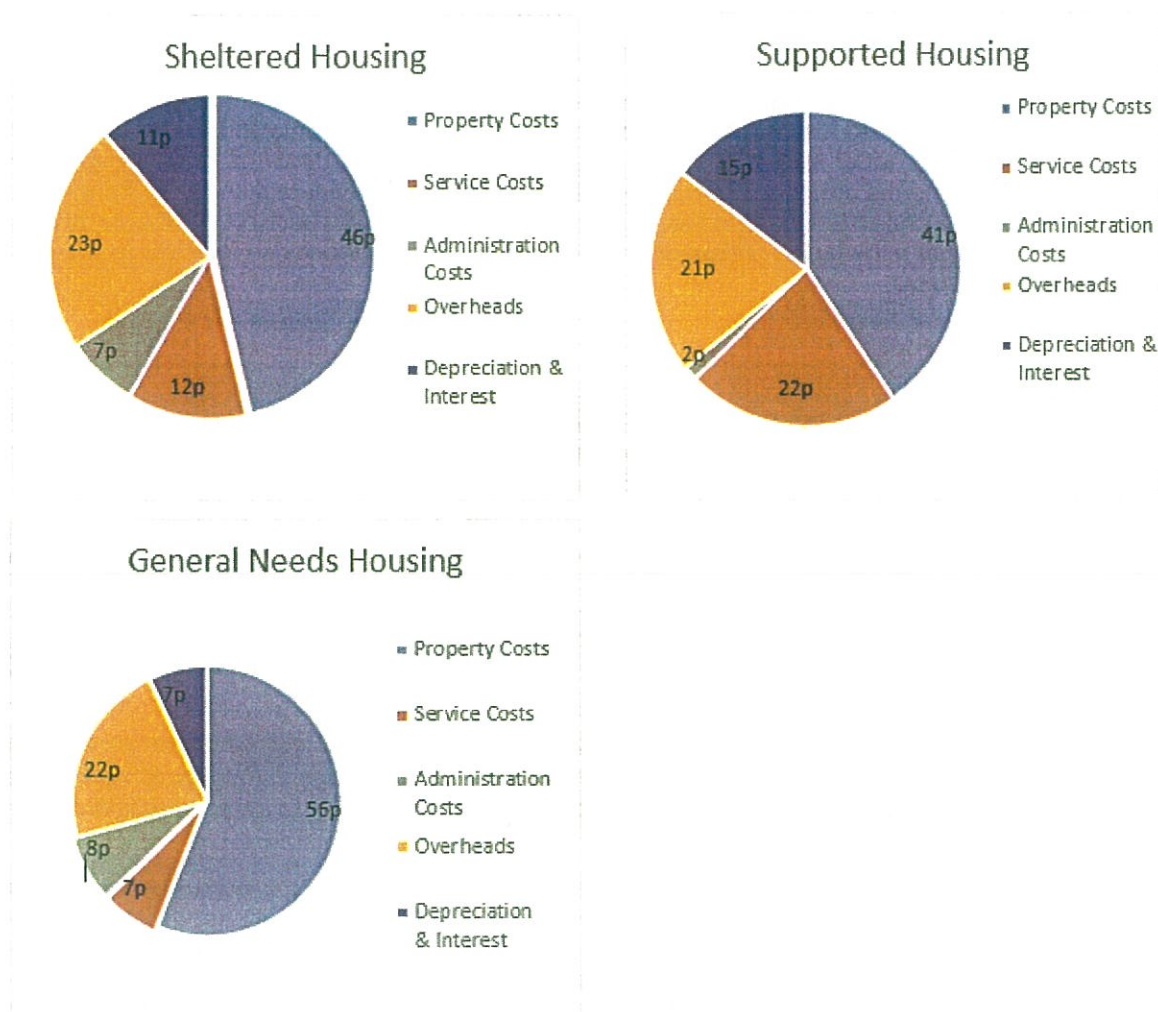
The Association monitors satisfaction through a rolling monthly survey. *The average number of residents during the year that said that they were satisfied with their neighbourhood as place to live was 93%*. The plan for the coming year is to continue working with residents and local communities to improve satisfaction within local neighbourhoods.

Like most housing associations, the Association does benchmark against peers. It is a member of Housemark and due to the timing of reports is currently benchmarking the 2014-15 figures. Plans for 2016-17 include moving to quarterly benchmarking with Housemark to ensure that a more up to date position is available for comparison. The Housing Management costs for the Association can be compared against peers for 2014-15 and the figures for that year show that the Association is placed in the third quartile with costs of £602.90 per property.

To better understand its costs the Association needs to know what each pound of income is being spent on for each part of the housing business; Sheltered Housing, Supported Housing and General Needs Housing

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued



As well as driving efficiencies through the cost of providing the service, the Association has been focussing on maximising the collection of income. Two key areas of focus over the year have been arrears and voids management and this will continue into 2016-17.

An arrears action plan has been put in place covering the whole of the sign-up to payment process. For voids management an action plan was in place which has already resulted in significant reductions in void losses and in the periods that the properties are void. This means better services for residents and financial benefits for the Association.

Principles of Property

All surpluses are re-invested in the provision of excellent homes and inspiring services. In 2015-16 the Association invested £4.6m in its existing properties in the form of major repairs and refurbishments. Offering well maintained homes has a positive impact on lettings and voids and helps people to feel proud of their homes and neighbourhoods. The Association is committed to investment in its existing properties to ensure they provide healthy, energy efficient environments.

Where there is value to be gained for both residents and the Association, the use of existing assets will be maximised. One example of this is where two flats were created out of redundant communal space at Vivian Court, a sheltered housing scheme in the London Borough of Camden. These flats are fully wheelchair adapted, and will provide a valuable resource for residents of Camden long into the future. The estimated value of buying these properties in Westminster is in the region of £800k each. This is a model that can be looked at to be rolled-out to other schemes.

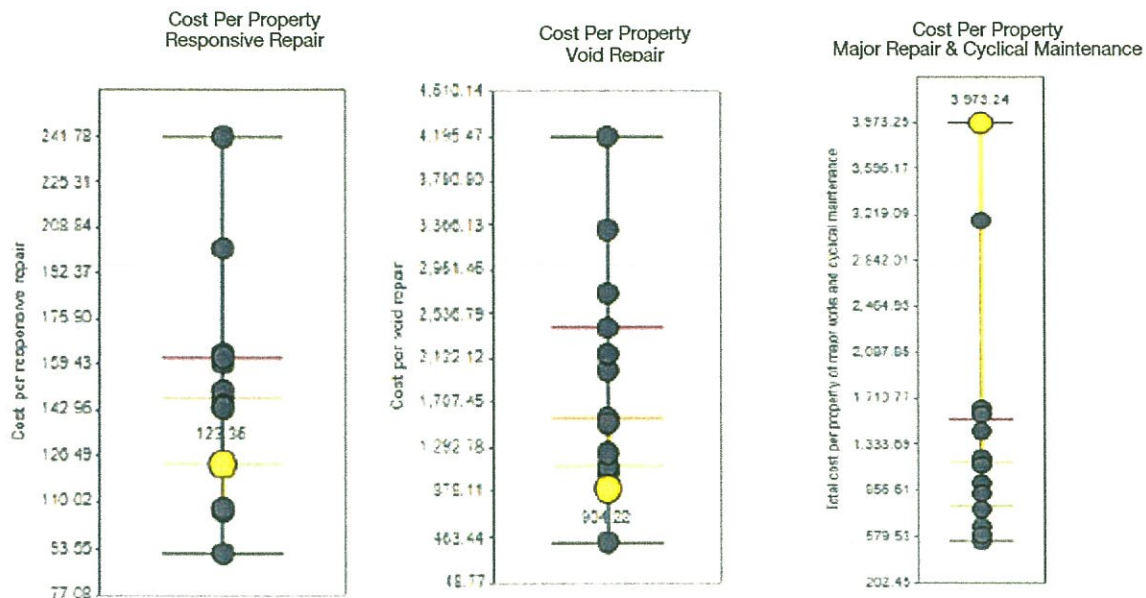
Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued

During the year the Association piloted a new repairs service following the termination of a repairs and maintenance contract.

The business plan states that *95% of residents would be satisfied with the repairs service*. This was at an average of 86% for the year but at 100% at year end.

As part of the Association's Housemark membership, comparison is made with peers in a number of areas relating to property maintenance. Due to the fact that the Association has previously benchmarked its performance using annual information, the charts below show comparisons for the year 2014-15. Using quarterly Housemark benchmarking reviews in future will lead to better real-time challenges on comparative costs and efficiencies.



The Association has spent more per property on Major Repairs and Cyclical Maintenance works, and less on responsive repair and void works than the peer group

The high spend on Major Repairs and Cyclical Maintenance reflects a strategic decision to invest significant sums in Major Repairs to improve standards after a period of underinvestment in the Association's properties. There has been greater spend on Major Repairs to ensure that the Associations properties achieve a high standard. There have also been a number of major projects including asbestos related activities, fire risk works and fixed wiring. These are all compliance related and essential works rather than the normal planned replacements or improvements. The Association has a 30 year property investment plan. This has been phased to ensure proper investment is made in a sustainable way.

Addition VfM achievements include the retendering of gas and electricity contracts resulting in £142k annual savings and renegotiating council tax charges saving £44k per annum.

Principles of Development

The Association's priority is to develop and run specialist older people's housing. The Association currently owns 1,330 sheltered units, 282 general needs and 94 supported units. Most of these are in prime locations within London. Plans are currently being developed to substantially improve the stock and in some cases this means a complete redevelopment. There are plans to build homes for sale and market rent for people aged over 55. This will enable the Association to provide much needed homes to this undersupplied market and to generate a subsidy to fund other social housing activities with upfront capital and revenue.

The Association will be making its best assets work hard for it, ensuring that its business plan objectives are achieved.

Central and Cecil Housing Trust

Report of the Board of Management for the year ended 31 March 2016 - continued

Two subsidiary companies have been set up to make sure that the Association can operate commercially where this is a priority and maximise the return on its development.

During 2014-15 the Association set up an Asset Development Group that carried out a detailed analysis of all properties, including demand, asset performance, strategic importance, development potential and financial performance. The result was a comprehensive and robust ten year investment programme that addresses revenue and capital issues so that investment can be made in properties in a sustainable way.

Properties were identified which would benefit from substantial refurbishment and those that would benefit more by being redeveloped. The development of a long term investment plan is complex and links to the capacity of the organisation to take on risk and generate investment funds. The development programme has commenced and is part of the long term investment plan.

Principles of Engagement

The Association has always seen its residents as fundamental assets to the business and that investing in them and in its engagement with them allows it to deliver the best possible services.

The Association launched its Residents Scrutiny Panel (RSP) in 2011, and this has now really come to the fore. It continues to grow and develop and to achieve a high profile within the organisation.

In addition, the Association facilitates a Sheltered Housing Forum for residents at the sheltered schemes. Heads of Service attend these to assist members with any queries they may have and to ensure residents' views and comments are not only taken on board, but are acted upon.

All schemes have local scheme budgets that are set and spent by residents on locally agreed priorities. These are the areas that the residents themselves have identified as what they want.

Resident engagement for the Association is all about providing services to residents that improve the quality of their lives. The Association uses the g320 social value toolkit to assist in measuring social value and ensuring its proper delivery. The methodology prescribed in this toolkit allows for a full breakdown of every activity that is recorded as it happens. The various social benefits that have taken place during 2015-16 have been financially evaluated according to the assumptions contained in the toolkit and calculated these to total £6.0m.

The Association appreciates that the value for money assessment contained in the toolkit is assessed as a theoretical sum rather than identifiable cash savings. However, the toolkit assumptions are based on real savings to the wider community and to partner organisations such as the NHS and local authorities through promotion of wellbeing and alleviation of loneliness and isolation. These activities include: Arts & Crafts; Creative Writing and Poetry; Choir projects including performances at the Royal Opera House and Royal Albert Hall; Clubs such as cinema, digital learning, English literature and gardening; Health and Wellbeing activities including yoga, aromatherapy, Tai Chi and dance, and a range of social activities and outings.

Commitments

In addition to the above, the Association has achieved the following:

- The Association now has a comprehensive assets and liabilities register which includes details not just on the current assets and liabilities but of all future liabilities and what the implications of these might be.
- An updated and improved contract register has been put in place. This will assist in controlling contract management and in ensuring best value for money procurement savings are achieved for the organisation and for residents.
- During the year a new Multiprotocol Label Switching (MPLS) and a Voice over IP (VoIP) were installed which will generate savings of £90k per year. This is a more efficient way of communication between the Association's central office and the different schemes.

Successful silver Investors in People (IIP) accreditation. This demonstrates that the Association is a good quality employer which helps with the recruitment and retention of good people.

Development and implementation of a new induction programme that will assist with the retention of new starters, and performance management.


Julia Ashley
Chief Executive & Company Secretary
Date 2016

Central and Cecil Housing Trust

Strategic report for the year ended 31 March 2016

Strategies, Objectives and Performance

The Association launched its new five year Business Plan during the year. This was built around its wealth of inspirational history that has led to the current position and has helped develop the strategic direction for the next five years.

The Business Plan focussed on the five core services of Housing, Care, Property, Development and Engagement and had the aim of delivering improved services across these areas, informed and supported by partners, in particular the Association's residents.

The Board of Management have since agreed in principle to withdraw from care home management and this process is ongoing. Whilst the care homes remain under the Association's management, its care principles still apply.

The strategic focus is set around the Principles of each of the core service areas. In addition to the Principles of service, the Association's Business Plan also includes Commitments which detail how each of the support departments will provide the foundations upon which front line services can be built and improved.

An explanation of what these Principles and Commitments mean, and the targets set for each of these, is detailed below:

Principles of Housing

Inspirational Home

- We will create a culture of problem solving using our values of respect, integrity and partnership, finding ways to meet unique requests and needs and removing barriers to individual choice.
- We will listen to and understand our residents and how they wish to live their lives. We will give them freedom to follow this through.
- We will use assistive technology where we know this can offer our residents greater freedom and safety but never at the expense of care from our staff.
- Through listening to our residents, our homes will be person centred. Our staff will work with our residents in their homes and schemes.
- Residents will be given the opportunity to personalise their homes and we will give them choice in design and equipment.
- Contact with plants and animals and a willingness to offer support to others is encouraged.

Inspirational Spaces

- Shared spaces (gardens, corridors, lifts etc.) are intrinsically essential to our safety, security and wellbeing.
- Our residents will have freedom to access shared spaces which are interesting places with activities and areas of intrigue.
- All residents will be encouraged to be active members of the local community, both supporting residents to go out, and for the local community to come in.
- Staff have mobile technology that allows them to bring information and services to residents in the location of their choice.

Inspirational Living

- We will be partners with residents in the management of their communities.
- Communities will be friendly, relaxed and personalised where residents, family and friends feel at home. We will give opportunities for creativity in our communities through arts and learning.
- Food is at the heart of life and we will create attractive spaces where food and drink can be enjoyed.
- We will encourage residents to support each other with our assistance through volunteering and informal support.
- We will partner with like-minded organisations to improve the quality of life for our residents.

Central and Cecil Housing Trust

Strategic report for the year ended 31 March 2016

Targets

- 95% of residents would recommend C&C as a place to live
- 95% of residents are satisfied with their neighbourhood as a place to live

Principles of Care

Inspirational Environment

- Our homes look friendly, relaxed and personalised.
- We support freedom of movement and independence around our homes and gardens which are interesting places with activities and areas of intrigue.
- Our staff do not wear uniforms to indicate a relationship of mutuality. We create homes that have shared space between staff and residents. We are guests in our residents' home.

An Inspirational Life

- Our residents have meaningful and purposeful activities, which reflect their uniqueness and embrace their past, present and future.
- Food is at the heart of life. It is an opportunity for sharing and interacting with others, to reminisce, to look forward, and to express choice, likes and dislikes.
- Families are part of the home, actively engaged and always warmly welcomed.
- Our residents will continue to be active citizens and care givers. An ability to offer care to others is central to our human spirit and wellbeing.

Inspirational Care

- We guarantee a staff to resident ratio of 1:5 at peak times.
- Our care is person centred and driven by communication, not by task. Our care creates the opportunity to talk, listen, laugh and cry and just share day to day conversations.
- Our care is holistic not just meeting medical and nursing needs.
- Our staff eat with our residents. This gives opportunity to engage in a shared experience and chat in a relaxed natural way.

Targets

- 95% of residents would recommend C&C as a place to live
- All care homes to have an overall Care Quality Commission rating of 'good'

Principles of Property

Inspirational Property

- We will continue to invest in our stock with the aim of providing safe, warm and affordable homes. Our investment plans are currently based on enhanced lifecycles compared against the Decent Homes Standard (DHS) which enables us to offer an Inspired Standard.
- We will carry on innovating with the cyclical works programme that provides us with the opportunity of refreshing our schemes and providing modern shared spaces at relatively low cost.
- We will offer an enhanced adaptation service to assist our residents and enable them to remain in their existing home. All of our maintenance activity will incorporate secured by design and dementia design principles.
- We will offer choice to our residents in all aspects of the delivery of the maintenance of their home.

Inspirational Service

- We will provide a high quality responsive, personalised service to all of our residents and service users. Service provision from both staff and external service providers will be fit for purpose and convenient.
- Residents will be engaged with the decision making processes and we will have mechanisms which encourage and facilitate a proactive partnership.
- We will increase levels of customer satisfaction by getting things done quickly and at the first attempt. A high percentage of first time fixes for all of our repair services is a priority.

Central and Cecil Housing Trust

Strategic report for the year ended 31 March 2016

- Our definition of right first time for any repair and the timescales for all repairs will be defined by our interaction with residents.

Inspirational Environmental Standards

- We will provide warm, safe and comfortable homes for our residents which are affordable. In order to achieve this aim we need to ensure that our buildings perform to the best possible standards to conserve energy, have affordable running costs, are modern, in demand and considered to be nice places to live.
- We will invest in modern systems and technologies which create thriving, affordable and healthy neighbourhoods.
- Our environmental credentials will be one of the key measures of success in the future and provide us with the opportunity to be inspirational in terms of ideas, be respectful of our planet and local environment.
- We will improve year on year the energy ratings of our homes and their environmental performance reducing fuel bills for our residents and protecting the environment.

Targets

- Repairs satisfaction at 95%
- All properties meet our Inspirational Homes standard

Principles of Development

Inspirational Homes

- We have ambitious plans that will challenge and raise expectations of our new homes. We value and appreciate our aspirational age as a time to fulfil ambitions, dreams and desires and our buildings will be designed to support residents to have a fulfilled life. Our 'i' stands for our thoughtfulness and attention to detail in the design of our homes, based on our co-design partnership with residents and staff.
- Our homes are elegant, meaningful, appealing places to live and attract people with multiple and varied aspirations. There is no distinction between tenures and we take every step possible to create homes for life and living.

Inspirational Living

- Personal spaces express personality and adapt to quirks and individualities of our residents, now and in the future.
- Our personal spaces are rational and accessible.
- Our kitchen and bathroom designs adapt to the expectations of the people who will be using them.
- Residents have the opportunity to connect with the outdoors, and have defensible space outside their front door.
- We maximise space available for residents to live comfortably and without constraint.

Inspirational Communities

- Our residents' personal spaces are the most important areas of any development and our shared spaces are respectful of individual rights to privacy whilst being encouraging of community spirit.
- Our shared spaces have a clear identified purpose and bring our communities together.
- Communal spaces are designed to flex to future need and demand.
- Residents enjoy intuitive freedom of movement within shared spaces and feel safe on arrival at the threshold of personal spaces.

Inspirational Environment

- Our homes support and promote a sustainable, comfortable, fuel efficient and economic environment.
- Servicing of buildings is simple, logical and supports future adaptability of space.
- Our buildings connect the indoor areas with the outside and maximise available views, light and fresh-air.

Central and Cecil Housing Trust

Strategic report for the year ended 31 March 2016

- Safety and security of our homes is thoughtfully planned, unobtrusive and based on quality of life outcomes for residents.
- We support residents to travel freely inside and outside of our buildings.
- We challenge the design of housing through innovation and thoughtfulness.

Targets

- Resident satisfaction of their new home six months after moving in at 100%
- All developments within budget

Principles of Engagement

Inspirational Involvement

- Partnership is at the heart of what we do and we believe that the more our residents and partners contribute to our services, the more we will succeed together.
- We value and respect the skills of our residents and welcome their ideas and inspiration in all areas of C&C. We will offer a variety of involvement opportunities with the aim of having something for everyone.
- We are committed to ensuring that opportunities are inclusive and communicated directly to those residents who have told us they wish to be informed or involved.
- We believe that only by valuing diversity can we achieve our goals and meet the needs of our communities.
- We will look to learn from best practice and apply those lessons to all that we do.
- Training is provided in response to needs that have been identified by our residents. Other practical support such as travel and meal expenses is also provided.
- So that we continually improve, we will be clear about what we have achieved and what more we need to do. We will work in an open and transparent way and provide regular feedback through our activities, our website, social media and our publications.

Inspirational Activities

- We believe creativity is vital to achieve an inspirational life. Our Creative Arts team listens to what residents want and responds with a range of inspiring activities and events to suit everyone.
- We will help bring people together and support the social life of our communities. Learning is a lifelong activity and we will help residents develop new skills. The opportunity for residents to explore, learn and participate in exciting new initiatives leads to increased satisfaction and happiness.

Inspirational People

- The people we work for and with are our driving force and we will get our inspiration from them.
- We are inspired by our conversations with people and believe these should be had locally and we will listen before we speak.
- We are committed to engaging with staff through our formal consultation forum, the Joint Staff Council.
- We also know we will not always get things right. When we do make mistakes, we will apologise quickly and find solutions that are shaped around the customer's need.

Targets

- 85% of residents are happy that C&C listens to their views and acts upon them
- 90% of residents and staff think C&C values and respects the diversity of individuals

Commitments

No organisation can manage without the relevant support and so the five year business plan includes the 'Commitments' which provide statements about how each support department at C&C will provide the foundations upon which front line services can be built and improved. These cover:

- Social value
- Growth
- Value for money
- Equality and diversity
- Our people

Central and Cecil Housing Trust

Strategic report for the year ended 31 March 2016

- Finance
- Marketing and communications
- Information technology

Targets

- Minimum surplus before sales and extraordinary items of £0.8m
- Operating costs per unit to reduce in real terms year on year
- Debt service ratio to stay above 115%
- No reliance on sales to fund core services
- Regeneration of existing stock to be economically positive or neutral
- Contracted development to be covered by cash and available facilities
- HR - Staff satisfaction of 95%

Identifying and evaluating key risks

Risks that may prevent the Group and the Association achieving its objectives are considered and reviewed by the Executive Management Team. The risks are recorded and assessed in terms of their impact and probability. The Group and the Association operate a strategic risk map to cover those issues that are deemed to be critical to the wellbeing of the Group and the Association and its ability to deliver the business plan and an operational risk map that covers operational matters. The Risk & Audit Committee review the strategic risk map and those operational risks that are deemed to be high risks based on the Group and the Association's measurement methodology twice a year. The Board reviews the risk maps annually.

During the year, the Board of Management established a risk appetite framework which will set the risk context for the Association's and Group's activities.

Risk Issue	Risk background	Risk Appetite
Finances	• Insufficient funds for the business to operate	Unacceptable
Funding	• Insufficient funds to cover contracted future development	Unacceptable
Development	• Development plan cannot be adhered to	Acceptable
Sales	• Reliance on the funds from sales for operational core services • Reliance on sales income for planned development or asset management leaving great exposure to the market	Unacceptable
Disposals	• Reliance on the funds from sales for operational core services • Reliance on sales income for planned development or asset management	Unacceptable

Approval

This Strategic Report was approved by order of the Board on

2016



Julia Ashley

Chief Executive and Company Secretary

Central and Cecil Housing Trust

Independent auditor's report to the members of Central and Cecil Housing Trust

We have audited the financial statements of Central and Cecil Housing Trust for the year ended 31 March 2016 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidated and association statement of changes in equity, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the board and auditors

As explained more fully in the statement of board member responsibilities, 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 and express an opinion on 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 group and parent association's affairs as at 31 March 2016 and of the group and parent association's surplus 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 Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or

Central and Cecil Housing Trust

Independent auditor's report to the members of Central and Cecil Housing Trust

- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom

Date 14 September 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Central and Cecil Housing Trust

Consolidated and Association statement of comprehensive income for the year
ended 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Turnover	4	25,297	26,103	25,297	26,103
Operating costs	4	(25,532)	(25,416)	(25,532)	(25,416)
Other operating income	4	-	120	-	120
Operating (deficit)/surplus	4,8	(235)	807	(235)	807
Surplus on disposal of fixed assets	12	7,997	1,336	7,997	1,466
Other interest receivable and similar income	13	115	97	176	104
Interest and financing costs instruments	14	(875)	(658)	(875)	(658)
Unrealised (deficit)/surplus on revaluation of investments	22	(240)	90	(240)	90
Other finance costs	14	(49)	(42)	(49)	(42)
Surplus before taxation		6,713	1,630	6,774	1,767
Taxation on surplus	15	(18)	0	-	-
Surplus for the financial year		6,695	1,630	6,774	1,767
Actuarial gains/(losses) on defined benefit pension scheme	28	1,039	(887)	1,039	(887)
Total comprehensive income for year		7,734	743	7,813	880

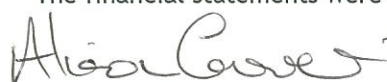
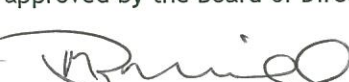
The notes on pages 29 to 62 form part of these financial statements.
All activities relate to continuing operations.

Central and Cecil Housing Trust

Consolidated and Association balance sheets at 31 March 2016

	Note	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Fixed assets					
Tangible fixed assets - housing properties	16	88,591	83,659	88,591	83,659
Tangible fixed assets - other	17	4,795	4,825	4,795	4,825
Investment properties	18	850	850	850	850
		94,236	89,334	94,236	89,334
Current assets					
Stocks	20	3,521	994	-	-
Debtors - receivable within one year	21	4,159	3,904	8,435	5,028
Investments	22	2,847	3,087	2,847	3,087
Cash and cash equivalents		3,928	4,476	3,337	4,465
		14,455	12,461	14,619	12,580
Creditors: amounts falling due within one year	23	6,002	6,161	5,950	6,143
Net current assets		8,453	6,300	8,669	6,437
Total assets less current liabilities		102,689	95,634	102,905	95,771
Creditors: amounts falling due after more than one year	24	49,395	49,084	49,395	49,084
Net assets excluding pension liability		53,294	46,550	53,510	46,687
Pension liability	28	598	1,588	598	1,588
Net assets		52,696	44,962	52,912	45,099
Capital and reserves					
Called up share capital	29	-	-	-	-
Income and expenditure reserve		52,346	44,612	52,562	44,749
Restricted reserve		350	350	350	350
		52,696	44,962	52,912	45,099

The financial statements were approved by the Board of Directors and authorised for issue on 2016.

Alison Carver
Chairman

Mike Basquill
Board Member



Julia Ashtey
Chief Executive &
Company Secretary

The notes on pages 29 to 62 form part of these financial statements.

Central and Cecil Housing Trust

Consolidated statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2015	44,612	350	44,962
Surplus for the year	6,695	-	6,695
Actuarial gains on defined benefit pension scheme	1,039	-	1,039
Balance at 31 March 2016	52,346	350	52,696

Consolidated statement of changes in reserves for the year ended 31 March 2015

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2014	43,869	350	44,219
Surplus for the year	1,630	-	1,630
Actuarial losses on defined benefit pension scheme	(887)	-	(887)
Balance at 31 March 2015	44,612	350	44,962

The notes on pages 29 to 62 form part of these financial statements.

Central and Cecil Housing Trust

Association statement of changes in reserves for the year ended 31 March 2016

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2015	44,749	350	45,099
Surplus for the year	6,774	-	6,774
Actuarial gains on defined benefit pension scheme	1,039	-	1,039
Balance at 31 March 2016	52,562	350	52,912

Association statement of changes in reserves for the year ended 31 March 2015

	Income and expenditure reserve	Restricted reserve	Total
	£'000	£'000	£'000
Balance at 1 April 2014	43,869	350	44,219
Surplus for the year	1,767	-	1,767
Actuarial losses on defined benefit pension scheme	(887)	-	(887)
Balance at 31 March 2015	44,749	350	45,099

The notes on pages 29 to 62 form part of these financial statements.

Central and Cecil Housing Trust

Consolidated statement of cash flows for the year ended 31 March 2016

	Note	2016 £'000	2015 £'000
Cash flows from operating activities			
Surplus for the financial year		6,695	1,630
Adjustments for:			
Depreciation of fixed assets - housing properties	16	1,900	1,831
Depreciation of fixed assets - other	17	620	585
Amortised grant	5	(388)	(391)
Interest payable and finance costs	14	875	658
Interest received	13	(115)	(97)
Movement from fixed and current asset investments	22	240	(90)
Difference between net pension expense and cash contribution	14,28	49	26
Surplus on the sale of fixed assets - housing properties	12	(7,997)	(1,336)
Decrease / (increase) in trade and other debtors		(255)	(1,178)
Decrease / (increase) in stocks		(2,515)	(994)
Increase / (decrease) in creditors		(1,882)	(2,822)
Cash from operations		(2,773)	(2,178)
Taxation paid		-	-
<i>Net cash generated from operating activities</i>			
Cash flows from investing activities			
Proceeds from sale of fixed assets - housing properties	12	9,891	5,348
Purchase of fixed assets - housing properties	16	(8,091)	(5,961)
Purchases of fixed assets - other	17	(590)	(701)
Receipt of grant		90	-
Interest received	13	115	97
Sale of current asset investments	22	-	4,000
<i>Net cash from investing activities</i>		1,415	2,783
Cash flows from financing activities			
Interest paid	14	(896)	(720)
New loans - bank	26	2,000	-
Repayment of loans - bank	26	(294)	(294)
<i>Net cash used in financing activities</i>		810	(1,014)
Net increase in cash and cash equivalents		(548)	(409)
Cash and cash equivalents at beginning of year		4,476	4,885
Cash and cash equivalents at end of year		3,928	4,476

The cash balance as at 31 March 2016 includes £139k (2015: £139k) that the Association holds on behalf of other parties and does not form part of the Group's capital.

The notes on pages 29 to 62 form part of these financial statements.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016

INDEX OF NOTES

General notes

- 1 Legal status
- 2 Accounting policies
- 3 Judgements in applying accounting policies and key sources of estimation uncertainty

SOCI related notes

- 4 Particulars of turnover, cost of sales, operating costs and operating surplus
- 5 Income and expenditure from social housing lettings
- 6 Particulars of turnover from non-social housing lettings
- 7 Units of housing stock
- 8 Operating surplus/(deficit)
- 9 Employees
- 10 Directors remuneration
- 11 Board members
- 12 Surplus of disposal of fixed asset
- 13 Interest receivable and income from investments
- 14 Interest payable and similar charges
- 15 Taxation on surplus/(deficit) on ordinary activities

Balance sheet related notes

- 16 Tangible fixed assets - housing properties
- 17 Other tangible fixed assets
- 18 Investment properties
- 19 Fixed asset investments
- 20 Properties for sale
- 21 Debtors
- 22 Current asset investments
- 23 Creditors: amounts falling due within one year
- 24 Creditors: amounts falling due after more than one year
- 25 Deferred capital grant
- 26 Loans and borrowings
- 27 Financial instruments
- 28 Pensions
- 29 Share capital
- 30 Contingent liabilities
- 31 Operating leases
- 32 Capital commitments
- 33 Related party disclosures
- 34 Capital and reserves
- 35 Post balance sheet event
- 36 First time adoption of FRS 102

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

1 Legal status

The association is registered with the Financial Conduct Authority under the Co-operative and Community Benefits Societies Act 2014 and is registered with the Homes and Communities Agency as a social housing provider.

2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Central and Cecil Housing Trust includes the Co-operative and Community Benefit Societies Act 2014 (and related group accounts regulations), the Housing and Regeneration Act 2008, FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" the Statement of Recommended Practice (SORP) for Registered Social Housing Providers 2014, "Accounting by registered social housing providers" 2014, the Accounting Direction for Private Registered Providers of Social Housing 2015.

FRS 102 is mandatory for accounting periods beginning on or after 1 January 2015 but may be applied early to periods ending on or after 31 December 2012. Central and Cecil Housing Trust has taken the option to apply the standard for the first time for the period ending 31st March 2016. Information on the impact of first-time adoption of FRS 102 is given in note 36.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies.

Parent company disclosure exemptions

In preparing the separate financial statements of the parent company, advantage has been taken of the following disclosure exemptions available in FRS 102:

- Only one reconciliation of the number of shares outstanding at the beginning and end of the period has been presented as the reconciliations for the group and the parent company would be identical;
- No cash flow statement has been presented for the parent company;
- No disclosure has been given for the aggregate remuneration of the key management personnel of the parent company as their remuneration is included in the totals for the group as a whole.

The following principal accounting policies have been applied:

Basis of consolidation

The consolidated financial statements present the results of Central and Cecil Housing Trust - Registered provider of social housing and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2012.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Value Added Tax

The Group charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income. The balance of VAT payable or recoverable at the year end is included as a creditor or current asset as appropriate.

Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

Finance costs are capitalised in housing properties under construction up to the date of practical completion using a weighted average cost of borrowing.

Pension costs

Contributions to the group's defined contribution pension scheme are charged to profit or loss in the year in which they become payable.

The group also operates a defined benefit pension scheme which is closed to new members. The pension scheme liability shown in the financial statements relates to the group's own defined benefit scheme. The difference between the fair value of the assets held in the group's defined benefit pension scheme and the scheme's liabilities measured on an actuarial basis using the projected unit method are recognised in the group's balance sheet as a pension asset or liability as appropriate. The carrying value of any resulting pension scheme asset is restricted to the extent that the group is able to recover the surplus either through reduced contributions in the future or through refunds from the scheme.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

Tangible fixed assets - Housing Properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents their purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Income

Income is measured at the fair value of the consideration received or receivable. The group generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting),
- Service charges receivable,

Rental income is recognised from the point when properties under development reach practical completion.

Supported housing schemes

The Group receives Supporting People grants from a number of London Boroughs and County Councils. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges

The Group adopts a fixed method for calculating and charging service charges to its tenants and leaseholders. Service charges are set each year at the beginning of the year based on the costs that the Group expects to incur in relation to service chargeable items. Income is, therefore, recorded based on these calculated amounts chargeable.

Management of units owned by others

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents

Where the Association carries the financial risk, income and expenditure is included in the income and expenditure account. SHG and other revenue grants may be claimed by the Group as owner of the property and included in the income and expenditure account and balance sheet. The treatment of other income and expenditure depends on whether the Association carries the financial risk.

Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. The salaries costs that can be directly attributed to major projects are also capitalised. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

Housing properties in the course of construction, are included in PPE and held at cost less any impairment, and are transferred to completed properties when ready for letting.

When housing properties are developed for sale to another social landlord, the cost is dealt with in current assets under housing properties and stock for sale.

Completed housing properties acquired from subsidiaries are valued at existing use value for social housing at the date of acquisition.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated on account of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

Freehold land is not depreciated.

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

Description	Economic useful life (years)
Structure (freehold property)	100
Structure (leasehold property)	Life of the lease
Offices (freehold)	Between 33 and 50
Kitchen	20
Bathroom	25
Roof	45
Boiler	15
Electrics	20
External windows	35
Mechanical systems	20
Communal	20
Lifts	20
Flooring	12 1/2
Ariel	10

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease; when the lease and building elements are depreciated separately over their expected useful economic lives.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Tangible fixed assets - Other

Other tangible fixed assets, other than investment properties, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation of other tangible fixed assets

Land is not depreciated. Depreciation on other assets is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

Description	Economic useful life (years)
Freehold buildings - offices	33-50
Leasehold buildings - offices	Lease term
Motor vehicles	4
Fixtures, fittings, furniture and equipment	5-10
Computer software	3
Computer equipment	3-10

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the statement of comprehensive income.

Government grants

Grant received in relation to existing housing properties is accounted for using the accrual model set out in FRS 102 and the Housing SORP 2014. Grant is carried as deferred income in the balance sheet and released to the income and expenditure account on a systematic basis over the useful economic lives of the asset for which it was received. In accordance with Housing SORP 2014 the useful economic life of the housing property structure has been selected and is consistent with that used for depreciating housing properties as shown above.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the income and expenditure account.

Grants relating to revenue are recognised in income and expenditure over the same period as the expenditure to which they relate once performance related conditions have been met.

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

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the HCA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Investment properties

Investment properties consist of commercial properties and other properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently carried at fair value determined annually by external valuers and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. No depreciation is provided. Changes in fair value are recognised in income or expenditure.

Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Impairment of fixed assets and goodwill

The housing property portfolio for the Group is assessed for indicators of impairment at each balance sheet date. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts.

The Group defines cash generating units as schemes except where its schemes are not sufficiently large enough in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to income and expenditure.

Stock

Stock represents work in progress and completed properties, including housing properties developed for transfer to other registered providers and properties developed for outright sale.

Stock is stated at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

Debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

2 Accounting policies (*continued*)

Rent and service charge agreements

The Group has made arrangement with individuals and households for arrears payments of rent and service charges. These arrangements are effectively loans granted at nil interest rate.

Loans, Investments and short term deposits

All loans, investments and short term deposits held by the Group are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost), FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the Group has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instrument are stated on the balance sheet at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

Cash and cash equivalents

Cash and cash equivalents in the Group's Consolidated Statement of Financial Position consists of cash at bank, in hand, deposits and short term investments with an original maturity of three months or less. They include some money market deposits, held for more than 24 hours, which can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Leased assets: Lessee

The group has leases which are treated as operating leases and as such their annual rentals are charged to profit or loss on a straight-line basis over the term of the lease.

Reserves

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

The revaluation reserve is created from surpluses on asset revaluation.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The members have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The members have also considered impairment based on their assumptions to define cash or asset generating units.
- the anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the member's best estimate of sales value based on economic conditions within the area of development.
- the critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense.
- whether leases entered into by the group either as a lessor or a lessee are operating or lease or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the exemptions to be taken on transition to FRS102
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 16, 17 and 18)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as expected wear and tear, expected usage and its ability to generate income and obsolescence are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

Investment properties are professionally valued but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations were the location and nature of the property which is subject to D1 usage, the current tenancy which is subject to a short lease with a break clause and the rental value.

- *Rental and other trade receivables (debtors) (see note 21)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable:

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

4 Particulars of turnover, cost of sales, operating costs and operating (deficit)/surplus - Group and Association

	Turnover	Operating costs	Operating surplus/ (deficit)
	2016 £'000	2016 £'000	2016 £'000
Social housing lettings (note 5)	20,092	(19,192)	900
Other Social Housing Activities			
Supporting people	457	(469)	(12)
Other	219	(138)	81
	676	(607)	69
Activities other than Social Housing Activities			
Nursing	3,955	(5,310)	(1,355)
Other	574	(423)	151
	4,529	(5,733)	(1,204)
	25,297	(25,532)	(235)

	Turnover	Operating costs	Operating surplus/ (deficit)
	2015 £'000	2015 £'000	2015 £'000
Social housing lettings (note 5)	22,015	(20,863)	1,152
Other Social Housing Activities			
Supporting people	569	(584)	(15)
Other	158	(160)	(2)
	727	(744)	(17)
Activities other than Social Housing Activities			
Market sales	2,797	(3,500)	(703)
Other	564	(309)	255
	3,361	(3,809)	(448)
Pension settlement	-	120	120
	26,103	(25,296)	807

Following the settlement of the pension liabilities arising after the withdrawal from the two multi-employer benefit schemes, the total amount paid was less than the amount accrued resulting in a release of £Nil (2015: £120k).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

5 Income and expenditure from social housing lettings - Group and Association

	General needs £'000	Supported housing £'000	Sheltered housing £'000	Care £'000	Agency Managed £'000	Total 2016 £'000	Total 2015 £'000
Income							
Rents net of identifiable service charges	1,496	512	5,796	7,764	-	15,568	17,498
Service charge income	270	164	2,647	-	-	3,081	3,221
Amortised government grants	144	17	129	36	62	388	391
Other income	-	-	-	345	682	1,027	863
Other grants	-	-	21	7	-	28	42
Turnover from social housing lettings	1,910	693	8,593	8,152	744	20,092	22,015
Expenditure							
Management	(598)	(187)	(2,285)	(1,915)	(2)	(4,987)	(5,644)
Service charge costs	(440)	(154)	(2,581)	(7,782)	(125)	(11,082)	(11,627)
Routine maintenance	(152)	(75)	(302)	(76)	(42)	(647)	(686)
Planned maintenance	(15)	(11)	(98)	(106)	(2)	(232)	(281)
Major repairs expenditure	(108)	(14)	(241)	(35)	(72)	(470)	(654)
Bad debts	33	(32)	97	53	(151)	-	(140)
Depreciation of housing properties:							
- annual charge	(428)	(110)	(728)	(272)	(116)	(1,654)	(1,709)
- accelerated on disposal of components	(57)	(8)	(55)	-	-	(120)	(122)
Other costs	-	-	-	-	-	-	-
Operating expenditure on social housing lettings	(1,765)	(591)	(6,193)	(10,133)	(510)	(19,192)	(20,863)
Operating surplus/(deficit) on social housing lettings	145	102	2,400	(1,981)	234	900	1,152
Void losses	(105)	(106)	(1,483)	(1,270)	-	(2,964)	(1,864)

In addition to the £470k (2015: £654k) major repairs expenditure charged to revenue above, £4,653k (2015: £1,576k) is capital expenditure as disclosed in note 16. The void losses have been restated to include care home voids.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

6 Particulars of turnover from non-social housing lettings

	Group and Association 2016 £'000	Group and Association 2015 £'000
Other	574	564
	<u>574</u>	<u>564</u>

Other income includes income from the day care centre, rental income from the investment property, fundraising and other minor income items.

7 Units of housing stock

	Group and Association 2016 Number	Group and Association 2015 Number
Care Homes :		
- social Housing	246	252
- Non- Social Housing	101	95
Supported housing	94	163
General needs - Social Rent	282	282
Sheltered Housing	1,330	1,330
Total social housing units	<u>2,053</u>	<u>2,122</u>
Accommodation managed by Agents	236	208
Total managed accommodation	<u>236</u>	<u>208</u>
Total owned and managed accommodation	<u>2,289</u>	<u>2,330</u>
Units under construction	<u>20</u>	<u>20</u>

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

8 Operating surplus

	Note	Group and Association 2016 £'000	Group and Association 2015 £'000
This is arrived at after charging/(crediting):			
Depreciation of housing properties:			
- annual charge	16	1,777	1,881
- accelerated depreciation on replaced components	16	123	83
Depreciation of other tangible fixed assets	17	620	585
Operating lease charges - other		282	211
Auditors' remuneration (excluding VAT):			
- fees payable to the group's auditor for the audit of the group's annual accounts		38	36
- fees for FR5102 services		8	-
- fees for tax advice		15	5
- fees for other non-audit services		7	-
Defined contribution pension cost		282	267
Defined benefit pension cost	9	74	85

9 Employees

	Group and Association 2016 £'000	Group and Association 2015 £'000
Staff costs (including Executive Management Team) consist of:		
Wages and salaries	10,103	9,573
Social security costs	820	799
Cost of defined benefit scheme (see note 28)	74	85
Cost of defined contribution scheme	282	267
	11,279	10,724

Included within the figure above is an amount of £520k (2015: £345k) which has been capitalised as development costs and included within additions in note 16.

An additional £150k (2015: £Nil) has been capitalised in relation to major works on properties and is included within additions in note 16.

Included within the figure above is £74k (2015: £Nil) for staff costs relating to major IT related projects and is included within additions in note 17.

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 37 hours) during the year was as follows:

	Group and Association 2016 No.	Group and Association 2015 No.
Administration	54	44
Development	3	4
Housing, Support and Care	354	344
	411	392

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

10 Directors' and senior executive remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 1.

	Group and Association 2016	Group and Association 2015 Restated
	£'000	£'000
Executive directors' emoluments	479	451
Amounts paid to non-executive directors	49	48
Contributions to money purchase pension schemes	42	43
	570	542

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments was £125k (2015: £124k). Pension contributions of £10k (2015: £13k) were made to a money purchase scheme on their behalf.

As a member of the defined benefit pension scheme, the pension entitlement of the Chief Executive is identical to those of other members.

There were 2 directors in the group's defined contribution pension scheme (2015: Nil). During the year 5 directors accrued benefits under the group's defined benefit pension scheme (2015: 5).

The 2015 executive directors' emoluments have been restated as they previously included expenses that were not directors' emoluments.

The remuneration paid to staff (including Executive Management Team) earning over £60,000 upwards:

	Group and Association 2016	Group and Association 2015
	No.	No.
£60,000 - £69,999	3	5
£70,000 - £79,999	1	2
£80,000 - £89,999	2	3
£120,000 - £129,999	1	1

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

11 Board members

Board member	Remuneration £	Member of: Audit Committee	HR and Nominations Committee	Group Board
Abbott Richard	3,088	Y		Y
Basquill Mike	4,000		Y	Y
Carver Alison	12,968		Y	Y
Goodacre Peter	4,409	Y		Y
Miodragovic Serge	4,000	Y		Y
Parkinson Jean	2,742	Y		Y
Sanguhan Ravi	3,575	Y		Y
Stevens Barbara	4,445		Y	Y
Williams Angela	5,000		Y	Y
Richardson John	1,375	Y		Y
Greenwood Mark	Nil	Y		Y
Insuli Phil	2,168	Y		Y
Wiseman Lawrence	1,000		Y	Y

12 Surplus on disposal of fixed assets

GROUP	Sales to other registered providers 2016 £'000	Other housing properties 2016 £'000	Total 2016 £'000	Total 2015 £'000
Housing Properties:				
Disposal proceeds	400	9,600	10,000	5,400
Cost of disposals	(745)	(1,545)	(2,290)	(9,052)
Selling costs	(8)	(101)	(109)	(60)
Grant transferred	396	-	396	5,048
Surplus on disposal of other tangible fixed assets	43	7,954	7,997	1,336

ASSOCIATION	Sales to other registered providers 2016 £'000	Other housing properties 2016 £'000	Total 2016 £'000	Total 2015 £'000
Housing Properties:				
Disposal proceeds	400	9,600	10,000	5,826
Cost of disposals	(745)	(1,545)	(2,290)	(9,348)
Selling costs	(8)	(101)	(109)	(60)
Grant transferred	396	-	396	5,048
Surplus on disposal of other tangible fixed assets	43	7,954	7,997	1,466

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

13 Interest receivable and income from investments

	Group	Group	Association	Association
	2016	2015	2016	2015
	£'000	£'000	£'000	£'000
Income from Investments in Managed Portfolio	104	74	104	74
Interest receivable from bank deposits	11	23	11	23
Interest and similar income from group undertakings	-	-	61	7
	115	97	176	104

14 Interest payable and similar charges

	Group and Association	Group and Association
	2016	2015
	£'000	£'000
Bank loans and overdrafts	896	720
Net interest on defined benefit pension liability	49	42
	945	762
Interest capitalised on construction of housing properties	(21)	(62)
	924	700

The group has capitalised interest relating to development projects of £21k (2015: £62k) during the year. The amount of interest capitalised to date is £83k (2015: £62k) (note 16)

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

15 Taxation on surplus on ordinary activities

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
<i>UK corporation tax</i>				
Current tax on surplus for the year	(18)	-	-	-
Taxation on surplus on ordinary activities	(18)	-	-	-

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to surplus before tax. The differences are explained below:

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Surplus on ordinary activities before tax	6,713	1,630	6,774	1,767
Surplus on ordinary activities at the standard rate of corporation tax in the UK of 20% (2015 - 20%)	1,343	326	1,355	353
Effects of:				
Surplus subject to charitable exemption	(1,325)	(326)	(1,355)	(353)
Total tax charge for period	18	-	-	-

No provision has been made for deferred tax on gains recognised on revaluing property to its market value as in the case of the investment property. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total un-provided amount is £70k (2015: £70k). At present, it is not envisaged that any tax will become payable in the foreseeable future.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

16 Tangible fixed assets - Housing properties

GROUP and ASSOCIATION	Housing Properties completed	Housing Properties under construction	Total
	£'000	£'000	£'000
Cost : At 1 April 2015	98,117	7,325	105,442
Reclassification	1,839	(1,355)	484
Restated	99,956	5,970	105,926
Additions:			
- construction costs	-	4,469	4,469
- replaced components	4,653	-	4,653
Disposals:			
- Disposal for Sale	(1,505)	(950)	(2,455)
- Replaced components	(325)	-	(325)
At 31 March 2016	102,779	9,489	112,268
Depreciation:			
At 1 April 2015	21,783	-	21,783
Reclassification	484	-	484
Restated	22,267	-	22,267
Charge for the year	1,777	-	1,777
Eliminated on disposals:			
- Disposal for Sale	(165)	-	(165)
- Replaced components	(202)	-	(202)
At 31 March 2016	23,677	-	23,677
Net book value at 31 March 2016	79,102	9,489	88,591
Net book value at 31 March 2015	76,334	7,325	83,659

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

16 Tangible fixed assets - Housing properties (continued)

	Group and Association 2016 £'000	Group and Association 2015 £'000
The net book value of housing properties may be further analysed as:		
Freehold	68,831	64,087
Long leasehold	17,546	17,247
Short leasehold	2,214	2,325
	<u>88,591</u>	<u>83,659</u>
Interest capitalisation		
Interest capitalised in the year	21	62
Cumulative interest capitalised	62	-
	<u>83</u>	<u>62</u>
Rate used for capitalisation		
	5.2%	5.2%
Works to properties		
Improvements to existing properties capitalised	4,653	1,576
Major repairs expenditure to income and expenditure account	470	654
	<u>5,123</u>	<u>2,230</u>
Total Social Housing Grant received or receivable to date is as follows;		
Capital grant - Housing Properties	39,344	44,392
Capital grant - Aids adaptations	90	-
Grants transferred to other non profit PRPs	(393)	(5,048)
Revenue grant - I&E	(388)	(391)
Revenue grant - reserves	(6,008)	(5,615)
	<u>32,645</u>	<u>33,338</u>

The analysis above includes 95 (2015: 95) nursing/non-social housing bed spaces within care homes. The asset value of these bed spaces has not been separately analysed as, in the view of the Board, to do so would incorrectly imply that a separate nursing property exists.

Historic records are not available to determine the cumulative amount of capitalised interest in fixed asset housing properties prior to 31 March 2014.

Impairment

The group considers its differing business streams as laid out in note 5 to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During the current year, the group and association have not identified a need to recognise an impairment loss (2015: £Nil). On 8 July 2015, the Summer Budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. As such, this triggered an indicator of impairment and a full review was performed.

Properties held for security

Central and Cecil Housing Trust - Registered social housing provider had property with a net book value of £14,486k pledged as security at 31 March 2016 (2015: £14,257k).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

17 Other tangible fixed assets

The net book value of office buildings may be further analysed as:

Group and Association	Office buildings	Fixtures, fittings tools and equipment	Total
	£'000	£'000	£'000
<i>Cost or valuation</i>			
At 1 April 2015	3,747	6,172	9,919
Additions	-	590	590
Disposals	-	(43)	(43)
Revaluations	-	-	-
At 31 March 2016	3,747	6,719	10,466
<i>Depreciation</i>			
At 1 April 2015	912	4,182	5,094
Charge for year	75	545	620
Disposals	-	(43)	(43)
At 31 March 2016	987	4,684	5,671
<i>Net book value</i>			
At 31 March 2016	2,760	2,035	4,795
At 31 March 2015	2,835	1,990	4,825

The net book value of office buildings may be further analysed as:

	Group and Association 2016	Group and Association 2015
	£'000	£'000
Freehold	2,760	2,835
	2,760	2,835

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

18 Investment properties

Group and Association	Commercial	Total
	£'000	£'000
At 1 April 2015 and 31 March 2016	850	850

The group's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institution of Chartered Surveyors' Valuation - Professional Standards (2014) ["The Red Book"] published by the Royal Institution of Chartered Surveyors. Details on the assumptions made and the key sources of estimation uncertainty are given below.

In valuing the investment properties the methodology was adopted with the following key assumptions:

The market valuation reflects the current occupation and a Special Assumption of the existing D1 (medical) use.

Being held as a standing investment, the Property has been valued using the investment method of valuation, assessing the rental level by comparison to other transactions, and capitalising the income and the appropriate yield, making allowances for the future performance of the Property. The valuer has had regard to all of the above considerations, including the nature and location of the Property, occupational tenancies and covenant strength, rental value, lettable/marketability, the security of the income receivable, prevailing occupational and investment market conditions and comparable evidence where available.

The surplus on revaluation of investment property arising of £611k has been recognised as a transitional adjustment under FRS102 and has been reflected in note 36. The surplus reflects the change in valuation as well as the reversal of the depreciation accrued to date on reclassification to investment property.

If investment property had been accounted for under the historic cost accounting rules, the properties would have been measured as follows:

	Group and Association 2016	Group and Association 2015
	£'000	£'000
Historic cost	498	498
Accumulated depreciation	(275)	(259)
Impairment	-	-
	223	239

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

19 Fixed asset investments

Details of subsidiary undertakings

The principal undertakings in which the Association has an interest in are as follows:

Name	Country of incorporation or registration	Proportion of voting rights / ordinary share capital held	Nature of business	Nature of entity	Investment cost
<i>Subsidiary undertakings</i>					
Central and Cecil Innovations Ltd	England and Wales	100%	To undertake private sale and other non-core charitable activities.	Incorporated company	£1
Central and Cecil Construction Services Ltd	England and Wales	100%	To undertake the construction of residential properties for sale.	Incorporated company	£1

20 Properties for sale

GROUP	Outright market sales	Total	Total
	2016	2016	2015
	£'000	£'000	£'000
Work in progress	3,521	3,521	994
	3,521	3,521	994

Properties developed for sale include capitalised interest of £42k (2015: £2k).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

21 Debtors

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Due within one year				
Rent and service charge arrears	2,225	3,287	2,225	3,287
Less: Provision for doubtful debts	(607)	(964)	(607)	(964)
	1,618	2,323	1,618	2,323
Amounts owed by group undertakings	-	-	4,403	1,124
Other debtors	1,437	1,048	1,310	1,048
Prepayments and accrued income	1,104	533	1,104	533
	2,541	1,581	6,817	2,705
	4,159	3,904	8,435	5,028

22 Current asset investments

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Opening fair value	3,087	6,996	3,087	6,996
Purchases	434	782	434	782
Sales	(434)	(4,781)	(434)	(4,781)
(Losses)/gains on remeasurement to fair value	(240)	90	(240)	90
Fair value	2,847	3,087	2,847	3,087

All current asset investments are shares held in listed companies which are traded on a regular basis. The total deficit on these investments in the period was £(240k) (2015: surplus £90k) representing the fair value remeasurements shown above and dividends received of £104k (2015: £74k) (note 13).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

23 Creditors: amounts falling due within one year

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Loans and borrowings (note 26)	918	294	918	294
Trade creditors	853	762	801	744
Deferred capital grant (Note 25)	388	391	388	391
Rent and service charges received in advance	377	640	377	640
Taxation and social security	220	214	220	214
Other creditors	380	422	380	422
Accruals and deferred income	2,866	3,438	2,866	3,438
	6,002	6,161	5,950	6,143

24 Creditors: amounts falling due after more than one year

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Loans and borrowings (note 26)	17,168	16,086	17,168	16,086
Deferred capital grant (note 25)	32,257	32,947	32,257	32,947
Accruals and deferred income	(30)	(34)	(30)	(34)
Sinking fund balances	-	85	-	85
	49,395	49,084	49,395	49,084

The sinking fund balance £Nil (2015: £85k) related to a provision made in 2010 for a business that was taken over by the Association and is no longer deemed to be necessary.

25 Deferred capital grant

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
At 1 April	33,338	38,777	33,338	38,777
Grants released to income during the year	(388)	(391)	(388)	(391)
Grants transferred to other non profit PRPs	(395)	(5,048)	(395)	(5,048)
Other Funding	90	-	90	-
At 31 March	32,645	33,338	32,645	33,338

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

26 Loans and borrowings

Maturity of debt:

Group and Association	Bank loans	Bank loans
	2016	2015
	£'000	£'000
In one year or less, or on demand	918	294
In more than one year but not more than two years	905	918
In more than two years but not more than five years	5,698	2,728
In more than five years	10,565	12,440
	<u>18,086</u>	<u>16,380</u>

As at 31st March 2016, the group had both fixed rate and variable rate loans owed to RBS with a principal balance of £1,826k and £1,217k respectively. Both of the loans are repayable in August 2026. A fair value increase of £75k is amortised over the life of the RBS loans.

As at 31st March 2016, the group had both fixed rate and variable rate loans owed to Santander with a principal balance of £10,000k and £3,000k respectively. Both of the loans are repayable in June 2036 and have a capital repayment holiday that expires in September 2016.

The fixed rate loan arrangements with RBS and Santander charge interest at 6.2% and 5.25% respectively. The variable rate loans accrue interest at variable rates calculated at a margin above the London Inter Bank Offer Rate. Loans are secured by specific charges on the housing properties of the group.

The group has a £15,000k loan facility with Santander which is due to expire in March 2019. As at 31 March 2016 the group had undrawn loan balance of £13,000k (2015: £15,000k).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

27 Financial instruments

The Group's and Association's financial instruments may be analysed as follows:

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Financial assets				
Financial assets measured at historical cost				
- Rent and service charge arrears (note 21)	1,618	2,323	1,618	2,323
- Other debtors (note 21)	1,437	1,048	1,310	1,048
- Investments in short term deposits (note 22)	2,847	3,087	2,847	3,087
- Cash and cash equivalents	3,928	4,476	3,337	4,465
Total financial assets	9,830	10,934	9,112	10,923
Financial liabilities				
Financial liabilities measured at amortised cost				
- Loans payable (note 26)	18,086	16,380	18,086	16,380
Financial liabilities measured at historical cost				
- Trade creditors (note 23)	853	762	801	744
- Other creditors (note 23)	3,246	3,860	3,246	3,860
Total financial liabilities	22,185	21,002	22,133	20,984

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares.

Financial assets measured at amortised cost comprise trade debtors, other debtors and amounts owed by associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, trade creditors and other creditors (comprising other creditors and accruals).

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

28 Pensions

Several pension schemes are operated by the group.

Defined benefit pension scheme

The group operated a defined benefit pension scheme ("CCHT Pension Scheme") which was closed to new entrants after the year end on 31 May 2014. The Group has already withdrawn from two multi-employer defined benefit schemes. The Local Government Pension Scheme ("LGPS") and the Social Housing Pension Scheme ("SHPS") on 25 March 2014.

The CCHT pension scheme is a registered defined benefit (final salary) scheme. We are not aware of any practice of granting discretionary benefit under the scheme. The scheme is closed to new entrants. Pension benefits depend upon age, length of service and salary level.

A full actuarial valuation of the defined benefit scheme is carried out annually at 31 March by a qualified independent actuary. Contributions to the scheme are made by the group based on the advice of the actuary and with the aim of making good the deficit over the remaining working life of the employees.

There were no changes to the scheme during the year and no amounts owing to the scheme at the year end.

	2016 £'000	2015 £'000
<i>Reconciliation of present value of plan liabilities</i>		
At the beginning of the year	11,132	9,308
Current service cost	-	11
Interest cost	342	397
Actuarial losses	(1,330)	1,682
Benefits paid	(189)	(266)
At the end of the year	9,955	11,132
<i>Composition of plan liabilities</i>		
Schemes wholly or partly funded	-	-

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

28 Pensions (*continued*)

	2016 £'000	2015 £'000
<i>Reconciliation of fair value of plan assets</i>		
At the beginning of the year	9,544	8,633
Interest income on plan assets	293	366
Actuarial gains/(losses)	(291)	795
Contributions by group	-	22
Benefits paid	(189)	(272)
At the end of the year	9,357	9,544
 Fair value of plan assets		
Present value of plan liabilities		
Net pension scheme liability	(598)	(1,588)
 Amounts included in other finance costs	-	42
Net interest cost	49	31
 Analysis of actuarial loss recognised in Other Comprehensive Income		
Actual return less interest income included in net interest income	(291)	795
Experience gains and losses arising on the scheme liabilities	293	-
Changes in assumptions underlying the present value of the scheme liabilities	1,037	(1,682)
	1,039	(887)

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

28 Pensions (continued)

	2016 £'000	2015 £'000
<i>Composition of plan assets</i>		
European equities	4,463	4,652
Insured annuities	467	506
Corporate Bonds	2,198	2,261
Fixed interest (Gilts)	858	898
Property	1,320	1,205
Cash	51	22
Total plan assets	9,357	9,544
Actual return on plan assets	(291)	795
<i>Principal actuarial assumptions used at the balance sheet date</i>	<i>%</i>	<i>%</i>
Discount rates	3.40	3.10
Future salary increases	4.00	4.00
Inflation assumption (RPI)	3.00	3.00
Inflation assumption (CPI)	2.25	2.25
Allowance for revaluation of deferred pensions of CPI or 5% p.a. if less	2.25	2.25
Allowance for pension if payment increases of RPI or 5% p.a. if less	3.00	3.00
Mortality rates	Years	
for a male aged 65 now	23	
at 65 for a male member aged 45 now	24	
for a female aged 65 now	26	
at 65 for a female member aged 45 now	27	

Defined Contribution Scheme

A defined contribution pension scheme is also operated by the group. The assets of the scheme are held separately from those of the association in an independently administered fund. The pension charge represents contributions payable by the group to the fund and amounted to £282k (2015: £330k). Contributions totaling £Nil (2015: £Nil) were payable to the fund at the year end and are included in creditors.

29 Share capital

	2016 £	2015 £
At 1 April	31	29
Shares issued in the year	3	2
Shares cancelled in the year	2	0
At 31 March	32	31

The share capital of the association consists of shares with a nominal value of £1 each, which carry no rights to dividends or other income. Shares in issue are not capable of being repaid or transferred. When a shareholder ceases to be a member, that share is cancelled and the amount paid thereon becomes the property of the association. Therefore, all shareholdings relate to non-equity interest.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (continued)

30 Contingent liabilities

The Group receives grant from the Homes and Communities Agency and from the Greater London Authority, which is used to fund the acquisition and development of housing properties and their components. The Group has a future obligation to recycle such grant once the properties are disposed of. At 31 March 2016, the value of grant received in respect of these properties that had not been disposed of was £33,338k (note 25).

As the timing of any future disposal is uncertain, no provision has been recognised in these financial statements.

31 Operating leases

The group and the association had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Not later than 1 year	171	173	171	173
Later than 1 year and not later than 5 years	648	664	648	664
Later than 5 years	251	406	251	406
Total	1,070	1,243	1,070	1,243

32 Capital commitments

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
Commitments contracted but not provided for Construction	1,978	5,182	1,978	-
Commitments approved by the Board but not contracted for Maintenance	2,558	4,922	2,558	4,922
Construction	19,753	8,552	16,414	8,552
	24,289	18,656	20,950	13,474

Capital commitments for the group and association will be funded as follows:

	Group 2016 £'000	Group 2015 £'000	Association 2016 £'000	Association 2015 £'000
New loans	2,000	-	2,000	-
Sales of properties	10,000	5,400	10,000	5,400
Existing reserves	12,289	13,256	8,950	8,074
	24,289	18,656	20,950	13,474

Capital commitments contracted but not provided for represents the amount committed to development sites for which the Group has contractual obligations.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

33 Related party disclosures

The ultimate controlling party of the group is Central and Cecil Housing Trust - Registered social housing provider. There is no ultimate controlling party of Central and Cecil Housing Trust - Registered social housing provider.

The Group has taken advantage of the exemption conferred by FRS 102 paragraph 33.1A not to disclose transactions with its wholly owned subsidiary undertakings.

The Board includes two tenant members who each hold a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £7,712 and £8,443 (2015: £7,520 and £8,191) and the tenant had a credit/(debit) balance of £0.00 and £(101.85) at the 31 March 2016 (31 March 2015: £0.00 and £23.15).

The key management personnel of the association, include a number of board members the senior management team and a number of senior managers across the association who together have authority and responsibility for planning, directing and controlling the activities of the association. The total employment benefits paid to key management personnel of the association were £624k (2015: £592k).

Transactions with non regulated entities

The association provides management services, other services and loans to its subsidiaries. The association also receives charges from its subsidiaries. The quantum and basis of those charges is set out below.

Payable to Association by subsidiaries:	Management charges		Other charges		Interest charges	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<i>Central & Cecil Construction Services Limited</i>	14	2	33	-	1	1
<i>Central & Cecil Innovations Limited</i>	14	2	-	-	-	2
	28	4	33	-	1	3

Payable by Association to subsidiaries:	Management charges		Other charges		Interest charges	
	2016 £'000	2015 £'000	2016 £'000	2015 £'000	2016 £'000	2015 £'000
<i>Central & Cecil Construction Services Limited</i>	-	-	-	-	-	-
<i>Central & Cecil Innovations Limited</i>	-	-	-	-	-	-
	-	-	-	-	-	-

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

33 Related party transactions (*continued*)

Intra-group management fees

Intra-group management fees are receivable by the association from subsidiaries to cover the running costs the association incurs on behalf of managing its subsidiaries. The management fees are calculated based on time spent by the Finance Department.

Other intra-group charges

Other intra-group charges payable to the association from subsidiaries are related to staff recharges and gift aid payments.

Intra-group interest charges

Intra-group interest is charged by the association to its subsidiaries at the currently ruling LIBOR+0.5% rate.

Intra-group loans

Entity granting loan	Entity receiving loan	Opening balance £'000	Movement £'000	Closing balance £'000
Central & Cecil Housing Trust	Central & Cecil Construction Services Ltd	747	-	747
Central & Cecil Housing Trust	Central & Cecil Innovations Ltd	434	3,222	3,656
Central & Cecil Construction Services Ltd	Central & Cecil Innovations Ltd	733	-	733

All three intra-group loans are repayable on demand.

34 Capital and reserves

Restricted reserves comprise a legacy of £350k (2015: £350k) that was received in 2012 from a deceased resident at Cecil Court. These funds have been left for the specific benefit of the Cecil Court care home.

35 Post balance sheet event

There are no adjusting or non-adjusting post balance sheet events that impact the Group or Association.

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 (*continued*)

36 First time adoption of FRS 102

Group	Note	Reserves as at 2014 £'000	Changes to I&E 2015 £'000	Changes to OCI 2015 £'000	Reserves as at 2015 £'000
As previously stated under former UK GAAP		42,478	1,433	(921)	42,990
Housing Properties - cost & grants	c	1,146	82	-	1,228
Housing Properties - surplus / deficit on disposal adjustment	c	-	133	-	133
Change in Actuarial gains / (losses) on defined benefit pension scheme	a	-	-	124	124
Change to measurement of net finance cost on defined benefit pension schemes	a	-	(124)	-	(124)
Revaluation of investment property	b	595	16	-	611
Reclassification of unrealised surplus on revaluation of investments		-	90	(90)	-
As stated in accordance with FRS 102		44,219	1,630	(887)	44,962

Association	Note	Reserves as at 2014 £'000	Changes to I&E 2015 £'000	Changes to OCI 2015 £'000	Reserves as at 2015 £'000
As previously stated under former UK GAAP		42,478	1,570	(921)	43,127
Housing Properties - cost & grants	c	1,146	82	-	1,228
Housing Properties - surplus / deficit on disposal adjustment	c	-	133	-	133
Change in Actuarial gains / (losses) on defined benefit pension scheme	a	-	-	124	124
Change to measurement of net finance cost on defined benefit pension schemes	a	-	(124)	-	(124)
Revaluation of investment property	b	595	16	-	611
Reclassification of unrealised surplus on revaluation of investments		-	90	(90)	-
As stated in accordance with FRS 102		44,219	1,767	(887)	45,099

Central and Cecil Housing Trust

Notes forming part of the financial statements for the year ended 31 March 2016 *(continued)*

36 First time adoption of FRS 102 (continued)

Explanation of changes to previously reported profit and equity

- (a) FRS102 requires the recognition in profit or loss of a net interest cost (or income) on defined benefit pension schemes. This is calculated by multiplying the net pension liability (or asset) by the market yields on high quality corporate bonds. The effect of this, when compared to previous UK GAAP, has been to reduce reported profits for the year ended 31 March 2015 because previous UK GAAP led to the recognition of finance income calculated by reference to the expected returns on the pension plan's specific assets be they equities, properties or bonds. The change has had no effect on reported equity as the measurement of the net defined pension scheme liability (or asset) has not changed. Instead, the decrease in reported profit is mirrored by an increase in actuarial gains which are presented within other comprehensive income.
- (b) FRS 102 requires that properties held and rented commercially are reflected separately from housing properties as investment properties and included at their fair value. This has resulted in a £595k adjustment to opening reserves at 1 April 2014 reflecting the reversal of accumulated depreciation of £368k and revaluation of the property of £352k. The adjustment to the 2015 surplus of £16k relates to the reversal of the depreciation charge for the year.
- (c) Social Housing Grant can no longer be offset against housing properties within fixed assets and under section 24 of FRS 102, where properties are held at historic cost, the related social housing grant will be recognised using the 'accrual model' with the grant amortised over the life of the structure and components of the property.

The impact of the transitional adjustment results in a net credit of £1,288k to the opening reserves at 1 April 2015 due to accumulated amortised grant being greater than the impact on accumulated depreciation due to grant being allocated against land cost historically which is not depreciated. Social Housing Grant is now reflected as a creditor, see Note 25.